

Northbrook Corporation

SUITE 370 • 2215 SANDERS RD. • NORTHBROOK, IL 60062 • (312) 272-8350

JUN 20 1985

RECORDATION NO. 14712
FORM 102

Fee \$ 10.00

June 14, 1985

ICC Washington, D. C.

Mr. James H. Bayne
Secretary
Interstate Commerce Commission
Washington, DC 20423

JUN 20 1985 12 59 PM

INTERSTATE COMMERCE COMMISSION

5-171A073

Dear Sir:

Enclosed for recordation pursuant to the provisions of Section 11303 of Title 49 of the U.S. Code and the regulations thereunder are the original and one copy of Management Contract, a primary document, dated as of April 9, 1985.

The names and addresses of the parties to the enclosed documents are:

Manager: Northbrook Corporation
(formerly known as
Funding Systems Railcars, Inc.)
2215 Sanders Road, Suite 370
Northbrook, IL 60062
Attention: President

Owner: Greenbrier Leasing Corp.
P.O. Box 568
Oregon City, OR 97045
Attn: Operation Manager

A general description of railroad equipment covered by the enclosed document is as follows:

Five Covered Hopper Railcars bearing
the identification marks WSOR 18001
through WSOR 18005

The original and all extra copies of the enclosed documents should be returned to Ms. Sharon Schumacher of Northbrook Corporation, 2215 Sanders Road, Suite 370, Northbrook, IL 60062

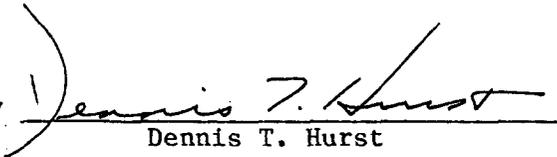
Also enclosed is a remittance in the amount of \$10.00 for payment of recordation fees.

JUN 21 12 44 AM '85
MOTOR OPERATING UNIT
ICC OFFICE OF
THE SECRETARY

Mr. James H. Bayne
Interstate Commerce Commission
June 14, 1985
Page 2

I am an officer of Northbrook Corporation and have knowledge of the matters set forth herein.

Very truly yours,

By 
Dennis T. Hurst

DTH:pb
encl.

SENT VIA: Certified Mail

Interstate Commerce Commission
Washington, D.C. 20423

6/20/85

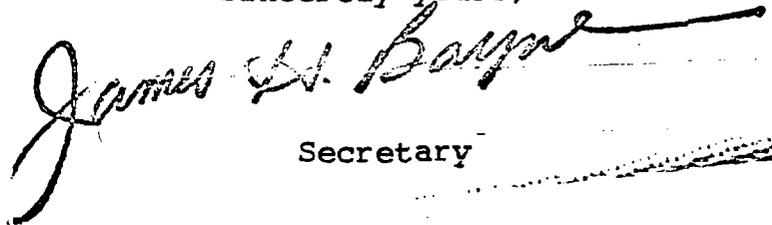
OFFICE OF THE SECRETARY

Sharon Schumacher
Northbrook Corporation
2215 Sanders Rd. Suite 370
Northbrook, Illinois 60062

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 6/20/85 at 12:50pm and assigned re-
recording number(s). 14712

Sincerely yours,


Secretary

Enclosure(s)

SE-30
(7/79)

STATE OF ILLINOIS)
)
COUNTY OF COOK)

14712
REGISTRATION NO., Filed 1425

JUN 20 1985 12 59 PM

INTERSTATE COMMERCE COMMISSION

On this 14th day of June, 1985, I hereby certify that I have compared the attached copy of Management Contract between Northbrook Corporation (formerly known as Funding Systems Railcars, Inc.) and Greenbrier Leasing Corp. dated April 9, 1985 with the original and have found the copy to be complete and identical in all respects to the original document.



Robert C. Bump

Notary Public

My Commission Expires Nov. 5, 1988

14712
RECORDATION NO. Filed 1425

JUN 20 1985 12 52 PM

INTERSTATE COMMERCE COMMISSION

MANAGEMENT CONTRACT

DATED AS OF APRIL 9, 1985

BETWEEN

FUNDING SYSTEMS RAILCARS, INC. ("MANAGER")

AND

GREENBRIER LEASING CORP. ("OWNER")

MANAGEMENT CONTRACT

This Management Contract ("Agreement") made this 9th day of April, 1985 by and between Funding Systems Railcars, Inc. ("Manager"), and Greenbrier Leasing Corp. ("Owner"):

WHEREAS, Manager is engaged in the business of managing and leasing railcars for the Manager and other railcar owners;

