

6637

RECORDATION NO. \_\_\_\_\_ Filed & Recorded

JUN 7 1972-8 15 711

INTERSTATE COMMERCE COMMISSION

SECURITY AGREEMENT

INTERSTATE  
COMMERCE COMMISSION  
RECEIVED

MAY 5 1972

ADMINISTRATIVE SERVICES  
MAIL BRANCH

Missouri-Kansas-Texas Railroad Company, 701 Commerce Street, Dallas, Texas, 75202, hereinafter called "Katy", and Texas Commerce Bank National Association, 712 Main Street, Houston, Harris County, Texas, hereinafter called the "Bank", agree as follows:

Section I. Creation of Security Interest.

Katy hereby grants to the Bank a security interest in the Collateral described in Section II of this Security Agreement to secure performance and payment of the obligations and indebtedness of Katy to the Bank as hereinafter provided.

Section II. Collateral.

The Collateral of this Security Agreement is the Equipment described in Exhibit A attached hereto and made a part hereof including all appurtenances now or hereafter attached thereto.

It is expressly understood that this Security Agreement also covers all substitutions of and replacements for any of the above described property.

This Security Agreement includes proceeds; provided however, it is expressly agreed that the inclusion of proceeds in this Security Agreement or in any financing statement or other instrument filed or recorded in any public office shall not authorize Katy to sell, dispose of or otherwise use the Collateral in ~~commerce~~ specifically authorized in this Security Agreement.

INTERSTATE  
COMMERCE COMMISSION  
RECEIVED

JUN 7 1972

Section III. Indebtedness Secured.

This Security Agreement secures the indebtedness of Katy to the Bank as evidenced by a promissory note of even date herewith in the principal sum of \$200,000.00 executed by Katy, payable to the order of Bank, and any extensions or renewals of said note or any part thereof.

ADMINISTRATIVE SERVICES  
MAIL BRANCH

Section IV. Katy's Representations, Warranties and Agreements.

Katy represents, warrants and agrees that:

(1) No financing statement or other evidence of lien covering the Collateral or its proceeds is on file in any public office; except for the security interest granted in this Security Agreement, there is no lien, security interest or encumbrance in or on the Collateral; and Katy is (or will be on acquisition) the owner of the Collateral.

(2) Katy's chief place of business is the address shown at the beginning of this Security Agreement, and Katy will immediately notify the Bank in writing of any change in Katy's chief place of business.

(3) The Collateral shall remain in Katy's possession and control at all times at Katy's risk of loss. Bank may inspect Collateral at any time.

(4) The Collateral will not be misused or abused, wasted or allowed to deteriorate, except for the ordinary wear and tear of its intended primary use, and will not be used in violation of any statute or ordinance.

(5) Katy will not sell, rent, lease, lend or otherwise transfer or encumber or dispose of the Collateral or any interest therein and will not permit the Collateral to be subjected to any unpaid lien, charge or security interest in favor of any party other than the Bank, either voluntarily or involuntarily, without the prior written consent of the Bank.

(6) Katy will promptly pay when due all taxes and assessments upon the Collateral, or for its use or operation, or upon this agreement or upon any note or notes evidencing any indebtedness or obligations secured hereby.

(7) Katy has not heretofore signed any financing statement or other instrument, and no financing statement or other instrument is

now on file in any public office, covering any of the Collateral, and so long as any amount remains unpaid on any indebtedness or liabilities of Katy to the Bank, Katy will not execute and there will not be on file in any public office any such financing statement or other instrument, other than financing statements in favor of the Bank hereunder, unless the prior written consent and approval of the Bank shall have first been obtained. Katy will join the Bank in executing one or more financing statements in a form satisfactory to the Bank, and will pay the cost of filing the same or filing or recording this Security Agreement in all public offices at any time and from time to time whenever filing or recording of any such financing statement or of this Security Agreement is deemed by the Bank to be necessary or desirable, it being further stipulated in this regard that the Bank may also at any time or times sign any counterpart of this Security Agreement signed by Katy and file same as a financing statement if the Bank should so elect.

(8) Katy will, at its own expense, do, make, procure, execute and deliver all acts, things, writings and assurances as the Bank may at any time request to protect, assure or enforce its interests, rights and remedies created by, provided in or emanating from this Security Agreement.

