

JAN - 5 1981 - 2 30 PM

INTERSTATE COMMERCE COMMISSION
TELEPHONE 9243

WILMER A. HILL
OF COUNSEL

LAW OFFICES OF
AMES, HILL & AMES, P.C.
666 ELEVENTH STREET, N.W.
WASHINGTON, D. C. 20001

HARRY C. AMES 1890-1966
HARRY C. AMES, JR.
WILMER B. HILL
E. STEPHEN HEISLEY
DAVID C. VENABLE
LESTER R. GUTMAN
MICHAEL D. BROMLEY
NORMAN T. FOWLKES III

1-005A100

January 5, 1980

No. JAN 5 1980
Date.....
Fee \$ 50.00
ICC, Washington, D. C.

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

Re: Lease of Railroad Equipment dated December 1980
between McHugh Brothers, A Partnership and
Michigan Northern Railway Company, Inc.

Dear Mrs. Mergenovich:

Pursuant to 49 U.S.C. Section 11303 and the Commission's
rules and regulations thereunder, enclosed for filing on
behalf of McHugh Brothers, a Partnership, are counterparts
of the following document:

Lease of Railroad Equipment dated as of
December 4, 1980 between McHugh Brothers,
a Partnership, as Lessor, and Michigan
Northern Railway Company, Inc., a Michigan
Corporation, as Lessee.

The names and addresses of the parties to the aforemen-
tioned Lease are:

(1) Lessor:

McHugh Brothers, a Partnership
P. O. Box 196
Pannell, Pennsylvania 19043

(2) Lessee:

Michigan Northern Railway Company, Inc.
P. O. Box 869, 110 West North Street
Cadillac, Michigan 49601

Counterpart - Joseph D. Sussell

JAN 5 2 23 PM '81
DOCKET FILES
BRANCH

MRS. AGATHA L. MERGENOVICH
January 5, 1980
Page 2

Please file and record the document referred to in this letter and index it under the names of the Lessor and the Lessee.

The Equipment subject to the Lease as described in Annex A thereto consists of twenty (20), 50 ft. XM General Purpose Boxcars with identification marks MIGN.

There is also enclosed a check for \$50 payable to the Interstate Commerce Commission, representing the fee for recording the Agreement.

Please stamp the date and hour of recordation upon the original and return the original to the undersigned at the address shown above. Should there be any problems concerning the recordation of this lease agreement, do not hesitate to contact me.

Very truly yours,



E. Stephen Heisley
Counsel for McHugh Brothers

ESH:rmc

Enclosures

cc: James McHugh
Elizabeth A. Andrus

Interstate Commerce Commission
Washington, D.C. 20423

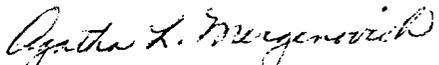
OFFICE OF THE SECRETARY

E. Stephen Heisley
Ames, Hill & Ames P. C.
666 Eleventh Street, N. W.
Washington, D. C. 20001

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 1/5/81 at 2:30PM, and assigned re-
recording number(s). 12709

Sincerely yours,


Agatha L. Mergenovich
Secretary

Enclosure(s)

THIS LEASE AGREEMENT, made as of this fourth day of December, 1980,
between MC HUGH BROTHERS, a Partnership, as Lessor, and MICHIGAN NORTHERN
RAILWAY COMPANY, INC., a Michigan corporation ("MIGN"), as Lessee.

REGISTRATION NO. 127094145
JAN 5 1981 2 30 PM
MICHIGAN STATE COMMERCE COMMISSION

1. Scope of Agreement

A. The intention of this agreement is to replace a previous lease agreement dated November 20, 1980, between McHugh Brothers Heavy Hauling, Inc., Lessee and Operator of New Hope & Ivyland Railroad Company, and Michigan Northern Railway Company, Inc. All the terms set forth in that previous lease are set forth hereinafter and are the same as said terms outlined in previous lease.

B. Lessor agrees to lease to Lessee, and Lessee agrees to lease from Lessor, a minimum of twenty (20) boxcars of the types and descriptions as set forth in any lease schedules executed by the parties concurrently herewith or from time to time hereafter and hereinafter called collectively the "Boxcars". The word "Schedule" as used herein includes the Schedule executed concurrently herewith and all additional Schedules and amendments thereto whether for Boxcars or other railroad equipment, each of which when signed by both parties shall be part of this Agreement.

C. It is the intent of the parties of this Agreement that McHugh Brothers shall at all times be and remain the Lessor of all scheduled Boxcars. Lessee agrees that it will at no time take any action or file any document which is inconsistent with the foregoing intent and that it will take such action and execute such documents as may be necessary to accomplish this intent.

2. Term

A. This Agreement shall remain in full force until it shall have been terminated as to all of the Boxcars. The term of a lease with respect to each Boxcar shall commence upon the date of delivery of such Boxcars and shall continue with respect to such Boxcar for the term provided in the Schedule covering such car unless sooner terminated as hereinafter provided.