WHEREAS, Manager desires to manage certain railcars presently owned by Owner ("Cars") more particularly described in Exhibit A to Management Contract attached hereto and incorporated herein by this reference;

WHEREAS, Owner desires to have Manager manage the Cars in accordance with the terms and conditions set forth herein;

NOW, THEREFORE, in consideration of the mutual promises made herein, Owner and Manager, intending to be legally bound, hereby agree as follows:

1. Engagement of Manager

Subject to all of the terms and conditions set forth herein, Owner hereby engages Manager to manage the Cars, and Manager accepts such engagement and agrees to perform such duties in accordance with the terms and conditions hereof. Nothing in this Agreement precludes Manager from owning, leasing or managing additional rail equipment other than the Cars, and Manager shall not give preference to other similar items of rail equipment owned by Manager over the Cars.

2. Term

- (a) The term of this Agreement ("Term") shall commence upon the date hereof and shall continue through December 31, 1986, unless terminated sooner, (1) in accordance with the provisions of this Agreement or (2) ~~in the event the agreement between Southern Pacific Transportation Company and Manager is terminated.~~ *owner and Southern Pacific Transportation Company mutually agree to terminate this Agreement.*
- (b) This Agreement shall terminate with respect to any Car which is terminated pursuant to Section 9 hereof, lost or totally destroyed ("Termination"), as of the date of such Termination provided, further, however, that notwithstanding any Termination of this Agreement with respect to any Car, Manager shall be obligated to collect all rental payments, mileage allowances and other sums (including insurance benefits, and lessee or railroad indemnity payments payable in connection with any damage to or loss or total destruction of Cars), and to arrange for payment of all expenses, taxes and other charges with respect to any Car, due or with respect to periods prior to such termination of this Agreement. (Such expenses and charges to be reimbursed by Owner to the extent not paid by the lessee or user of the cars.) Termination of this contract shall be subject to the provisions of paragraph 11 (h).

*WML
EP*

3. Procurement of Assignments and Operating Leases

Manager will use its best efforts to seek to procure short term assignments and operating leases for each Car. No fixed term and fixed payment assignment which extends beyond the term hereof may be entered into by the Manager unless such is preapproved in writing by Owner. (Free running service is not considered fixed term or fixed payment.) Owner preapproves the placement of these Cars in service with the Southern Pacific Transportation Company until December 31, 1986. In the event this Agreement terminates with respect to any Car subject to an assignment or operating lease, Manager shall have the sole right to either allow such Car to remain subject to such assignment as provided in Section 11 (h) hereof and to receive a Management Fee as provided herein or to replace that Car in that same service with any similar railroad car under its management if such replacement is allowed under the terms of the assignment or operating lease.

4. Duties of Manager

In consideration of the compensation to be paid to Manager pursuant to this Agreement, Manager shall provide and perform on behalf of Owner the services set forth below, which services shall be provided and performed during the term of this Agreement at a level or standard of care no less than Manager would use with respect to cars it owns or leases or manages for others. The Manager will:

- (a) Arrange for payment for the maintenance and repair of each Car and remarking of any Car pursuant to the terms of assignments or operating leases. All such payments are to be reimbursed to Manager from any receipts or earnings on the Cars or from Owner.

Manager shall review, approve, or, if invoice is not both reasonable and proper, reject, and audit each and every such invoice. All such repair and maintenance shall be accomplished promptly and shall be inspected by Manager as to its normal practice, so as to determine the necessity and quality of such repair and maintenance. Manager shall keep each Car in good order and repair and shall comply with each required safety appliance and construction obligation specified by the Association of American Railroads and the Interstate Commerce Commission, all at Owner's cost and expense. The Manager shall maintain, or cause to be maintained, each Car in a condition that is satisfactory for interchange in accordance with the Association of American Railroads rules, all at Owner's cost and expense. Manager will use its best efforts to have any lessee under any lease permitted pursuant to Section 3 hereof assume responsibility for the costs of such maintenance. All maintenance and repair shall be accomplished in accordance with the Association of American Railroads, Interstate Commerce Commission and Federal Railway Association rules and regulations.

- (b) At Owner's cost and expense, register the Cars and file or have filed all required initial and ongoing reports with the Association of American Railroads ("AAR"), Interstate Commerce Commission ("ICC"), Department of Transportation ("DOT"), Uni-

versal Machine Language Equipment Register ("UMLER"), and each other regulatory authority having jurisdiction over the Cars in order to insure that the Cars will at all times be entitled to generate the maximum revenues.