(9) Should there be any substitutions, replacements, or additions for or to any or all of the Collateral, Katy shall immediately notify the Bank and shall furnish the Bank with a description of such substitutions, replacements or additions.

(10) The Collateral is being acquired with the proceeds of the note secured hereby.

Section V. Events of Default.

Katy shall be in default under this Security Agreement upon the happening of any of the following events or conditions (herein called an "Event of Default"):

(1) Katy's failure to pay when due any indebtedness secured by this Security Agreement, either principal or interest.

(2) Default by Katy in the punctual performance of any of the obligations, covenants, terms or provisions contained or referred to in this Security Agreement or in any note secured hereby.

(3) Any warranty, representation or statement contained in this Security Agreement proves to have been false in any respect when made or furnished.

Section VI. The Bank's Rights and Remedies.

A. Rights Exclusive of Default.

(1) This Security Agreement, the Bank's rights hereunder or the indebtedness hereby secured may be assigned from time to time, and in any such case the Assignee shall be entitled to all of the rights, privileges and remedies granted in this Security Agreement to the Bank.

(2) The Bank may inspect the Collateral and Katy's books and records pertaining thereto, at any reasonable time, and pursuant to this authorization the Bank may enter upon Katy's premises or other place or places where the Collateral or said books and records may be kept. Katy shall assist the Bank in making any such inspection.

(3) If any piece of the Collateral is wholly destroyed or partially damaged to the extent that, in the judgment of Katy, it would not be feasible to repair it, Katy will forthwith notify the Bank and the Bank may, at its option, require that Katy reduce the principal amount of its indebtedness to the Bank secured hereby by an amount equal to eighty percent (80%) of the purchase price of the piece of Collateral damaged or destroyed. If any piece of the Collateral is damaged and, in the judgment of Katy, it would be feasible to repair it, Katy will forthwith attend to the repair of such item.

B. Rights in Event of Default.

(1) Upon the occurrence of an event of default, and at

any time thereafter, the Bank may declare all obligations secured hereby immediately due and payable without presentment, demand or any notice to Katy or any other person obligated thereon, and the Bank shall have and may exercise any and all of the rights and remedies of a Secured Party under the Business and Commerce Code, as adopted in the State of Texas, and as otherwise granted herein, or under any other applicable law, or under any other agreement executed by Katy including without limitation, the right and power to sell, at public or private sale or sales, or otherwise dispose of, lease, or utilize the Collateral and any part thereof in any manner authorized or permitted under said Business and Commerce Code after default by a Debtor, and to apply proceeds thereof toward payment of any costs and expenses and attorneys' fees and legal expenses thereby incurred by the Bank and toward payment of any obligation secured hereby, in such order or manner as the Bank may elect.

Among the rights of the Bank in the event of default, and without limitation, the Bank shall have the right to take possession of the Collateral and enter upon any premises where same may be situated for such purpose without being deemed guilty of trespass and without liability for damage, thereby occasioned, and to take any action deemed necessary or appropriate in its discretion, to repair, refurbish or otherwise prepare the Collateral for sale, lease, or other use or disposition as herein authorized. The Bank may require Katy to assemble the Collateral or any part thereof and make it available to the Bank at a place to be designated by the Bank which is reasonably convenient to both parties. To the extent permitted by law, Katy expressly waives any notice of sale, lease or other disposition of the Collateral or the exercise of any other right or remedy of the Bank hereunder; and to the extent that such notice is required and cannot be waived, Katy agrees that if such notice is mailed, postage prepaid, to Katy at the address first

shown herein at least five days before the time of sale or disposition, such notice shall be deemed reasonable and shall fully satisfy any requirement for giving said notice. Expenses of retaking, holding preparing for sale, selling or the like shall include the Bank's reasonable attorneys' fees and legal expenses plus interest thereon at the rate of ten percent (10%) per annum. Katy shall remain liable for any deficiency.

(2) All rights to marshalling of assets of Katy, including any such right with respect to the Collateral, are hereby waived.

(3) The Bank may remedy any default and may waive any default without waiving the default remedied or without waiving any other prior or subsequent default.

(4) The remedies of the Bank hereunder are cumulative, and the exercise of any one or more of the remedies provided for herein shall not be construed as a waiver of any of the other remedies of the Bank.

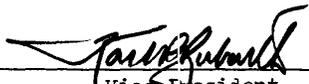
Section VII. Additional Agreements.