B. If this Agreement has not been earlier terminated, and no default has occurred and is continuing, the lease term with respect to each boxcar shall be automatically extended for a period of ten (10) years, provided, however, that Lessor or Lessee by written notice delivered to the other not less than six months prior to the end of the initial lease term or any extended lease term for any scheduled boxcar terminate this Agreement.

3. Supply Provisions

A. Due to the nature of railroad operations in the United States, Lessor can neither control nor determine when the Boxcars leased hereunder will actually be available to Lessee for its use on its railroad tracks. Notwithstanding that Lessee may not have immediate physical possession of the Boxcars leased hereunder, Lessee agrees to pay to Lessor the rental charges set forth in this Agreement. To move the Boxcars to Lessee's railroad line and insure optimal use of the Boxcars after the first loading of freight for

each Boxcar on the railroad line of Lessee (the "initial loading"), Lessor agrees to monitor Boxcar movements and, when deemed necessary by Lessee for cars on Lessee's line, Lessor will issue movement orders with respect to such Boxcars to other railroad lines in accordance with ICC and AAR interchange agreements and rules.

B. Lessee shall give preference to Lessor and shall load the Boxcars leased from Lessor prior to loading Boxcars owned or leased by Lessee during the term of this lease or from other parties or interchanged with railroads; provided, however, that this shall in no event prevent or prohibit Lessee from fulfilling its obligations to provide transportation and facilities upon reasonable requests therefore to shippers on its railroad tracks. Michigan Northern Railway Company, Inc. agrees to run the cars provided under this lease, exempt from AAR Car Service Rules I and II.

C. Additional Boxcars may be leased from Lessor by Lessee only upon the mutual agreement of the parties hereto. Upon such agreement, such additional Boxcars shall be identified in Schedules to this Agreement and shall benefit from and be subject to this Agreement upon execution of the Schedules by Lessor and Lessee.

4. Railroad Markings and Record Keeping

A. Lessor agrees that on or before delivery of the Boxcars to Lessee, the Boxcars will be lettered with the railroad markings of Lessee (MIGN).

B. Lessor shall prepare all documents for filing relating to the registration, maintenance and record keeping functions normally performed by Lessee with respect to the Boxcars and shall perform all record keeping functions related to the use of the Boxcars by Lessee and other railroads in accordance with AAR railroad interchange agreements. Such matters shall include but are not limited to the preparation of the following documents: (i) appropriate AAR interchange agreements with respect to the Boxcars; (ii) registration for each Boxcar in the Official Railway Equipment Register and the Universal Machine Language Equipment Register; and (iii) such reports as may be required from time to time by the ICC and/or other regulatory agencies with respect to the Boxcars.

C. Lessee shall register each and every Boxcar leased hereunder in the Official Railway Equipment Register and the Universal Machine Language Equipment Register. Such registration shall direct that correspondence from railroads using such Boxcars shall be addressed to Lessor.

D. Any record keeping performed by Lessee hereunder and all record of payments, charges, and correspondence related to Scheduled Boxcars shall be separately recorded and maintained by Lessee in a form suitable for reasonable inspection by Lessor from time to time during regular business hours of Lessee. Lessee shall supply Lessor with such reports regarding the use of Boxcars by Lessee on its railroad line as Lessor may reasonably request. Lessor shall provide accounting records for subject Boxcars.

5. Maintenance, Taxes and Insurance

A. Lessor will pay all costs, expenses, fees and charges incurred in connection with the use and operation of each Boxcar during its lease term and any extension thereof, including but not limited to repairs, maintenance, and servicing unless the same was occasioned by the fault of Lessee while a Boxcar was in the physical possession of Lessee. Lessee shall be responsible to inspect all Boxcars interchanged to it to insure that such Boxcars are in good working order and condition and shall be liable to Lessor for any repairs required for damage not noted at the time of interchange. Lessee hereby transfers and assigns to Lessor for and during the lease term of each Boxcar all of its right, title and interest in any warranty in respect to the Boxcars. All claims or actions on any warranty so assigned shall be made and prosecuted by Lessor at its sole expense and Lessee shall have no obligation to make any claim on such warranty. Any recovery under such warranty shall be made payable to Lessor. All proceeds from such recovery shall be used to repair or replace the Boxcars.

B. Lessee shall make minor repairs only with Lessor's permission to facilitate continued immediate use of a Boxcar, but shall not otherwise make any alterations, improvements, or additions to the Boxcars without Lessor's prior consent. If Lessee makes an alteration to any Boxcar without Lessor's prior consent, Lessee shall be liable to Lessor for any revenues lost due to such alteration. Title to any such alteration, improvement, or addition occurring in the course of or as a result of normal and customary maintenances shall be and remain with Lessor.

C. Lessor shall make or cause to be made such inspections of and maintenance and repairs to the Boxcars as may be required. Lessor shall also make, at its expense, all alterations, modifications, or replacements of parts as shall be necessary to maintain the Boxcars in good operating condition, as determined by Lessor, throughout the term of the lease of such Boxcars. Lessee shall immediately notify Lessor of any necessary maintenance and repairs transmitted to Lessee by any other railroad or shipper. Lessor shall be responsible for arranging repairs and maintenance at its expense except as noted in 5A.