- (c) Subject to the provisions of Section 4 (i) hereof, use its best efforts, at Owner's expense, to collect from any user, assignee and/or lessees all payments, mileage allowances and any other revenue due and which are not duly and promptly paid to the Manager with respect to the Cars and any other sums due to Manager with respect to the Cars, identifying itself as agent for that purpose, and account for and remit those sums due to Owner as hereinafter provided.
- (d) Maintain the Cars at Owner's expense in a condition which shall be equal to or greater than the higher of (i) any standard required or set forth for the Cars or cars of a similar class by the AAR, ICC or DOT, or any other regulatory authority having jurisdiction over the Cars, (ii) any standard set by the terms of any operating leases and (iii) any standard set by an insurance policy known to Manager, under which the Cars or any of them shall from time to time be insured. Manager will, at Owner's expense, arrange for all alterations, modifications, improvements or additions to the Cars to comply with all applicable laws or regulations. For any non running repairs under Sections 107 or 108 of the AAR rules, or for any alterations required by the AAR, Owner has right of pre-approval if the anticipated cost is greater than \$500 per car for any Car. Owner will have five (5) business days after written notification to make this election. If Owner makes no election within this time, Manager will use its best judgment and any such repairs shall be at Owner's expense.
- (e) Use its best efforts to cause each Car in need of repair to be transported to the repair facility by Manager at minimum cost to Owner. Manager will rely on its review of the overall costs of movement and repair to minimize the total costs.
- (f) Pay on behalf of Owner (subject to reimbursement as provided herein) all taxes, charges, assessments, or levies imposed upon or against the Cars other than taxes, charges, assessments or levies payable by and chargeable to any lessee, or which are measured by Owner's income, of whatever kind or nature.
- (g) Maintain or have maintained separate, complete and accurate books and records of transactions of maintenance, mileage and movement relating to the Cars in the same form and to the same extent as customary in the Manager's railcar leasing and management business, and retain such books and records for a period of no less than three (3) years and such books and records shall remain available for inspection by Owner or any of Owner's representatives, upon forty-eight (48) hours written notice, during reasonable business hours, and allow Owner to make photocopies thereof at Owner's expense.

- (h) Upon Termination with respect to any and all Cars, Manager will promptly cause those Cars which are the subject of such Termination to be returned to a location designated by Owner all at Owner's expense. Manager shall use its best efforts to accomplish any such return on an income generating basis and as promptly as requested by Owner. However, if Manager is not reasonably able to accomplish such a return within the time period specified by Owner on an income generating basis, that return shall be accomplished with Manager using its best efforts to minimize transportation costs for Owner. The Owner, at its expense, will promptly have Manager's or its affiliates marks removed at Termination.
- (i) Collect or cause to be collected in trust for Owner (but subject to any set-offs of Manager for any sums owing to Manager by Owner), all sums due Owner, including, without limitation, insurance benefits or railroad indemnity payments, in the event of damage to, or loss or total destruction of, a Car during the term of this Agreement and account for and promptly remit those sums. If, in order to collect sums due Owner, Manager and Owner deem it necessary to retain the services of outside counsel or other experts (each of whom must be acceptable to Owner), the expenses of such counsel or other experts shall be borne by Owner. Notwithstanding the immediately preceding sentence, Manager shall not retain counsel or commence any legal proceedings without the prior written consent of Owner.
- (j) None of the Cars shall be placed in service outside the United States of America for more than 45% of any one year period, unless the Cars are in international service.
- (k) None of the Cars shall be placed by Manager in service carrying salt without the express written consent of Owner.
- (l) In the event that Owner is a party to any legal action arising out of its ownership of the Cars, Manager will, upon receipt of notice of such action, promptly provide Owner with written notice of such action.
- (m) Request Owner's consent prior to exercising any right to terminate any lease which the Owner had pre-approved in writing.
- (n) If any Car which is the subject of this Agreement remains unused during the term of this Agreement and is stored on the tracks of a railroad owned by the Manager or any subsidiary of Manager, it will be stored at no cost to Owner. Owner will pay the movement and storage costs if Owner wants the Cars stored other than where Manager has them stored.
- (o) The Cars will be insured under Manager's insurance policies at coverage equal to cars of similar type managed or leased by Manager and Owner shall be named as a loss payee. The cost of this insurance will be paid by Owner as requested by Manager.

