

ITEL

RECORDATION NO. 9663-D
Filed 1425

! SEP 20 1982 -10 55 AM

Rail Division
INTERSTATE COMMERCE COMMISSION
Two Embarcadero Center
San Francisco, California 94111
(415) 955-9090
Telex 34234
2-263A051

September 14, 1982

Ms. Agatha Mergenovich, Secretary
Interstate Commerce Commission
Washington, D.C. 20423

No.
Date **SEP 20 1982**
Fee \$ **10.00**
ICC Washington, D. C.

Dear Ms. Mergenovich:

Pursuant to 49 U.S.C. Section 11303(a) and the Interstate Commerce Commission's rules and regulations thereunder, I enclose herewith on behalf of Itel Corporation, Rail Division ("Itel"), for filing and recordation under the Equipment Lease Agreement dated as of August 15, 1978 between Pittsburgh National Bank ("PNB") and Itel, which was filed on August 30, 1978 at 2:45 P.M. and given Recordation No. 9663-A, five counterparts of the following document:

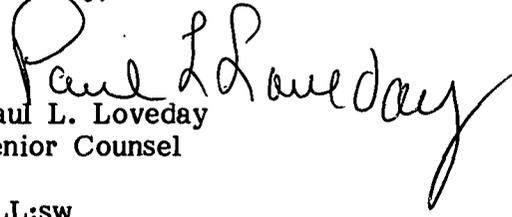
Termination and Release Agreement dated as of April 15, 1982
between Itel and PNB.

The names and addresses of the parties to the aforementioned Termination and Release Agreement are:

1. Pittsburgh National Bank
Fifth and Wood Streets
Pittsburgh, PA 15265
2. Itel Corporation, Rail Division
Two Embarcadero Center, 24th Floor
San Francisco, CA 94111

Please stamp all counterparts of the enclosed Amendment with your official recording stamp. You will wish to retain one (1) counterpart of the document for your files; it is requested that the remaining four (4) counterparts be returned by mail to me.

Sincerely,


Paul L. Loveday
Senior Counsel

PLL:sw
Enclosures

cc: Mr. John W. Cost
Pittsburgh National Bank

SEP 20 10 48 AM '82
REC'D
SEP 20 1982

Interstate Commerce Commission
Washington, D.C. 20423

OFFICE OF THE SECRETARY

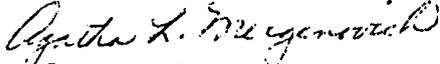
September 20, 1982

Paul L. Loveday
Senior Counsel
Itel Corp.-Rail Div.
Two Embarcadero Center
San Francisco, CA. 94111

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 9/20/82 at 10:55AM, and assigned re-
recording number(s). 9663-D

Sincerely yours,


Agatha L. Mergenovich
Secretary

Enclosure(s)

RECORDATION NO. 9663-2
FILED 1425

SEP 20 1982 -10 55 AM

INTERSTATE COMMERCE COMMISSION

TERMINATION AND RELEASE AGREEMENT

This Termination and Release Agreement is made as of April 15, 1982 by and between Pittsburgh National Bank ("PNB") and Itel Corporation, Rail Division, debtor and debtor-in-Possession ("Itel").

RECITALS

A. PNB and Itel as debtor entered into an Equipment Lease Agreement dated as of August 15, 1978 (the "Lease") pursuant to which PNB leased 50 70-ton 89'4" flatcars to Itel. Such flatcars presently bear reporting marks as follows:

APLX 17051 through 17080 (hereinafter the "30 Cars"),

- | | | |
|-----|-----------|-----------|
| and | PW 105004 | PW 105034 |
| | PW 105006 | PW 105035 |
| | PW 105010 | PW 105036 |
| | PW 105016 | PW 105042 |
| | PW 105019 | PW 105044 |
| | PW 105020 | PW 105045 |
| | PW 105021 | PW 105046 |
| | PW 105023 | PW 105047 |
| | PW 105026 | PW 105048 |
| | PW 105027 | PW 105049 |

(hereinafter the "20 Cars")

The 30 Cars and the 20 Cars are hereinafter collectively called the "Cars".

B. PNB and Itel as debtor entered into Amendment Number 1 to the Lease dated as of April 22, 1980, pursuant to which PNB consented to the termination of the sublease of the Cars between Itel as debtor and Providence and Worcester Company and further consented to the sublease of the 30 Cars by Itel as debtor to American President Lines, Ltd. ("APL"). The Lease and Amendment Number 1 are hereinafter collectively called the "Lease".