D. Lessee will at all times while this Agreement is in effect and at its own expense, cause to be carried and maintained insurance with respect to all Boxcars subject hereto, and property damage and public liability insurance in amounts and against risks customarily insured against by railroad companies on similar equipment. The insurance required by this Section 5D may be satisfied by a self-insurance program acceptable to Lessor and maintained by Lessee in accordance with sound actuarial principles. Lessee will furnish Lessor concurrently with the execution hereof and thereafter at intervals of not more than twelve calendar months proof of insurance coverage of the ensuing year. Lessee will agree to advise Lessor promptly of any lapse of any such insurance or of any default of payment of any premium.

and of any other act or omission of Lessee of which it has knowledge which might, in its opinion, invalidate or render unenforceable, in whole or in part, any insurance on the Boxcars. All insurance shall be taken out in the name of Lessee and Lessor (or its Assignee) as their interests may appear. The policies or certificates shall provide that there shall be no recourse against Lessor for the payment of premiums and shall provide for at least twenty business days prior written notice to be given to Lessor by the underwriters in the event of cancellation. If the Lessee shall default in the payment of any premium in respect of any such insurance policies, Lessor may, but shall not be obliged to, pay such premium, and if Lessor does so, the Lessee shall repay the amount thereof to Lessor on demand.

E. Lessor agrees to reimburse Lessee for all taxes, assessments and other governmental charges of whatsoever kind or character paid by Lessee relating to each Boxcar and on the lease delivery of operation thereof which may be accrued, levied, assessed or imposed during the lease term or which remain unpaid as of the date of delivery of such Boxcar to Lessee, except taxes on net income imposed on Lessee. Lessor and Lessee will comply with all state and local laws requiring the filing of ad valorem tax returns on the Boxcars. Lessor shall review all tax returns prior to filing.

6. Rental Charges

A. In consideration of the use of the leased Boxcars to improve its freight revenues, Lessee agrees to pay the following rental charges to Lessor for the use of Lessor Boxcars:

(i) Lessor shall receive 90% of the mileage charges and car hire revenues (including both straight and incentive per diem) payable to Lessee by other railroad companies. Lessee shall receive 10% of the mileage charges and car hire revenues (including both straight and incentive per diem).

B. Lessee shall have no liability for any reclaims by any railroad of any car hire charges at any time.

C. McHugh Brothers is hereby designated as the collection and disbursing agent for all revenues including per diem, mileage, and incentive per diem and repair bills.

7. Possession and Use

A. So long as Lessee shall not be in default under this Agreement, Lessee shall be entitled to the possession, use and quiet enjoyment of the Boxcars in accordance with the terms of this Agreement and in the manner and to the extent Boxcars are customarily used in the railroad freight business. Lessee agrees that to the extent it has physical possession and can control use of the Boxcars, the Boxcars will at all times be used and operated under and in compliance with the laws of the jurisdiction in which the same may be located and in compliance with all lawful acts, rules and regulations and orders of any governmental bodies or officers having power to regulate or

supervise the use of such property, except that either Lessor or Lessee may in good faith and by appropriate proceedings contest the application of any such rule, or order in any reasonable manner at the expense of the contesting party.

B. Lessee will not directly or indirectly create, incur, assume or suffer to exist, any mortgage, pledge, lien, charge, encumbrance, or other security interest or claim on or with respect to the Boxcars or any interest therein or in this Agreement or Schedule thereto. Lessee will promptly, at its expense, take such action as may be necessary to duly discharge any such mortgage, pledge, lien, charge, encumbrances, security interest, or claim if the same shall arise at any time.

8. Remedies Upon Default

A. The occurrence of any of the following events shall be events of default:

(i) The nonpayment by Lessee of any sum required hereunder to be paid by Lessee within ten days after notice thereof.

(ii) The default by Lessee under any other term, covenant, or condition of this Agreement which is not cured within ten days after notice thereof from Lessor.

(iii) Any affirmative act of insolvency by Lessee, or the filing by Lessee of any petition or action under any bankruptcy, reorganization, insolvency, or moratorium law, or any other law or laws for the relief of, or relating to, debtors.

(iv) The filing of any involuntary petition under any bankruptcy, reorganization, insolvency or moratorium law against Lessee that is not dismissed within sixty (60) days thereafter, or the appointment of any receiver or trustee to take possession of the properties of Lessee, unless such petition or appointment is set aside or withdrawn or ceases to be in effect within sixty (60) days from the date of said filing or appointment.

(v) The subjection of any of Lessee's property to any levy, seizure, assignment, application or sale for or by any creditor or governmental agency which substantially impairs Lessee's capacity to fulfill its performance under this Agreement.

B. Upon the occurrence of any event of default, Lessor may, at its option, terminate this Agreement and may:

(i) Proceed by appropriate court action to enforce performance by Lessee of this Agreement or to recover direct financial damages which result from a breach thereof (and Lessee agrees to bear Lessor costs and expenses, including reasonable attorney's fees, in securing such enforcements); or

(ii) By notice in writing to Lessee, terminate Lessee's right of possession of the Boxcars, whereupon all right and interest of Lessee in the Boxcars shall terminate; and thereupon Lessor may by its agents enter upon any premises where the Boxcars may be located and take possession of them and henceforth hold, possess and enjoy the same free from any right of Lessee.