(1) The section headings appearing in this instrument have been inserted for convenience only and shall be given no substantive meaning or significance whatever in construing the terms and provisions of this instrument. Terms used in this instrument which are defined in the Texas Business and Commerce Code are used with the meanings as therein defined.

(2) The law governing this secured transaction shall be that of the State of Texas in force at the date of this instrument; provided that should the Bank be entitled to any additional rights or remedies under the applicable law of any other jurisdiction, or should any additional rights or remedies be hereafter granted to secured parties by the law of Texas or the applicable law of any other jurisdiction, the Bank shall also have and may exercise any such additional rights or remedies.

EXECUTED in multiple original counterparts this 5th day  
of April, 1972.

MISSOURI-KANSAS-TEXAS RAILROAD COMPANY

By   
Its Vice President

ATTEST:

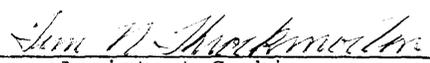
  
Assistant Secretary

(SEAL)

TEXAS COMMERCE BANK NATIONAL ASSOCIATION

By   
Vice President

ATTEST:

  
Assistant Cashier

(SEAL)

*in AT*

THE STATE OF TEXAS §

COUNTY OF DALLAS §

On this the 5th day of April, 1972, before me personally appeared Karl R. Ziebarth, to me personally known, who being by me duly sworn, says that he is ~~the~~ a Vice President of Missouri-Kansas-Texas Railroad Company, 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 he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

R. E. Mc Cormick

Notary Public in and for  
Dallas County, Texas

(SEAL)

My Commission Expires

June 1, 19 73

THE STATE OF TEXAS §

COUNTY OF HARRIS §

On this the 5th day of April, 1972, before me personally appeared Dan M. Cornelly, to me personally known, who being by me duly sworn, says that he is the Vice President of Texas Commerce Bank National Association, that the seal affixed to the foregoing instrument is the corporate seal of said association, that said instrument was signed and sealed on behalf of said association 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 association.

Barbara Grace

Notary Public in and for  
Harris County, Texas

(SEAL)

My Commission Expires

June 1, 19 73

# MISSOURI-KANSAS-TEXAS RAILROAD COMPANY

C. E. REASONER,  
ASSISTANT VICE-PRESIDENT - PURCHASING

## PURCHASING DEPARTMENT

214-465-5050

600 SOUTH MIRICK  
DENISON, TEXAS 75020

T-59533

Mr. Jack Close  
St. Louis Railway Supply Co.  
9909 Clayton Road  
St. Louis, Missouri 63124

ORDER NO. SHEET NO. 2

DATE February 11, 1972

PLEASE FORWARD TO MISSOURI-KANSAS-TEXAS RAILROAD COMPANY

CARE OF J. H. Hughes, Chief Engr. MKT RR Co. - T-59533 - Denison, Texas  
VIA MKT Sales & Service Dept. to furnish routing

### NOTICE

SEND INVOICES IN QUADRUPPLICATE ON SIMPLIFIED INVOICE FORM TO C. E. REASONER, DENISON, TEXAS, WITH BILLS OF LADING OR EXPRESS RECEIPT ATTACHED. ORDER REFERENCE MUST BE SHOWN ON ALL SHIPMENTS. INVOICES, CORRESPONDENCE AND BILLS OF LADING.

3 Only - Portable Set-Off with adjustable pedestals KPS-2

Price - @ \$745.00 Each  
F.O.B. Montgomery, Alabama

Delivery - Ship with the three Regulators  
Sheet 1, T-59533, dated January 11, 1972

Financing - To be mutually acceptable to  
both Kershaw Manufacturing Co., Inc.  
and the MKT RR Co.

CONFIRMING ORDER - DO NOT DUPLICATE

(Confirms telephone conversation between Messrs.  
Jack Close and C. E. Reasoner, February 11, 1972)

cc: Mr. K. R. Ziebarth  
Mr. J. H. Hughes  
Mr. B. R. Bishop

Refers to Mr. B. R. Bishop's  
letter of 1/3/72, file 210 and  
conversation with Mr. K. R. Ziebarth  
1/5/72 pertaining to conditional  
Sales agreement.

(JHM-27536-AFF-72-4-RM)

The terms and conditions of Paragraphs (1) through (7), Section 202, Executive Order 11246 are incorporated as a part of the agreement.