C. Itel as debtor entered into a Lease Agreement dated as of April 9, 1980 and amended July 1, 1980 with APL with respect to the 30 Cars. Such Lease Agreement as amended (the "Sublease") expires June 30, 1982.

D. PNB has filed Proof of Claim No. 2200 (the "Proof of Claim") in the United States Bankruptcy Court Northern District of California (the "Court").

Now, therefore, the parties agree as follows:

1. Termination of Lease With Respect to 20 Cars

PNB and Itel hereby terminate the Lease effective April 15, 1982 with respect to the 20 Cars.

2. Releases With Respect to the 20 Cars

(a) Except for the obligations set forth herein, PNB hereby releases Itel from all claims, liabilities and obligations (past, future or present, known or unknown) related to the 20 Cars or arising under or related to the Lease with respect to the 20 Cars. Except for the obligations set forth herein, Itel hereby releases PNB from all claims, liabilities and obligations (past, present or future, known or unknown) related to the 20 Cars or arising under or related to the Lease with respect to the 20 Cars.

(b) Itel hereby represents that, to the best of its knowledge after reasonable diligent inquiry, there are no property tax obligations outstanding with respect to the 20 Cars as of the date of execution hereof.

3. Hitch Repair and Movement of 20 Cars

(a) PNB shall cause the failed hitch supports on the 20 Cars to be replaced and any appurtenances to such hitch supports to be repaired pursuant to the Itel Maintenance Procedure IMP 10-TJ0100 which is attached hereto as Exhibit A. The bills related to such repair shall be sent directly to Itel c/o Director of Finance, Two Embarcadero Center, 23rd Floor, San Francisco, CA 94111 together with detailed invoices or descriptions of the work performed. Itel shall pay to PNB an amount equal to the first \$12,000 of expenses with respect to such replacement and repair. Any additional expense in excess of \$12,000 with respect to such repair shall be the expense of and be paid by PNB.

(b) PNB shall promptly notify Itel of the location where PNB wishes the 20 cars to be delivered and Itel shall promptly cause the 20 Cars to be delivered at PNB's expense to such location.

4. Termination of Lease With Respect to 30 Cars

Itel will make rental payments with respect to the 30 Cars in the amount of \$31,797.96 to PNB on (i) May 15, 1982 or (ii) the first business day after this agreement is approved by the United States Bankruptcy Court Northern District of California (the "Court"), whichever is sooner and \$26,556.54 on June 30, 1982. Effective June 30, 1982 the Lease is hereby terminated with respect to the 30 Cars.

5. Releases With Respect to 30 Cars

(a) Effective June 30, 1982 and except for the obligations set forth herein, PNB hereby releases Itel from all claims, liabilities and obligations (past, present or future, known or unknown) related to the 30 Cars or arising under or related to the Lease with respect to the 30 Cars. Effective June 30, 1982 and except for the obligations set forth herein, Itel hereby releases PNB from all claims, liabilities and obligations (past, present or future, known or unknown) relating to the 30 Cars or arising under or related to the Lease with respect to the 30 Cars.

(b) Itel hereby represents that, to the best of its knowledge after reasonable diligent inquiry, there are no property tax obligations outstanding with respect to the

30 Cars as of June 30, 1982.

6. Inspection and Possible Repair of 30 Cars

- (a) PNB has notified Itel that PNB wishes the 30 Cars to be delivered to Salt Lake City, Utah or such other location that Lessor shall reasonably designate at the expense of PNB.
- (b) Upon arrival at Salt Lake City, or such other location that Lessor shall reasonably designate, PNB shall cause the 30 Cars to be inspected at its expense to determine if the 30 Cars are in a condition ("Interchange Condition") suitable for interchange service as required in the Field Manual of the AAR Interchange Rules January 1, 1982 edition as published by the Association of American Railroads.
- (c) If the inspector for PNB reports that any of the 30 Cars is not in Interchange Condition, PNB shall notify Itel's Director of Finance at the address set forth in 3(a) hereof of the reason and the estimated cost to bring such Car into Interchange Condition. If Itel does not believe such cost is justified, it may cause its own inspector to inspect such Car at PNB's expense. With respect to any work which Itel determines is justified with respect to bring any Car into Interchange Condition, Itel shall reimburse PNB for the cost of such work in an amount equal to the first \$600.00 of expenses with respect to such work for such Car. Any additional expense in excess of \$600.00 with respect to any of the 30 Cars shall be the expense of an paid by PNB. The bills related to such work shall be sent directly to Itel, c/o Director of Finance, together with detailed invoices or descriptions of the work performed.