(iii) Upon the occurrence of breach of this Agreement by Lessor, Lessee may proceed by appropriate court action to enforce performance by Lessor of this Agreement or to recover direct financial damages which might result from a breach thereof (and Lessor agrees to bear Lessee costs and expenses, including reasonable attorney's fees, in securing such enforcements).

9. Termination

A. At the expiration or termination of this Agreement as to any Boxcars set forth on a Schedule attached herein, Lessee will surrender possession of such Boxcars to Lessor by delivering the same to Lessor. The assembling, delivery, storage and transporting of the Boxcars shall be at the expense and risk of Lessor. A Boxcar shall be deemed terminated and no longer subject to this Agreement upon the removal of Lessee's railroad markings from the Boxcar and the placing thereon of such markings as may be designated by Lessor, either at the option of Lessor (i) upon delivery of such Boxcars to Lessee's railroad line subsequent to termination of such Boxcar's lease term; or (ii) removal and replacement of the markings by another railroad line which has physical possession of the Boxcar at the time of or subsequent to termination of the lease term as to such Boxcar.

B. If such Boxcars are on the railroad line of Lessee upon such expiration or termination or are subsequently returned to Lessee's railroad line, Lessee shall grant immediate access to Lessor or Lessor's agents to remove Lessee's railroad markings from the Boxcars and place thereon such markings as may be designated by Lessor. After the removal and replacement of markings, Lessee shall use its best efforts to load such Boxcars with freight and deliver them to a connecting carrier for shipment.

C. If requested by Lessor, Lessee shall provide three months uninterrupted free storage on its tracks for Boxcars as to which this Agreement is terminated, provided that risk of loss during such storage shall be on Lessor. After three months, storage shall be at the rate of \$10 per month per car.

D. From and after termination of this Agreement with respect to any Boxcar and until its return to Lessor, all revenues earned by such Boxcar shall be paid to Lessor as additional rental for use of the Boxcar during the term hereof.

E. Lessor shall also have the right to terminate this Agreement should the utilization of the Boxcars for any six month period commencing upon the first day of the term be less than 70%.

10. Indemnities

Lessor will defend, indemnify and hold harmless Lessee from and against (A) any and all loss or damage of or to the Boxcars, usual wear and tear excepted, unless occurring through the fault of Lessee while Lessee has physical

possession of Boxcars; and (B) any claim, cause of action, damage, liability, cost or expense (including legal fees and costs) to which the Boxcars may be subject or which may be incurred in any manner by or for the account of any such Boxcar (unless occurring through the fault of Lessee) relating to the Boxcars or any part thereof, including without limitation the construction, purchase, delivery of the Boxcars to Lessee's railroad line, ownership, leasing or return of the Boxcars, or as a result of the use, maintenance, repair, replacement, operation or the condition thereof (whether defects, if any, are latent or are discoverable by Lessor or Lessee).

11. Warranties and Covenants

Lessee represents, warrants and covenants that:

A. Lessee is a corporation duly organized, validly existing and in good standing under the laws of the state where it is incorporated and has the corporate power, authority and is duly qualified and authorized to do business wherever necessary, to carry out its present business and operations and to own or hold under lease its properties and to perform its obligations under this Agreement.

B. The entering into and performance of this Agreement will not violate any judgement, order, law or regulation applicable to Lessee, or result in any breach of or constitute a default under, or result in the creation of any lien, charge, security interest or other encumbrance upon any assets of Lessee or on the Boxcars pursuant to any instrument to which Lessee is a party or by which it or its assets may be bound.

C. There is no action or proceeding pending or threatened against Lessee before any court or administrative agency or other governmental body which might result in any material adverse effect on the business properties and assets, or conditions, financial or otherwise, of Lessee.

D. There is no fact which the Lessee has not disclosed to Lessor in writing, nor is Lessee a party to any agreement or instrument or subject to any charter or other corporate restriction which, so far as the Lessee can now reasonably foresee, will individually or in the aggregate materially adversely affect the business, condition or any material portion of the properties of the Lessee or the ability of the Lessee to perform its obligations under this Agreement.

E. Lessee has during the years 1964-1968 not purchased any Boxcars. (Lessee is eligible and entitled to collect incentive per diem charges on the Boxcars in the possession of other railroads and to apply the incentive per diem charges to the payment of all rentals due under this lease.)

F. Neither Lessee nor its counsel know of any requirements for recording, filing or depositing this Agreement other than pursuant to Section 20c of the Interstate Commerce Act, which is necessary to preserve or protect the title of Lessor or its assignee or mortgagee, in the United States of America.

Upon request of Lessor or its assignee or mortgagee at any time or times, Lessee shall deliver to Lessor an opinion of its counsel addressed to Lessor or its assignee or mortgagee, in form and substance satisfactory to Lessor or its assignee or mortgagee, which opinion shall confirm and be to the effect of the matters set forth in this Paragraph 11 A through F.

