

METZ LEWIS BRODMAN MUST O'KEEFE LLC

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RECORDATION NO. 29557-E  
FILED AUGUST 15, 2016 11:56 AM  
SURFACE TRANSPORTATION BOARD

August 15, 2016

VIA E-FILING

Section Chief  
Surface Transportation Board  
Office of Proceedings  
395 E Street, SW  
Washington, DC 20024

Re: Third Amendment to Security Agreement by and among Kasgro Rail Corp.,  
Kasgro Leasing, LLC and First National Bank of Pennsylvania

Dear Section Chief:

Transmitted for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) is a certified copy of the Third Amendment to Security Agreement, a secondary document, effective as of August 8, 2016 by and among Kasgro Rail Corp. and Kasgro Leasing, LLC, each a Debtor and collectively the Debtors, and First National Bank of Pennsylvania, Secured Party.

The Third Amendment to Security Agreement grants to Secured Party a security interest in, among other things, all of the Debtors' railcars described on Exhibit "A" to the Third Amendment to Security Agreement. Included in the property covered by the aforesaid Third Amendment to Security Agreement are railroad cars and other rolling stock intended for use related to interstate commerce, owned by the Debtors at the date of the Third Amendment to Security Agreement or thereafter acquired by the Debtors.

The names and addresses of the parties to the Third Amendment to Security Agreement are:

Secured Party: First National Bank of Pennsylvania  
c/o FNB Business Credit  
12 Federal Street, Suite 503  
Pittsburgh, PA 15212

Debtors: Kasgro Rail Corp.  
Kasgro Leasing, LLC  
121 Rundle Road  
New Castle, PA 16102



ATTORNEYS AT LAW  
DAWN K. SWEENEY  
PARALEGAL

A short summary of the document to appear in the Index is:

Third Amendment to Security Agreement, a secondary document, effective as of August 8, 2016 by and among Kasgro Rail Corp. and Kasgro Leasing, LLC, each a Debtor and collectively the Debtors and First National Bank of Pennsylvania, Secured Party covering, among other things, all of the Debtors' railcars described on Exhibit "A" to the Third Amendment to Security Agreement. Included in the property covered by the aforesaid Third Amendment to Security Agreement are railroad cars and other rolling stock intended for use related to interstate commerce, owned by the Debtors at the date of the Third Amendment to Security Agreement or thereafter acquired by the Debtors.

The STB official filing credit card form is transmitted with this cover letter and the filing to provide for the recordation fee.

Please do not hesitate to contact me if you have any questions or need anything further to record the Third Amendment to Security Agreement.

Very truly yours,

  
Dawn K. Sweeny

/dks  
Enclosure

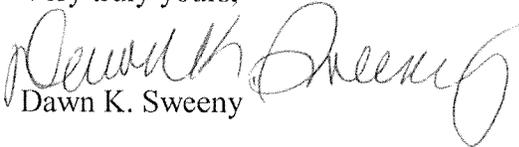
cc: David S. Horvitz, Esq.

August 15, 2016

Surface Transportation Board:

I, the undersigned, as filer of the Third Amendment to Security Agreement made effective as of August 8, 2016, by and among KASGRO RAIL CORP. AND KASGRO LEASING LLC and FIRST NATIONAL BANK OF PENNSYLVANIA, hereby certify that I have compared the copy with the original agreement and have found the attached to be a complete and identical copy with all respects to the original document. I declare under penalty of perjury that the foregoing is true and correct.

Very truly yours,

  
Dawn K. Sweeny

**THIRD AMENDMENT TO SECURITY AGREEMENT**

THIS THIRD AMENDMENT TO SECURITY AGREEMENT (this "Third Amendment to Security Agreement"), is made effective as of the 8th day of August, 2016, by and among KASGRO RAIL CORP., a Pennsylvania corporation ("Kasgro Rail"), and KASGRO LEASING LLC, a Pennsylvania limited liability company (each a "Debtor" and collectively, the "Debtors"), and FIRST NATIONAL BANK OF PENNSYLVANIA (the "Secured Party").

**BACKGROUND**

A. The Debtors and the Secured Party are parties to that certain Credit Agreement made effective as of November 23, 2010, as amended, the most recent amendment being that certain Eighth Amendment to Credit Agreement made effective as of March 2, 2016 between the Debtors and the Secured Party, as amended by that certain First Amendment to Security Agreement made effective as of December 19, 2011 between the Debtors and the Secured Party, and as further amended by that certain Second Amendment to Security Agreement made effective as of September 30, 2014 between the Debtors and the Secured Party (as amended, the "Credit Agreement"), pursuant to which the Secured Party has made certain financing available to the Debtors.