5. Payments

Within 10 business days after the end of each calendar month, Manager shall remit to Owner all sums it has received and to which Owner is entitled pursuant to this Agreement, with only the costs, expenses and fees discussed in this Agreement subtracted from same. Until so remitted to Owner, all such monies received by Manager will be held as trustee for Owner and segregated on Manager's books, until final payment thereof is made to Owner in accordance with this Management Agreement.

6. Fee to Manager

The Manager shall be entitled to the following fee ("Management Fee"):

- (a) Manager shall receive a Management Fee based on Gross Revenue net of all per diem reclaims ("Net Revenue") collected and received for utilization of the Cars during the term of this Agreement.

Gross Revenue means income received from any per diem, mileage, rent, or lease payments. ("Gross Revenue") Gross Revenue excludes any revenues paid by users of the Cars to the Managers railroad subsidiaries in the ordinary course of their business for goods transported or services rendered.

- (b) Manager is entitled to a Management Fee on the Cars of 30% of Net Revenue.
- (c) Manager will subtract the Management Fee from Net Revenue before remitting any funds to Owner.
- (d) Manager will submit to Owner each month the calculations upon which the Management Fee was determined.

7. Subordination

This Agreement and Manager's authority and rights hereunder (other than its right to Management Fees earned and reimbursement for expenses incurred) are subject to the lien and security interest of each and every Lender to Owner secured by the Cars.

8. Reports

Manager shall monitor and record fleet allocation of the Cars under Manager's normal procedures.

Manager shall, within 90 days following the end of each calendar quarter during the term of this Agreement, submit to Owner a written report of the activity of the Cars. This report will summarize for the Cars for such service quarter (i) amounts earned and the amounts paid for the use of the Cars; (ii) the nature of the amounts earned and the amounts paid for the use of the Cars, i.e., whether such amounts represent mileage charges, per diem charges or some other source of revenue; (iii) amounts outstanding from prior months; (iv) operating expenses (i.e., costs

incurred by Manager for or on behalf of Owner); (v) Management Fees; and (vi) amounts remitted to Owner or payable to Manager pursuant to this Agreement.

Manager shall, within 90 days following the end of each calendar year during the term of this Agreement, submit a statement to Owner signed by an executive officer of Manager (i) setting forth as of that calendar year end the amount, description and numbers of all Cars then subject to this Agreement; the amount, description and numbers of all Cars that have suffered a casualty occurrence during the preceding calendar year and are then undergoing major repairs (other than running repairs); (ii) stating that, in the case of all Cars repaired or repainted during the period covered by such statement, and to the best of Manager's knowledge, the proper number and markings have been preserved or replaced; (iii) certifying that all amounts to be remitted hereunder by Manager to Owner through the preceding December 31 have been remitted, or if any have not been remitted, identifying such unremitted amounts and the reason for their nonremittance; (iv) stating that to the best of Manager's knowledge after reasonable inquiry, Owner is in compliance with all of the provisions of this Agreement and that all amounts required to be paid by Owner have been paid, or if any have not been paid, identifying such unpaid amounts and the reason for their nonpayment; and (v) stating that to the best of Manager's knowledge the Cars have been operated in compliance with the requirements of all regulatory authorities having jurisdiction over the Cars:

Manager shall notify Owner within 5 business days after becoming aware of the occurrence of any major casualty which would cause any Car to be taken out of service for over 90 days.

9. Events of Default

- (a) The occurrence of any of the following events shall be an event of default ("Event of Default"):
 - (i) The non-payment or failure to remit, by Owner or Manager to the other of any amount required herein to be paid or remitted within 10 days after written notice that any such payment or remittance is due. Notwithstanding the foregoing, the non-payment or non-remittance of such sum shall not relieve either party of the obligation to pay or remit any amounts then accrued hereunder.
 - (ii) The breach or non-fulfillment by Manager or Owner of any other term, covenant or condition of this Agreement, which is not cured within 10 days after written notification to the offending party of such breach or non-fulfillment. Either party may waive its right at any time.
- (b) Upon the occurrence of any Event of Default by a party hereunder, the other party may, at its option, terminate this Agreement by delivering to the defaulting party written notice of such termination and may, in addition, pursue any other remedy available at law or in equity.

10. Notices

Any notice required or permitted hereunder shall be in writing and shall be valid and sufficient if delivered personally or dispatched in any post office in the United States by registered or certified mail, postage prepaid, addressed to the other party as follows:

If to Manager: Funding Systems Railcars, Inc.
Suite 370
2215 Sanders Road
Northbrook, Illinois 60062

Attention: President

If to Owner: Greenbrier Leasing Corp.
P. O. Box 568
Oregon City, OR 97045

Attention: Operations Manager

and any party may change such address by notice given to the other party in the manner set forth above.