12. Lessor shall at any time during normal business hours have the right to enter the premises where the Boxcars may be located for the purpose of inspecting and examining the Boxcars to insure Lessee's compliance with its obligations hereunder. Lessee shall immediately notify Lessor of any accident connected with the malfunctioning or operation of the Boxcars including in such report the time, place, and nature of the accident and the damage caused to property, the names and addresses of any persons injured and of witnesses and other information pertinent to Lessee's investigation of the accident. Lessee shall also notify Lessor in writing within five (5) days after any attachment, tax lien, or other judicial process shall attach to any Boxcar. Lessee shall furnish to Lessor promptly upon its becoming requested, a copy of its annual report submitted to the ICC and, when requested, copies of any other income or balance sheet statements required to be submitted to the ICC.

13. Sublease and Assignment

The right to assign this lease by either party and the Lessee's right to sublease shall exist only as follows:

A. Lessee shall have no right to assign this lease or sublease or loan any of the Boxcars without the written consent of Lessor.

B. All rights of Lessor hereunder may be assigned, pledged, mortgaged, transferred or otherwise disposed of either in whole or in part with or without notice to Lessee. This lease and Lessee's rights hereunder are and shall be subject and subordinate to any chattel mortgage, security agreement or equipment trust covering the cars heretofore or hereafter created by Lessor. If Lessor shall have given written notice to Lessee stating the identity and post office address of any assignee entitled to receive future rentals and any other sums payable by Lessee hereunder, Lessee shall thereafter make such payments to the designated assignee.

The making of an assignment or sublease by Lessee or an assignment by Lessor shall not serve to relieve such party of any liability or undertaking hereunder nor to impose any liability or undertaking hereunder upon any such assignee or sublessee except at otherwise provided herein or unless expressly assumed in writing by such sublessee or assignee.

14. Miscellaneous

A. This Agreement and the Schedules contemplated hereby shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns.

B. Any notice required or permitted to be given by one party to another hereunder shall be properly given when made in writing, deposited in the United States mail, registered or certified, postage prepaid, addressed to:

Lessor at: McHugh Brothers, a Partnership
P.O. Box 196
Penn del, Pennsylvania 19047

Lessee at: Michigan Northern Railway Company, Inc.
P.O. Box 869 - 110 West North Street
Cadillac, Michigan 49601

or such other address as either party may from time to time designate by such notice in writing to the other.

C. Lessee shall keep the Boxcars free from any encumbrances or liens, which may be a cloud upon or otherwise affect the title of Lessor, which arise out of any suit involving Lessee, or any act, omission or failure of Lessee or Lessee's failure to comply with the provisions of this lease and shall promptly discharge any such lien, encumbrance or legal process. Lessee shall take all action requested by Lessor to confirm the interest of Lessor in the Boxcars as Lessor and that Lessee has no interest in the Boxcars other than as Lessee hereunder.

D. During the continuance of this lease, Lessor shall have the right, at its own cost and expense, to inspect the Boxcars at any reasonable time or times wherever the Boxcars may be.

E. No failure or delay by Lessor shall constitute a waiver or otherwise affect or impair any right, power, or remedy available to Lessor nor shall any waiver or indulgency by Lessor or any partial or single exercise of any right, power or remedy preclude any other or further exercise thereof or the exercise of any other right, power or remedy.

F. This Agreement shall be governed by and construed according to the laws of the State of Pennsylvania.

G. Conflict of interest, Affirmative Action and record retainage provisions (Part 3) are covered by Exhibit "A-1" attached and hereby made a part of this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date above written.

McHugh Brothers, a Partnership

Date: 12-4-80

By: James C. McHugh
James C. McHugh
A Partner

Attest:

Edward L. McHugh
Edward L. McHugh
A Partner

Michigan Northern Railway Company, Inc.

Date: 12-16-80

BY: Elizabeth A. Andrews
Elizabeth A. Andrews
President

Attest:

Ernest A. Thomas

BY: Thomas J. Jettette
Thomas J. Jettette
Secretary Treasurer

STATE OF:

COUNTY OF:

On this 4th day of December, 1980, before me personally appeared JAMES C. MC HUGH, to me personally known, who, being by me duly sworn, says that he is a Partner of McHugh Brothers, and EDWARD L. MC HUGH, to me personally known to be a Partner of said Partnership, and they acknowledged that the execution of the foregoing instrument was the free act and deed of said Partnership.

Effie Shaffer
Notary Public

EFFIE SHAFFER
NOTARY PUBLIC
P.O. Box 156, Pottsville, Berks County,
Pennsylvania 19047
My Commission Expires August 29, 1983

STATE OF:

COUNTY OF:

On this 16th day of December, 1980, before me personally appeared Elizabeth A. Andrews, to me personally known, who, being by me duly sworn, says that she is President of Michigan Northern Railway Company, Inc., and Thomas J. Sourette, to me personally known to be the Treasurer of said corporation, 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 they acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Anna B. Sova
Notary Public

ANNA B. SOVA
Notary Public, Wexford Co., MI
My Comm. Expires Dec. 18, 1983

ATTACHMENT A

McHugh Brothers is hereby designated as the collection and disbursing agent for all revenues including per diem, mileage, and incentive per diem, and repair bills payable pertaining to the twenty (20) or more cars wherein McHugh Brothers is the Lessor.