7. Withdrawal of Claim

Upon approval of the Court of this Termination and Release Agreement, PNB shall promptly file a Withdrawal of Claim with the Court in the form attached as Exhibit B hereto. If this Termination and Release Agreement is not approved by the Court on or before July 15, 1982, PNB shall have no obligation to file a Withdrawal of Claim.

EOD RJS

8. Approval by Court

This Termination and Release Agreement is subject to the approval of the Court on or before July 15, 1982. If this Termination and Release Agreement is not approved by the Court on or before July 15, 1982, the Termination and Release Agreement shall be null and void.

EOD RJS

EOD RJS

In witness whereof, the parties have caused this Termination and Release Agreement to be executed by their duly authorized officers.

Itel Corporation, Rail Division,
Debtor and Debtor in Possession

Pittsburgh National Bank

By *[Signature]*
President

By *[Signature]*
Title *V.P.*

Dated *7-9-82*

Dated *6/14/82*

RECEIVED

JUL 14 1982

WALTER T. MONIZ, CLERK
U. S. BANKRUPTCY COURT

1 RICHARD LEVIN, a Member of
2 STUTMAN, TREISTER & GLATT
3 PROFESSIONAL CORPORATION
3701 Wilshire Boulevard
Los Angeles, California 90010
Telephone: (213) 380-1360

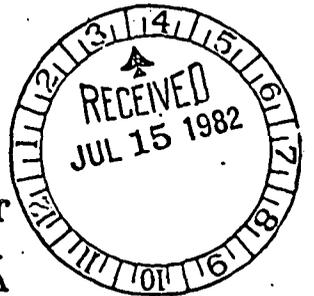
4 DAVID V. KOLOVAT
5 Associate General Counsel
ITEL CORPORATION
6 One Embarcadero Center, Suite 3700
San Francisco, California 94111
7 Telephone: (415) 955-9477

8 Attorneys for Debtor
and Debtor in Possession

FILED

JUL 14 1982

WALTER T. MONIZ, CLERK
U. S. BANKRUPTCY COURT



10 UNITED STATES BANKRUPTCY COURT
11 NORTHERN DISTRICT OF CALIFORNIA

| | | |
|---------------------------|---|---------------------------------|
| 11 In re |) | CASE NO. 3-81-00111 |
| 12 |) | |
| 13 ITEL CORPORATION, |) | ORDER APPROVING THE TERMINATION |
| 14 a Delaware corporation |) | OF LEASE AGREEMENT WITH |
| 15 |) | PITTSBURGH NATIONAL BANK |
| 16 Debtor |) | |

16 Upon the "Application of Itel Corporation for Order Approving the Termination
17 of Lease Agreement with Pittsburgh National Bank" dated July __, 1982, a copy
18 of which is attached hereto as Exhibit A, and it appearing that sufficient notice
19 of such settlement has been given, that no objection to such settlement or the
20 entry hereof has been filed with the Court, that the relief requested is in the best
21 interest of the estate, and that there is sufficient cause appearing therefor, and
22 after due deliberation hereon, it is

23 ORDERED, that the said Application be, and hereby is, granted in its entirety;
24 and it is further

25 ORDERED, that the Equipment Lease dated August 15, 1978, heretofore
26 existing between Itel Corporation, Rail Division and Pittsburgh National Bank, with
27 respect to 50 Rail Cars, be terminated as set forth in the Termination and Release
28 Agreement, dated as of April 15, 1982 between Itel Corporation, Rail Division and
29 Pittsburgh National Bank (the "Termination Agreement") and that the Termination
30 Agreement is hereby approved.

31 Dated: San Francisco, California

32 July 14, 1982

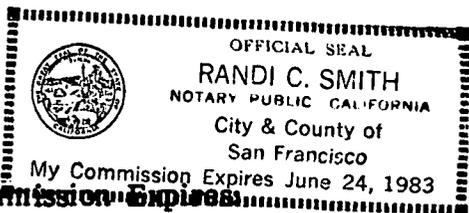
[Signature]
United States Bankruptcy Judge

80620018

STATE OF CALIFORNIA)
)
COUNTY OF SAN FRANCISCO)

ss:

On this 9th day of July, 1982, before me personally appeared Edward M. O'Dea to me personally known, who being by me duly sworn says that such person is President of ITEL Corporation, Rail Division, that the foregoing Termination and Lease Agreement was signed on behalf of said Corporation by authority of its board of directors, and such person acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.