B. As security for the prompt and full payment and performance of, *inter alia*, the indebtedness and obligations of the Debtors under the Credit Agreement and the other Loan Documents, the Debtors and the Secured Party entered into that certain Security Agreement dated as of November 23, 2010, as amended (as amended, the "Security Agreement") pursuant to which the Debtors granted the Secured Party a first priority lien on and security interest in all of the Debtors' assets and properties.

C. The Debtors have requested that the Secured Party enter into a Ninth Amendment to Credit Agreement of even date herewith (the "Ninth Amendment to Credit Agreement") pursuant to which the Secured Party will make an additional term loan to the Debtors under the Credit Agreement being Term Loan No. .

D. The Secured Party is not willing to enter into the Ninth Amendment to Credit Agreement unless the Debtors enter into this Third Amendment to Security Agreement.

E. As an inducement for the Secured Party to enter into the Ninth Amendment to Credit Agreement, and as a condition thereto, the Debtors have agreed to enter into this Third Amendment to Security Agreement.

NOW, THEREFORE, intending to be legally bound hereby, the Debtors and the Secured Party covenant and agree as follows:

**SECTION 1. USE OF TERMS; RECITALS**

1.1 Capitalized terms used herein (including the recitals above) shall have the same meaning ascribed thereto in the Security Agreement as supplemented hereby unless otherwise specified herein.

1.2 The parties hereto acknowledge that the recitals set forth above are true and correct and are incorporated herein by reference.

**SECTION 2. AMENDMENTS TO THE SECURITY AGREEMENT**

2.1 The definition of "Equipment" as set forth in the Security Agreement is amended and restated in its entirety to read as follows:

“Equipment” means all “equipment” as such term is defined in Article 9 of the Applicable UCC. Equipment shall specifically include within the meaning thereof all motor vehicles, tractors, trailers, railcars or other rolling stock covered by a federal or state motor vehicle title or other title document, including, without limitation, all railcars listed and described on (i) Exhibit “A” attached hereto, (ii) Exhibit “A” attached to that certain First Amendment to Security Agreement made effective as of December 19, 2011 between the Debtors and the Secured Party, (iii) Exhibit “A” attached to that certain Second Amendment to Security Agreement made effective as of September 30, 2014 between the Debtors and the Secured Party, and (iii) Exhibit “A” attached to that certain Third Amendment to Security Agreement made effective as of August 8, 2016 between the Debtors and the Secured Party.

2.2 This Third Amendment to Security Agreement shall be deemed to be a supplement to the Security Agreement and shall not be construed in any way as a replacement therefor. All of the terms and provisions of this Third Amendment to Security Agreement are hereby incorporated by reference into the Security Agreement as if such terms and provisions were set forth in full therein.

### **SECTION 3. DEBTOR REAFFIRMATIONS**

3.1 The Debtors hereby acknowledge, confirm and agree that all of the terms, provisions, obligations, guarantees and agreements of the Debtors under the Security Agreement remain in full force and effect in all respects, and the Debtors agree that they continue to be bound by the terms and conditions thereof as supplemented by this Third Amendment to Security Agreement. The Debtors hereby reaffirm their obligations and liabilities under the Security Agreement and reaffirm that the Collateral continues to secure the Secured Obligations, which include all Secured Obligations existing both before and after giving effect to the Ninth Amendment to Credit Agreement, all without offset, defense or counterclaim. The Debtors further confirm that as of the date hereof they have no defense, set-off, recoupment or counterclaim against their obligations under the Security Agreement, and their obligations thereunder are absolute and unconditional.

3.2 The Debtors further acknowledge, confirm and agree that as used in the Security Agreement, the term “Notes” includes within the meaning thereof, and encompasses, the Term Loan No. 6 Note (as defined in the Credit Agreement), as the same may be amended, modified and supplemented from time to time hereafter. The Debtors further acknowledge, confirm and agree that as used in the Security Agreement, the term “Secured Obligations” includes within the meaning thereof, and encompasses, all of the obligations, liabilities and indebtedness of the Debtors under the Credit Agreement as amended by the Ninth Amendment to Credit Agreement.

3.3 The Debtors hereby ratify, confirm, reaffirm and restate the grant and conveyance of all liens and security interests granted by the Debtors to the Secured Party in the Collateral pursuant to the Security Agreement, and such liens and security interests continue to secure the Secured Obligations.