The following revenue collection and payable disbursement procedure will be agreed to by Lessor and Lessee and will be implemented by McHugh Brothers.

A bank account will be opened in the name of Michigan Northern Railway Company, Inc. at the Industrial Valley Bank & Trust Company of Philadelphia. Corporate bank resolutions will be filed by the Michigan Northern Railway Company, Inc. This account will require two signators for all disbursements which will be any two of the following:

- | | |
|--------------------|---------------------------------------|
| 1. James C. McHugh | Partner, McHugh Brothers |
| 2. Anna Becker | Controller, McHugh Brothers |
| 3. Ruth Young | Assistant Controller, McHugh Brothers |
| 4. | |
| 5. | |

This account will also contain the following escrow and protective features for both Lessor and Lessee:

1. A check will be drawn each month payable to Michigan Northern Railway Company, Inc. for 10% of gross receipts. A check will be drawn each month payable to McHugh Brothers for the remaining 90% of gross receipts minus amounts paid out for repair bills and/or reclaims.

2. A monthly report will be issued by McHugh Brothers itemizing all revenues and payments deducted by car number. This report will reflect an accurate accounting and also be in agreement with the net amount of check referred to in Item 1.

LEASE SCHEDULE NO. 1

Lease Schedule, dated December 4, 1980, by and between Michigan Northern Railway Company, Inc. (Lessee) (MIGN), and McHugh Brothers (Lessor).

The Boxcars described herein are leased to Lessee subject to the terms and conditions of that certain Lease of which this Schedule is a part between McHugh Brothers and MIGN dated December 4, 1980.

DESCRIPTION OF CAR: 50 ft. XM General Purpose Boxcar

NUMBER OF CARS: Twenty (20)

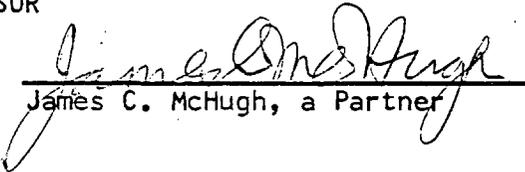
REPORTING NUMBERS AND MARKS: MIGN

TERM: Ten years from the date of delivery and acceptance of each Boxcar covered by this Schedule.

PLACE OF DELIVERY: Michigan Northern Railway Company, Inc. Interchange Points

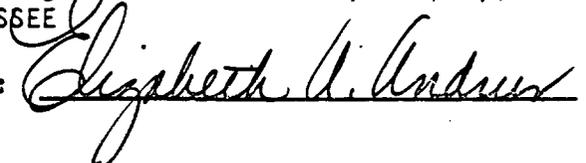
McHugh Brothers, a Partnership
LESSOR

BY:

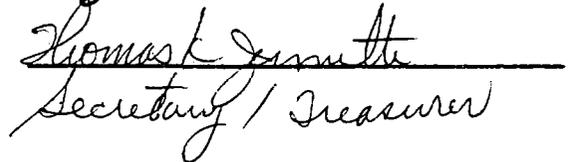

James C. McHugh, a Partner

Michigan Northern Railway Company, Inc.
LESSEE

BY:



BY:


Secretary / Treasurer

MANAGEMENT AGREEMENT

AGREEMENT made this 4th day of December, 1980

between MICHIGAN NORTHERN RAILWAY COMPANY, INC. (First Party), and MC HUGH BROTHERS, a Partnership (Second Party).

WITNESSETH

WHEREAS, First Party controls by lease, ownership or car markings certain railroad cars and desires to have Second Party manage same.

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained, the parties agree as follows:

1. The railroad cars covered by this Agreement are the twenty (20) or more boxcars contained in the McHugh Brothers and Michigan Northern Railway Company, Inc. lease of this date.

2. Second Party will perform the following management services with respect to the cars:

(a) Provide appropriate car accounting and records, including maintenance, average and total mileage records, location and other reports and information required by the American Association of Railroads and governmental or regulatory bodies.

(b) In the discretion of Second Party basis, initiate leases, subleases, assignments and other agreements with railroads or shippers including, but not limited to, placing cars in captive cycles with qualified shippers for the purpose of achieving greater mileage.

(c) Make arrangements for collection procedures.

(d) Assume responsibility for preparing and filing appropriate claims in the event of casualty or loss.

(e) Advise First Party of any developments, announcements, situations, etc., of which it becomes aware, and which, in the opinion of Second Party, could substantially affect the interest of or require some action by First Party.

3. Second Party will receive as compensation for its services a management fee of \$1.00.

4. The term of the Agreement shall continue indefinitely, but may be cancelled by either party upon thirty (30) days written notice unless Second Party has placed the cars in leases, subleases, assignments or other agreements with shippers or railroads. In such event, this Agreement may be cancelled by First Party on one (1) year's notice as to cars so placed or by Second Party on thirty days' notice.

5. Second Party shall have no liability to First Party for any action which it takes or fails to take in good faith.

6. All cars which come into the possession or control of First Party shall be made available to a designated representative of Second Party for inspection to determine compliance with the standards set forth in Exhibit A prior to being placed in service. In the event any cars fail to meet such standards such cars shall not be placed in the service of First Party.