Randi C. Smith
Notary Public

My Commission Expires

STATE OF Pennsylvania)
)
COUNTY OF Allegheny)

ss:

On this 14 day of June, 1982, before me personally appeared R.T. Smith to me personally known, who being by me duly sworn says that such person is V.P. of Pittsburgh National Bank, that the foregoing Termination and Release Agreement was signed on behalf of said Corporation by authority of its board of directors, and such person acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Catherine Bildhauser
Notary Public

My Commission Expires:
CATHERINE BILDHAUSER, NOTARY PUBLIC
PITTSBURGH, ALLEGHENY COUNTY
MY COMMISSION EXPIRES MARCH 3, 1985
Member, Pennsylvania Association of Notaries

ITEL CORPORATION
RAIL DIVISION
MAINTENANCE PROCEDURES
IMP 10-TJ0100

SUBJECT:

ACF Industries, Inc. (Amcar Division) trailer hitch support modification.

PURPOSE:

Provide instructions for the inspection and modification of ACF trailer hitch support.

EQUIPMENT:

| <u>SERIES</u> | <u>ACF LOT NO.</u> | <u>NO. CARS</u> | |
|--------------------------|--------------------|-----------------|-----------|
| TM 400250-400299 | 11-05617 | 50 | |
| COER 100050-100099 | 11-05617 | 50 | |
| COER 250050-250099 (N/S) | 11-05617 | 15 | |
| MEC 105001-105050 | 11-05616 | 50 | |
| ✓APLX 17001-17080 | 11-05616 | 80 | |
| TPW 105076-105100 | 11-05616 | 25 | |
| DTI 90000-90014 | 11-05617 | 15 | |
| DTI 90097-90099 | 11-05617 | 3 | |
| DTI 90100-90134 | 11-05617 | 35 | |
| *PW 105004-105072 (N/S) | 11-05616 | 26 | |
| Total No. Cars | | 349 | |
| *PW 105004 | PW 105021 | PW 105036 | PW 105049 |
| 105006 | 105023 | 105042 | 105052 |
| 105010 | 105026 | 105044 | 105053 |
| 105016 | 105027 | 105045 | 105063 |
| 105019 | 105034 | 105046 | 105065 |
| 105020 | 105035 | 105047 | 105071 |
| | | 105048 | 105072 |

DRAWINGS:**ACF INDUSTRIES SKETCH NO. 5-J-1415-A:**

"Hitch reinforcement repair model 5-rigid." (Support replacement.)

DRAWINGS: (Continued)ACF INDUSTRIES SKETCH NO. 5-J-1411-A:

"Hitch reinforcement repair model 5-rigid" (repair method III - deck repair).

ACF INDUSTRIES SKETCH NO. 4-J-1583-A:

"Hitch reinforcement repair model 5-rigid" (repair method I & II).

ACF INDUSTRIES SKETCH NO. 2-J-1895-A:

"Center sill web crack repair" (marked 10/23/81).

INSTRUCTIONS:PREPARATIONS:

Inspect underside of deck plate at diagonal hitch support on "B"-end of car (both sides) for deck plate fractures. If two (2) longitudinal cracks (one-inboard and one-outboard of "C" hook) 15" or less are found with no indication of deck plate roll or deck damage and there is no indication of cracks progressing underneath the "C" hook; then cracks are to be repaired using case I repair procedures in accordance with ACF Ind. Drawing SK 4-J-1583-A.

Note: Inboard cracks exceeding base plate cut-out will require that base plate be removed and replaced after the deck plate is repaired.

Deck plates with multiple or "spider" type cracks or with longitudinal cracks in excess of 15" with indications of excessive lateral hitch movement (rolled deck, hinge pin wear and/or deck pieces missing) are to be repaired using case III repair procedures in accordance with ACF Ind. Drawing SK 5-J-1411-A.

Inspect center sill web at the diagonal hitch support connection for fractures, if found, these cracks are to be repaired in accordance with ACF Ind. Drawing SK 2-J-1895-A and AAR Interchange Rule 57 F-1.