### **SECTION 4. CONTINUED EFFECTIVENESS OF THE SECURITY AGREEMENT**

4.1 The Security Agreement is, and shall continue to be, in full force and effect both before and after giving effect to the Ninth Amendment to Credit Agreement, and is hereby ratified and confirmed in all respects except that on and after the date hereof (i) all references in the Security Agreement to “this Agreement”, “hereof”, “hereto”, or words of like import referring to the Security Agreement shall be references to the Security Agreement as further supplemented by this Third Amendment to Security Agreement, and (iii) all references in the Security Agreement to “the Credit Agreement” shall be references to the Credit Agreement as further amended by the Ninth Amendment to Credit Agreement.

4.2 The Security Agreement and this Third Amendment to Security Agreement shall be construed as complementing each other and not restricting the rights of the Secured Party, and the Security Agreement remains in full force and effect as specifically supplemented by this Third Amendment to Security Agreement. This Third Amendment to Security Agreement is not intended to be a novation, release or accord and satisfaction of the Security Agreement or any of the liabilities and obligations of the Debtors thereunder.

#### **SECTION 5. DEBTOR REPRESENTATIONS**

The Debtors represent and warrant to the Secured Party that this Third Amendment to Security Agreement has been duly authorized, executed and delivered by the Debtors and constitutes the legal, valid and binding obligation of the Debtors enforceable in accordance with its terms.

#### **SECTION 6. MISCELLANEOUS**

6.1 This Third Amendment to Security Agreement, any claim arising from or relating to this Third Amendment to Security Agreement, or any statement, course of conduct, act, omission, or event occurring in connection herewith (whether for breach of contract, tort or any other theory of liability) shall be governed by and construed and enforced in accordance with the laws of the Commonwealth of Pennsylvania, without giving effect to its choice of law principles.

6.2 All notices, communications, agreements, certificates, documents or other instruments executed and delivered after the execution and delivery of this Third Amendment to Security Agreement may refer to the Security Agreement without making specific reference to this Third Amendment to Security Agreement, but nevertheless all such references shall include this Third Amendment to Security Agreement unless the context requires otherwise.

6.3 This Third Amendment to Security Agreement shall inure to the benefit of, and shall be binding upon, the respective successors and assigns of the Debtors and the Secured Party. The Debtors may not assign any of its rights or obligations hereunder without the prior written consent of the Secured Party.

6.4 This Third Amendment to Security Agreement may be executed in any number of counterparts and by the different parties hereto on separate counterparts each of which, when so executed, shall be deemed an original, but all such counterparts shall constitute but one and the same instrument. Delivery by telecopier or electronic transmission of an executed counterpart of a signature page to this Third Amendment to Security Agreement or any notice, communication, agreement, certificate, document or other instrument in connection with the Security Agreement shall be effective as delivery of an executed original counterpart thereof.

6.5 The Debtors acknowledge that this Third Amendment to Security Agreement is being delivered to the Secured Party as an inducement for the Secured Party to enter into the Ninth Amendment to Credit Agreement, and the Secured Party may rely upon this Third Amendment to Security Agreement.

**\*\*\*\*\*SIGNATURES APPEAR ON THE FOLLOWING PAGE\*\*\*\*\***

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Third Amendment to Security Agreement the day and year first above written.

WITNESS/ATTEST:

John D. Blase

WITNESS/ATTEST:

John D. Blase

DEBTORS:

KASGRO RAIL CORP.

By: James J. Blase  
Title: President & CFO

KASGRO LEASING LLC

By: James J. Blase  
Title: President & CFO

SECURED PARTY:

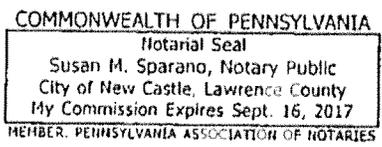
FIRST NATIONAL BANK OF  
PENNSYLVANIA

By: John D. Blase  
Title: SENIOR VICE PRESIDENT

STATE OF Pennsylvania )  
 ) ss:  
COUNTY OF Lawrence )

BEFORE ME, the undersigned authority, a Notary Public in and for said County and State, personally appeared Jeffrey A. Pirt who acknowledged himself to be the Co-President + CFO of KASGRO RAIL CORP., a Pennsylvania corporation, and as such Co-President + CFO, being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of such corporation as such Co-President + CFO.

IN WITNESS WHEREOF, I hereunto set my hand and official seal this 9<sup>th</sup> day of August, 2016.