7. Any notice required under this Agreement shall be valid if given by certified mail, return receipt requested, as follows:

To First Party: Michigan Northern Railway Company, Inc.
P.O. Box 869
110 West North Street
Cadillac, Michigan 49601

To Second Party: McHugh Brothers
P.O. Box 196
Pennel, Pennsylvania 19047

IN WITNESS WHEREOF, this Agreement has been duly executed as of the day and year first above written.

MICHIGAN NORTHERN RAILWAY COMPANY, INC.

BY:

Elizabeth A. Adams
President

BY:

Thomas C. Jennette
Secretary & Treasurer

MC HUGH BROTHERS, A Partnership

BY:

James C. McHugh
James C. McHugh, A Partner

EXHIBIT A

Standards for cars are cars substantially similar in design and construction to the cars provided under this lease used by McHugh Brothers.

EXHIBIT "A-1"

ONE: No director, officer or employee of the MIGN during their tenure or for one (1) year thereafter shall have any interest, direct or indirect, in this lease or the proceeds thereof.

TWO: In connection with this lease the parties hereto (hereinafter in Appendix "A" and "B" referred to as the "Contractor") agree to comply with the State of Michigan provisions for "Prohibition of Discrimination in State Contracts," as set forth in Appendices "A" and "B" attached hereto and made a part hereof. The parties hereto further covenant that they will comply with the Civil Rights Act of 1964, being P.L. 88-352, 78 Stat. 241 as amended, being Title 42 U.S.C. Sections 1971, 1975a-1975d and 2000a-2000h-6.

THREE: MIGN and the Lessor shall make available to the auditors of the State of Michigan or of any governmental agency having jurisdiction over MIGN the records of revenues and costs related to this lease. All such records for each year will be kept for a period of at least four (4) years after the end of that particular year, and any such records that are the subject of an auditing dispute shall be kept for the term of that dispute. The parties hereto shall allow inspection of the above described records by the authorized agents of the State of Michigan and the Federal Railroad Administration during regular business hours upon reasonable notice.

411s

Appendix A

PROHIBITION OF DISCRIMINATION IN STATE CONTRACTS

In connection with the performance of work under this contract; the contractor agrees as follows:

1. In accordance with Act No. 453, Public Acts of 1976, the contractor hereby agrees not to discriminate against an employee or applicant for employment with respect to hire, tenure, terms, conditions, or privileges of employment, or a matter directly or indirectly related to employment, because of race, color, religion, national origin, age, sex, height, weight, or marital status. Breach of this covenant may be regarded as a material breach of this contract.
2. The contractor hereby agrees that any and all subcontractors to this contract, whereby a portion of the work set forth in this contract is to be performed, shall contain a covenant the same as hereinbefore set forth in Section 1 of this Appendix.
3. The contractor will take affirmative action to insure that applicants are employed, and the employees are treated during employment, without regard to their race, color, religion, national origin, age, sex, height, weight or marital status. Such action shall include, but not be limited to the following: employment, upgrading, demotion or transfer, recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship.
4. The contractor will, in all solicitations or advertisements for employees placed by or on behalf of the contractor, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, national origin, age, sex, height, weight or marital status.
5. The contractor or his collective bargaining representative will send to each labor union or representative of workers with which he has a collective bargaining agreement or other contract or understanding, a notice advising the said labor union or workers' representative of the contractor's commitments under this appendix.
6. The contractor will comply with all relevant published rules, regulations, directives, and orders of the Michigan Civil Rights Commission which may be in effect prior to the taking of bids for any individual state project.
7. The contractor will furnish and file compliance reports within such time and upon such forms as provided by the Michigan Civil Rights Commission, said forms may also elicit information as to the practices, policies, program, and employment statistics of each subcontractor as well as the contractor himself, and said contractor will permit access to his books, records, and accounts by the Michigan Civil Rights Commission, and/or its agent, for: purposes of investigation to ascertain compliance with this contract and relevant with rules, regulations, and orders of the Michigan Civil Rights Commission.
8. In the event that the Civil Rights Commission finds, after a hearing held pursuant to its rules, that a contract has not complied with the contractual obligations under this agreement, the Civil Rights Commission may, as part of its order based upon such findings, certify said findings to the Administrative Board of the State of Michigan, which Administrative Board may order cancellation of the contract found to have been violated, and/or declare the contractor ineligible for future contracts with the state and its political and civil subdivisions, departments, and officers, and including the governing boards of institutions of higher education, until the

contractor complies with said order of the Civil Rights Commission. Notice of said declaration of future ineligibility may be given to any or all of the persons with whom the contractor is declared ineligible to contract as a contracting party in future contracts. In any case before the Civil Rights Commission in which cancellation of an existing contract is a possibility, the contracting agency shall be notified of such possible remedy and shall be given the option by the Civil Rights Commission to participate in such proceedings.