In all cases the title to the property is to remain in the vendor until it arrives on the rails of this Company at its junction point.

No drafts whatever will be honored.

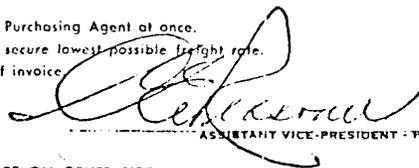
Shippers will immediately acknowledge receipt of this order.

If there is any portion of this order you cannot fill promptly please notify Purchasing Agent at once.

Material must be packed in conformity with Tariff requirements, so as to secure lowest possible freight rate.

If material ordered is covered by contract, show contract number on face of invoice.

COPY

  
ASSISTANT VICE-PRESIDENT - PURCHASING

SEE NOTICE ON OTHER SIDE

FORM 3870

# MISSOURI-KANSAS-TEXAS RAILROAD COMPANY

C. E. REASONER,  
DIR. PURCH. & STORES  
214-465-5050

## PURCHASING DEPARTMENT

DENISON, TEXAS 75070

Mr. C. L. Coy  
Tamper, Inc.  
2401 Edmond Road  
West Columbia, South Carolina  
29169

ORDER NO. T-59555

DATE January 17, 1972

PLEASE FORWARD TO MISSOURI-KANSAS-TEXAS RAILROAD COMPANY

CARE OF J. H. Hughes, Chief Eng., MKT. Div. Co. - T-59555 - Denison, Texas  
VIA MKT Sales and Service Dept., to furnish routing

### NOTICE

SEND INVOICES IN QUADRUPPLICATE ON SIMPLIFIED INVOICE FORM TO C. E. REASONER, DENISON, TEXAS, WITH BILLS OF LADING OR EXPRESS RECEIPT ATTACHED. ORDER REFERENCE MUST BE SHOWN ON ALL SHIPMENTS, INVOICES, CORRESPONDENCE AND BILLS OF LADING.

2 Only - Model JRA-JFD Junior Electromatic Tamper  
With air/hydraulic controls, fully enclosed cab, complete with center turntable assembly as standard equipment. Complete with jacking attachment, Junior Foreman Surfacing Device and Delta Levelling System. Including one extra set of tamping tools and hinged, insulated set off rail assembly. Fully insulated and including standard spare parts.

Price - \$59,922<sup>7</sup>.00 Each

Break-down of above price:

Model JRA - Basic Unit	\$37,414.00	Each
Model J - Jacking	4,154.00	Each
Model JF - Junior Foreman Surfacing Device	4,345.00	Each
Delta Levelling System	5,934.00	Each
Hinged, Insulated Set Off Assembly	441.00	Each
One (1) extra set of tamping tools	634.00	Each

(Per your quotation No. 2-60175 dated January 11, 1972)

F.O.B. Columbia, South Carolina

Delivery - Eight (8) to Twelve (12) Weeks, ARO

Cond't Sheet No. 2

The terms and conditions of Paragraphs (1) through (7), Section 202, Executive Order 11246 are incorporated as a part of the agreement.

In all cases the title to the property is to remain in the vendor until it arrives on the rails of this Company at its junction point.

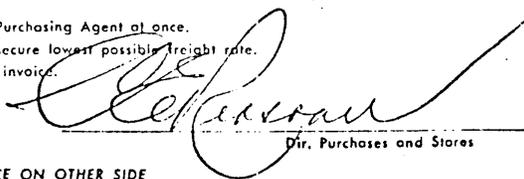
No drafts whatever will be honored.

Shippers will immediately acknowledge receipt of this order.

If there is any portion of this order you cannot fill promptly please notify Purchasing Agent at once.

Material must be packed in conformity with Tariff requirements, so as to secure lowest possible freight rate.

If material ordered is covered by contract, show contract number on face of invoice.