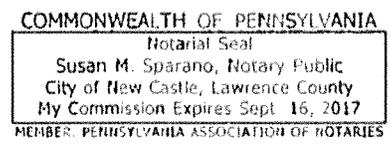


Susan M. Sparano  
Notary Public

STATE OF Pennsylvania )  
 ) ss:  
COUNTY OF Lawrence )

BEFORE ME, the undersigned authority, a Notary Public in and for said County and State, personally appeared Jeffrey A. Pirt who acknowledged himself to be the Co-President + CFO of KASGRO LEASING, LLC, a Pennsylvania limited liability company, and as such Co-President + CFO, being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of such limited liability company as such Co-President + CFO.

IN WITNESS WHEREOF, I hereunto set my hand and official seal this 9<sup>th</sup> day of August, 2016.



Susan M. Sparano  
Notary Public

EXHIBIT "A"

Unit	Car	AAR	Mechanical	Length	Capacity	Axles	Heavy Duty	or Other	Year	Current Car Owner/	2015 Appraisal	
											Code	Code
84	70933	F403	FM	70	230	8	Heavy Duty		2000	Kasgro-GE BAF	200,000	250,000
85	70934	F403	FM	70	230	8	Heavy Duty		2000	Kasgro-GE BAF	200,000	250,000
86	70935	F403	FM	70	230	8	Heavy Duty		2000	Kasgro-GE BAF	200,000	250,000
87	70936	F403	FM	70	230	8	Heavy Duty		2000	Kasgro-GE BAF	200,000	250,000
88	70937	F403	FM	70	230	8	Heavy Duty		2000	Kasgro-GE BAF	200,000	250,000
141	701202	F403	FM	70	115	4	Heavy Duty		2000	Kasgro-GE BAF	70,000	110,000
2	74	M930	NE			4	Caboose		1974	Kasgro-Maxus	5,000	10,000
3	75	M930	NE			4	Caboose		1975	Kasgro-Maxus	5,000	10,000
4	76	M930	NE			4	Caboose		1975	Kasgro-Maxus	5,000	10,000
21	25971	F431	FD	25	122	4	Heavy Duty		1999	Kasgro-Maxus	95,000	120,000
22	25972	F431	FD	25	122	4	Heavy Duty		1999	Kasgro-Maxus	95,000	120,000
39	32970	F433	FD	32	180	8	Heavy Duty		1997	Kasgro-Maxus	165,000	190,000
40	32971	F433	FD	32	180	8	Heavy Duty		1997	Kasgro-Maxus	165,000	190,000
41	38180	F433	FD	38	182	8	Heavy Duty		1999	Kasgro-Maxus	210,000	250,000
42	38181	F433	FD	38	182	8	Heavy Duty		1999	Kasgro-Maxus	210,000	250,000
46	42100	F401	FM	42	165	8	Heavy Duty		1987	Kasgro-Maxus	40,000	100,000
49	45824	F433	FD	32	183	8	Heavy Duty		1977	Kasgro-Maxus	10,000	40,000
50	45825	F433	FD	32	183	8	Heavy Duty		1978	Kasgro-Maxus	10,000	50,000
51	45826	F433	FD	25	235	8	Heavy Duty		1974	Kasgro-Maxus	10,000	30,000
52	45827	F433	FD	25	235	8	Heavy Duty		1974	Kasgro-Maxus	10,000	30,000
54	45831	F433	FD	25	235	8	Heavy Duty		1980	Kasgro-Maxus	20,000	60,000
55	45832	F433	FD	25	200	8	Heavy Duty		1965	Kasgro-Maxus	10,000	20,000
59	48013	F331	FD	16.2	96	4	Heavy Duty		1967	Kasgro-Maxus	10,000	20,000
60	48015	F331	FD	16.2	96	4	Heavy Duty		1967	Kasgro-Maxus	10,000	20,000
61	48017	F433	FD	25	203.5	8	Heavy Duty		1968	Kasgro-Maxus	10,000	20,000
63	48029	F433	FD	25	203.5	8	Heavy Duty		1968	Kasgro-Maxus	10,000	20,000
68	50012	F433	FD	32	191	8	Heavy Duty		1977	Kasgro-Maxus	10,000	40,000
69	50013	F433	FD	32	191	8	Heavy Duty		1977	Kasgro-Maxus	10,000	40,000
81	70908	F403	FM	70	230	8	Heavy Duty		2000	Kasgro-Maxus	200,000	250,000
89	70953	F403	FM	70	230	8	Heavy Duty		1999	Kasgro-Maxus	190,000	240,000
90	70954	F403	FM	70	230	8	Heavy Duty		1999	Kasgro-Maxus	190,000	240,000
91	70955	F403	FM	70	230	8	Heavy Duty		1999	Kasgro-Maxus	190,000	240,000
92	70956	F403	FM	70	230	8	Heavy Duty		1999	Kasgro-Maxus	190,000	240,000
93	70957	F403	FM	70	230	8	Heavy Duty		1999	Kasgro-Maxus	190,000	240,000
99	70976	F403	FM	70	230	8	Heavy Duty		1998	Kasgro-Maxus	180,000	230,000
100	70979	F403	FM	70	230	8	Heavy Duty		1998	Kasgro-Maxus	180,000	230,000
101	70980	F403	FM	70	230	8	Heavy Duty		1999	Kasgro-Maxus	190,000	240,000
102	70981	F403	FM	70	230	8	Heavy Duty		1999	Kasgro-Maxus	190,000	240,000
103	70982	F403	FM	70	230	8	Heavy Duty		1999	Kasgro-Maxus	190,000	240,000
104	70983	F403	FM	70	230	8	Heavy Duty		1999	Kasgro-Maxus	190,000	240,000
105	70984	F403	FM	70	230	8	Heavy Duty		1999	Kasgro-Maxus	190,000	240,000
106	70985	F403	FM	70	230	8	Heavy Duty		1999	Kasgro-Maxus	190,000	240,000
126	370396	F401	FM	48	370	12	Heavy Duty		2001	Kasgro-Maxus	350,000	450,000
127	500400	F461	Well	30	122	4	Heavy Duty		1976	Kasgro-Maxus	10,000	20,000
128	500401	F461	Well	30	122	4	Heavy Duty		1976	Kasgro-Maxus	10,000	20,000
129	500605	F401	FM	44	205	8	Heavy Duty		1983	Kasgro-Maxus	10,000	80,000
130	500606	F401	FM	44	205	8	Heavy Duty		1983	Kasgro-Maxus	10,000	80,000
112	90003	F433	FD	25	237.5	8	Heavy Duty		1980	Kasgro-OPM	10,000	50,000
113	90004	F433	FD	25	237.5	8	Heavy Duty		1980	Kasgro-OPM	10,000	50,000