11. Miscellaneous

- (a) **Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of Illinois and Manager and Owner hereby consent to the jurisdiction of the courts of the State of Illinois.
- (b) **Counterparts.** This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.
- (c) **Headings.** Titles and headings of the Sections and Subsections of this Agreement are for convenience of reference only and do not form a part of this Agreement and shall not in any way affect the interpretation hereof.
- (d) **Amendment.** No modification or amendment to this Agreement shall be valid unless in writing and executed by both parties hereto.
- (e) **Force Majeure.** Neither party hereto shall be deemed to be in breach or in violation of this Agreement if either is prevented from performing any of its obligations hereunder for any reason beyond its reasonable control including, without limitation, acts of God, riots, strikes, fires, storms or public disturbances.
- (f) **No Partnership.** It is not the purpose or intention of this Agreement to create a joint venture or partnership relation between the parties and nothing herein shall create or be construed to create such a joint venture or partnership. Except as set forth herein, Manager shall have no authority to bind Owner or incur any liability for which Owner may be responsible without the prior written consent of Owner.

- (g) Waiver. The waiver of any breach of any term or condition hereof shall not be deemed a waiver of any other or subsequent breach, whether or like or different nature.
- (h) Notwithstanding any termination provision herein, if any Cars are placed in service which go beyond the termination of this Agreement, those particular Cars shall remain under the terms of this Agreement until they are returned by the user or lessee. Manager will receive Management Fee based on these receipts pursuant to the provisions of this Agreement, which Management Fee shall be calculated based upon the number of Cars still subject hereto.

12. Indemnification

Owner shall defend (if such defense is tendered to Owner), indemnify and hold Manager and its railroad subsidiaries harmless from and against any and all claims, actions, damages, expenses (including reasonable attorneys' fees and reasonable cost of investigation) losses or liabilities incurred by or asserted against Manager as a result of the use, operation, possession, control, maintenance, repair or storage of the Cars including, claims for injury to or death of persons, loss of or damage to property (including the Cars) and economic loss due to the unavailability for use of the Cars; provided, however, that Owner shall not defend, indemnify or hold Manager harmless from and against; and Manager shall not be exculpated from, any claim, action, damage, expense, loss or liability caused by or arising from the negligence, bad faith, recklessness, or willful misconduct of Manager.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year set forth above.

ATTEST:

GREENBRIER LEASING CORP.

"Owner"

By: Norris M. Webb, V.P.

(CORPORATE SEAL)

ATTEST:

FUNDING SYSTEMS RAILCARS, INC.

"Manager"

By: Sharon L. Schumacher Earl C. Johnson

(CORPORATE SEAL)

EXHIBIT A

TO MANAGEMENT CONTRACT

Description: Five (5) Covered Hopper Railcars with gravity gates, 4740 cubic feet, Pullman built.

Railcars:

<u>Identification Number</u>	<u>Date Built</u>	<u>UMLER Value</u>
1) WSOR 18001	6/71	\$23,641
2) WSOR 18002	10/70	\$21,377
3) WSOR 18003	10/70	\$21,646
4) WSOR 18004	10/70	\$21,646
5) WSOR 18005	10/73	\$24,474

STATE OF OREGON)
)
COUNTY OF CLATSOP)

On this 3RD day of JUNE, 19 85,
before me personally appeared NORRIS M. WEBB, to me
personally known, who, being by me duly sworn, said that he/she is an
authorized officer of GREENBRIER LEASING CORP.
that one of the seals 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/she
acknowledged that the execution of the foregoing instrument was the free act
and deed of said corporation.

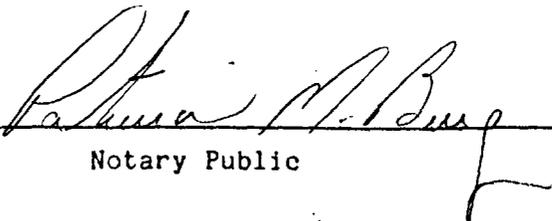


Notary Public

My commission expires:
6-8-89

STATE Illinois)
) ss.
COUNTY OF Cook)

On this 13th day of June, 1985, before me personally appeared Earl L. Freeman, to me personally known, who, being by me duly sworn, says that he/she is Vice President - Marketing of FUNDING SYSTEMS RAILCARS, INC., that the foregoing instrument was signed on behalf of said corporation by proper authority therefor, and he/she acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.



Notary Public

(Notarial Seal)

My commission expires:
My Commission Expires Nov. 5, 1988