Center sill cracks are to be dye checked and 3/8" dia. termination hole drilled approximately 1/2" beyond ends of crack. Air arc the crack from holes to center of crack using 3/8" wide x 1/4" deep "U" groove. Weld complete crack; hole to hole including holes, using E-7018 electrode.

Existing diagonal trailer hitch supports are to be removed and scrapped. Burn support loose 1" from sill web and floor stringer to prevent damage to parent metal. If cracks are found in the center sill web at the diagonal support connection diagonal support will have to be burned clean from center sill web assuring that any resulting gouges are welded and ground smooth after center sill web cracks are repaired.

APPLICATION:**CASE I REPAIR PROCEDURE: ACF IND. DRAWING SK 4-J-1583-A**

Deck plate fractures are to be repaired in accordance with ACF Ind. Drawing SK 4-J-1583-A. Single longitudinal deck plate cracks located at the "C" hook area less than 15" long that do not protrude under "C" hook are to be repaired using case I repair procedures.

CASE II REPAIR PROCEDURE: ACF IND. DRAWING SK 4-J-1583-A

Deck plate fractures that meet the criteria of case II procedures as shown on ACF Ind. Drawing SK 4-J-1583-A are to be repaired accordingly. It is anticipated that this repair procedure will be used on a minimal basis due to the severity of the cracks found on equipment already inspected and repaired.

CASE III REPAIR PROCEDURE: ACF IND. DRAWING SK 5-J-1411-A

Deck plate fractures exceeding case I and case II criteria are to be repaired in accordance with ACF Ind. Drawing SK 5-J-1411-A. When cracks continue beyond the 8" x 15" cut-out towards center line of car remove base plate until complete crack in deck plate is exposed. Vee crack in deck plate, apply 1/4" x 1 1/2" back-up bar and weld. Apply new section of base plate as required.

APPLICATION OF NEW TRAILER HITCH REINFORCEMENT ACF IND. DRAWING SK 5-J-1415-A: HITCH REINFORCEMENT REPAIR MODEL 5-RIGID

On completion of deck and center sill crack repair the new trailer hitch support is to be applied regardless of type repair used, all cars are to have the hitch reinforcement applied in accordance with ACF Ind. Drawing SK 5-J-1415-A.

PAINTING:

All areas repaired are to receive one matching coat of paint.

To identify equipment which has been modified, a 6" bright green circle is to be applied on BR and AL side sill adjacent to jacking pad towards center line of car.

For cars in series TM 400250-400299 a 9" x 9" white background will be necessary before application of 6" green circle.

MATERIAL:

All material will be supplied by shop.

WHERE WORK IS TO BE PERFORMED:

As indicated by the Director of Maintenance.

WHEN WORK IS TO BE PERFORMED:

When cars are received at selected repair facility.

OUTSTANDING INSTRUCTIONS:**PROJECTS:**

Project: IMP 55-GA0101: Center Sill-Rework: ACF

Project: IMP 15-AF0100: End Train Line Hose Clamp Modification -89' Flat Cars

Project: IMP 40-ZZ0722: Restencil thirty-five (35) flatcars in series COER 250050-250099 (N/S) to DTI assignment.

LETTERS:

Oct. 6, 1981 - AQO to Regional Managers - Maintenance: ACF Hitch Reinf. failures.

Oct. 5, 1981 - F.A. Danahy to Chief Mechanical Officers - "Early Warning" re TOFC flatcar deck reinforcement.

Sept. 28, 1981 - G. C. Martin to R. J. Thelen: APLX 17001-17080 trailer hitch support failure.

Oct. 15, 1981 - AQO to selected repair facilities: ACF hitch lubrication requirements.

Oct. 21, 1981 - AQO to selected repair facilities: ACF hitch support failure billing procedures.

REPORTING AND BILLING:

Refer A.Q. Olson letter of October 21, 1981 pertaining to billing procedures to selected repair facilities.

PROJECT ENGINEER: P. R. Heller (415) 955-9289

COST:

Refer to estimate EF-55, Oct. 1981.

AUTHORITY:

Required maintenance to meet AAR interchange requirements and ITEL ongoing lease agreement

Office of the Vice President
Engineering - ITEL Corporation

Issued: 10/81
Revised: 11/81 (Marked)
Revised: 1/82
Revised: 2/82