2015 Appraisal  
Fair Market Value High Value

2015 Appraisal  
Fair Market Value Low Value

Current Car Owner/  
Former Owner

Mechanical  
Capacity  
Length  
Axles

Unit	Car Number	AAR Code	Code	Length (feet)	Capacity (Tons)	Axles	Heavy Duty or Other	Year	Current Car Owner/ Former Owner	RR App. Assoc. Appraisal	RR App. Assoc. Appraisal
114	90012	F433	FD	25	237.5	8	Heavy Duty	1974	Kasgro-OPM	10,000	20,000
115	90014	F433	FD	25	237.5	8	Heavy Duty	1975	Kasgro-OPM	10,000	30,000
131	600911	F331	FD	18.5	99.5	4	Heavy Duty	1980	Kasgro-OPM	10,000	30,000
132	600912	F331	FD	18.5	99.5	4	Heavy Duty	1980	Kasgro-OPM	10,000	30,000
133	600913	F331	FD	18.5	99.5	4	Heavy Duty	1980	Kasgro-OPM	10,000	30,000
43	41800		FD	18	100	4	Heavy Duty		Kasgro-Park Corp	10,000	20,000
44	41801		FD	18	100	4	Heavy Duty		Kasgro-Park Corp	10,000	20,000
45	41802		FD	18	100	4	Heavy Duty		Kasgro-Park Corp	10,000	20,000
75	60952		FM	60	237	8	Heavy Duty	1997	Kasgro-Progress	140,000	190,000
76	60953		FM	60	237	8	Heavy Duty	1997	Kasgro-Progress	140,000	190,000
77	60954		FM	60	237	8	Heavy Duty	1997	Kasgro-Progress	140,000	190,000
6	78	M330	NE			4	Caboose		Kasgro-Purchased Feb 2012	5,000	10,000
7	79	M330	NE			4	Caboose		Kasgro-Purchased Feb 2012	5,000	10,000
82	70931	F403	FM	70	230	8	Heavy Duty	2000	Kasgro-GE BAF	200,000	250,000
83	70932	F403	FM	70	230	8	Heavy Duty	2000	Kasgro-GE BAF	200,000	250,000

Fracht railcar no. KRL 123200

Fracht railcar no. KRL 123201

Berthing railcar no. KRL 164003

Berthing railcar no. KRL 164004