  
Dir. Purchases and Stores

SEE NOTICE ON OTHER SIDE

FORM 2870  
REV. 11-66

# MISSOURI-KANSAS-TEXAS RAILROAD COMPANY

C. E. REASONER,  
DIR. PURCH. & STORES  
214-465-5050

## PURCHASING DEPARTMENT

DENISON, TEXAS 75020

Mr. C. L. Coy  
Tampco, Inc.  
2401 Edmund Road  
West Columbia, South Carolina  
29169

COPY

ORDER NO. T-59555

DATE January 17, 1972

PLEASE FORWARD TO MISSOURI-KANSAS-TEXAS RAILROAD COMPANY

CARE OF J. H. Hughes, Chief Engr., MKT RR Co. - T-59555 - Denison, Texas  
VIA MKT Sales and Service Dept. to furnish routing

### NOTICE

SEND INVOICES IN QUADRUPPLICATE ON SIMPLIFIED INVOICE FORM TO C. E. REASONER, DENISON, TEXAS, WITH BILLS OF LADING OR EXPRESS RECEIPT ATTACHED. ORDER REFERENCE MUST BE SHOWN ON ALL SHIPMENTS, INVOICES, CORRESPONDENCE AND BILLS OF LADING.

SHEET NO. 2

Financing - To be mutually acceptable to both  
Tampco, Inc. and the M-K-T RR Co.

cc: Mr. K. R. Ziebarth  
Mr. J. H. Hughes  
Mr. B. R. Bishop

Refers to Mr. B. R. Bishop's  
letter of 1/3/72, file 210 and  
conversation with Mr. K. R. Ziebarth  
1/5/72 pertaining to Conditional  
Sales agreement.

(JH 37534 AFE-72-4-RM)

The terms and conditions of Paragraphs (1) through (7), Section 202, Executive Order 11246 are incorporated as a part of the agreement.

In all cases the title to the property is to remain in the vendor until it arrives on the rails of this Company at its junction point.

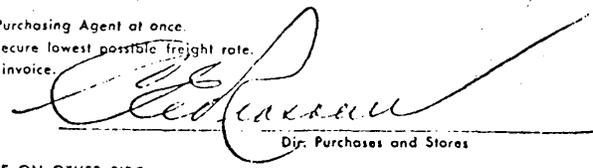
No drafts whatever will be honored.

Shippers will immediately acknowledge receipt of this order.

If there is any portion of this order you cannot fill promptly please notify Purchasing Agent at once.

Material must be packed in conformity with Tariff requirements, so as to secure lowest possible freight rate.

If material ordered is covered by contract, show contract number on face of invoice.

  
Dir. Purchases and Stores

COPY

SEE NOTICE ON OTHER SIDE

FORM 3870  
REV. 11-68

EXHIBIT A

# MISSOURI-KANSAS-TEXAS RAILROAD COMPANY

C. E. REASONER,  
DIR. PURCH. & STORES  
214-465-5050

## PURCHASING DEPARTMENT

DENISON, TEXAS 75020

Mr. Jack Close  
St. Louis Railway Supply Co.  
9909 Clayton Road  
St. Louis, Missouri 63124

COPY

ORDER NO. T-59533

DATE January 11, 1972

PLEASE FORWARD TO MISSOURI-KANSAS-TEXAS RAILROAD COMPANY

CARE OF J. H. Hughes, Chief Engr. MKT RR Co. - T-59533 - Denison, Texas  
VIA MKT Sales & Service Dept. to furnish routing

### NOTICE

SEND INVOICES IN QUADRUPPLICATE ON SIMPLIFIED INVOICE FORM TO C. E. REASONER, DENISON, TEXAS, WITH BILLS OF LADING OR EXPRESS RECEIPT ATTACHED. ORDER REFERENCE MUST BE SHOWN ON ALL SHIPMENTS. INVOICES, CORRESPONDENCE AND BILLS OF LADING.

3 Only - Kershaw Heavy Duty Ballast Regulators  
Model 26-1-12 with Kershaw Broom Attachment  
Model 27-8 (details as quotation dated 8/23/71  
and updated 11/10/71.

Price - \$26,865.00 Each (Total \$80,595.00)  
F.O.B. Montgomery, Alabama

Delivery - 90 Days ARO (or sooner)

Financing - To be mutually acceptable to  
both Kershaw Manufacturing Co., Inc.  
and the MKT RR Co.

Shipping Weight - Approx. 23,800-lb. (Regulator & Broom)  
Total Weight Approx. 71,400-lb.

COPY

### CONFIRMING ORDER - DO NOT DUPLICATE

(Confirms telephone conversation between Messrs.  
Jack Close and C. E. Reasoner, January 11, 1972)

cc: Mr. K. R. Ziebarth  
Mr. J. H. Hughes  
Mr. B. R. Bishop

Refers to Mr. B. R. Bishop's  
letter of 1/3/72, file 210 and  
conversation with Mr. K. R. Ziebarth  
1/5/72 pertaining to conditional  
Sales agreement.

(JHH-37536-AFE-72-4-RM)

The terms and conditions of Paragraphs (1) through (7), Section 202, Executive Order 11246 are incorporated as a part of the agreement.  
In all cases the title to the property is to remain in the vendor until it arrives on the rails of this Company at its junction point.

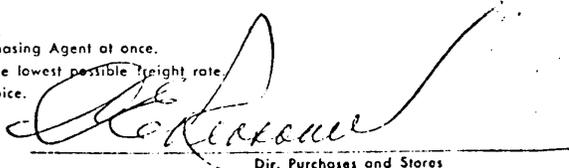
No drafts whatever will be honored.

Shippers will immediately acknowledge receipt of this order.

If there is any portion of this order you cannot fill promptly please notify Purchasing Agent at once.

Material must be packed in conformity with Tariff requirements, so as to secure lowest possible freight rate.

If material ordered is covered by contract, show contract number on face of invoice.



Dir. Purchases and Stores

SEE NOTICE ON OTHER SIDE

FORM 2870  
REV. 11-68

# MISSOURI-KANSAS-TEXAS RAILROAD COMPANY

C. E. REASONER,  
DIR. PURCH. & STORES  
214-465-5050

## PURCHASING DEPARTMENT

DENISON, TEXAS 75020

Mr. Roger Cooper  
1913-C South Stewart  
Springfield, Missouri 65804

ORDER NO. T-59534

DATE January 11, 1972

PLEASE FORWARD TO MISSOURI-KANSAS-TEXAS RAILROAD COMPANY

CARE OF J. H. Hughes, Chief Engr., MKT RR Co. - T-59534 - Denison, Texas  
VIA MKT Sales and Service Dept. to furnish routing

### NOTICE

SEND INVOICES IN QUADRUPPLICATE ON SIMPLIFIED INVOICE FORM TO C. E. REASONER, DENISON, TEXAS, WITH BILLS OF LADING OR EXPRESS RECEIPT ATTACHED. ORDER REFERENCE MUST BE SHOWN ON ALL SHIPMENTS. INVOICES, CORRESPONDENCE AND BILLS OF LADING.

2 Only - Nordberg Model "B" Trakliners, Complete  
with tools, set-off rails and two (2)  
Nordberg Model "A" Line Indicators.  
(Per proposal dated November 23, 1971)

Price - \$23,500 Each, F.O.B. Milwaukee, Wisconsin

Delivery - Immediately after March 1, 1972.

Financing - To be mutually acceptable to both  
Nordberg Manufacturing Co. and  
MKT RR Co.

Shipping weight - Approx. 6600-lb. (Line Indicator and Liner)

CONFIRMING ORDER - DO NOT DUPLICATE

(Confirms telephone conversation between Messrs.  
George Cooper and C. E. Reasoner, January 11, 1972)

cc: Mr. K. R. Ziebarth  
Mr. J. H. Hughes  
Mr. B. R. Bishop

Refers to Mr. B. R. Bishop's  
letter of 1/3/72, file 210 and  
conversation with Mr. K. R. Ziebarth  
1/5/72 pertaining to Conditional  
Sales agreement.

(JHH-37539-AFE-72-4-RM)

The terms and conditions of Paragraphs (1) through (7), Section 202, Executive Order 11246 are incorporated as a part of the agreement.

In all cases the title to the property is to remain in the vendor until it arrives on the rails of this Company at its junction point.

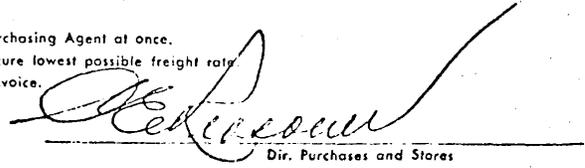
No drafts whatever will be honored.

Shippers will immediately acknowledge receipt of this order.

If there is any portion of this order you cannot fill promptly please notify Purchasing Agent at once.

Material must be packed in conformity with Tariff requirements, so as to secure lowest possible freight rate.

If material ordered is covered by contract, show contract number on face of invoice.



Dir. Purchases and Stores

SEE NOTICE ON OTHER SIDE

FORM 2870  
REV. 11-68

EXHIBIT A