9. The contractor will include, or incorporate by reference, the provisions of the foregoing paragraphs (1) through (8) in every subcontract or purchase order unless exempted by the rules, regulations or orders of the Michigan Civil Rights Commission, and will provide in every subcontract or purchase order that said provisions will be binding upon each subcontractor or seller.

APPENDIX B

AFFIRMATIVE ACTION

Section 1. Definitions

As used in this Appendix:

- (a) "Act" means the Railroad Revitalization and Regulatory Reform Act of 1976 (P.L. 94-210)
- (b) "Administrator" means the Federal Railroad Administrator or his delegate.
- (c) "Affirmative action program" means the program described in Sections 265.9 through 265.15 of 49 CFR Part 265.
- (d) "Agency" means the Federal Railroad Administration.
- (e) "Contractor" means a prime contractor or a sub-contractor who will be paid in whole or in part directly or indirectly from financial assistance under the Rail Acts.
- (f) "Minority" means Women, Blacks, Hispanic Americans, American Indians, American Eskimos, American Orientals and American Aleuts.
- (g) "Rail Acts" means the Act and the provisions of the Regional Rail Reorganization Act of 1973 (45 U.S.C. 701 et seq.) and the Rail Passenger Service Act (45 U.S.C. 501 et seq.) amended by the Act.
- (h) "Regulations" means the Regulations relative to non-discrimination in Federally-assisted programs of the DOT Title 49, CFR, Part 21, as they may be amended from time to time.
- (i) "Subsidizer" means Michigan State Transportation Commission through the Michigan Department of Transportation.

Section 2. Affirmative Action Requirements

In connection with the performance of rail freight services under this Agreement, the Contractor agrees as follows:

(a) The Contractor shall comply with the Regulations, which are herein incorporated by reference and made a part of this Agreement.

(b) The Contractor, with regard to the work performed by it under this Agreement, shall not discriminate on the grounds of race, color, or national origin in the selection and retention of subcontractors, including procurements of materials and leases of equipment. The Contractor shall not participate either directly or indirectly in the discrimination prohibited by Section 21.5 of the Regulations, including employment practices when the contract covers a program set forth in Appendix B of the Regulations.

(c) In all solicitations either by competitive bidding or negotiation made by the Contractor for work to be performed under a subcontract, including procurements of materials or leases of equipment, each potential subcontractor or supplier shall be notified by the Contractor of its obligations under this contract and the Regulations relative to nondiscrimination on the grounds of race, color, or national origin.

(d) The Contractor shall provide all information and reports required by the Regulations or directives issued pursuant thereto, and shall permit access to its books, records, accounts, other sources of information, and its facilities as may be determined by the Subsidizer or the Agency to be pertinent to ascertain compliance with such Regulations, orders and instructions. Where any information required of the Contractor is in the Exclusive possession of another who fails or refuses to furnish this information, the Contractor shall so certify to the Subsidizer or to the Agency, whichever is appropriate, and shall set forth what efforts it has made to obtain the information.

(e) In the event of the Contractor's noncompliance with the nondiscrimination provisions of this Agreement, the Subsidizer shall impose such contract sanctions as it or the Agency may determine to be appropriate, including but not limited to:

- (1) Withholding of payments to the Contractor under this Agreement until it complies; and/or
- (2) Cancellation, termination or suspension of this Agreement in whole or in part.

(f) The Contractor shall include the provisions of paragraphs (a) through (e) in every subcontract, including procurement of materials and lease of equipment, unless exempt by the Regulations, or directives issued pursuant thereto. The Contractor shall take such action with respect to any subcontract or procurement as the Subsidizer or the Agency may direct as a means of enforcing such provisions including sanctions for noncompliance; provided, however, that, in the event the Contractor becomes involved in, or is threatened with, litigation with a subcontractor or supplier as a result of such direction, the Contractor may request the Subsidizer to enter into such litigation to protect the interests of the Subsidizer and, in addition, the Contractor may request the United States to enter into such litigation to protect the interests of the United States.

(g) The Contractor shall comply with all applicable provisions of the Rail Acts, Regulations of the Office of the Secretary of Transportation, 49 CFR 1.49 (u), Public Law No. 94-210 (90 Stat. 31), and Section 905 of the Act.

(h) As a condition to receiving Federal financial assistance under the Act or the provisions of the Rail Acts, the Contractor hereby agrees to observe and comply with the following:

(1) No person in the United States shall on the grounds of race, color, national origin or sex be excluded from participation in, or denied the benefits of, or be subjected to discrimination under, any project, program or activity funded in whole or in part through such assistance.

(i) The following specific discriminatory actions are prohibited:

- (1) The Contractor under any projects, program or activity to which these clauses apply shall not, directly or through contractual or other arrangements, on the grounds of race, color, national origin, or sex:
 - (A) Deny a person any service, financial aid, or other benefit provided under such project, program or activity;
 - (B) Provide any service, financial aid, or other benefit to a person which is different, or is provided in a different manner, from that provided to others under such project, program or activity;

- (C) Subject a person to segregation or separate treatment in any matter related to their receipt of any service, financial aid or other benefit under such project, program or activity;
- (D) Restrict a person in any way in the enjoyment of any advantage or privilege enjoyed by others receiving any service, financial aid or other benefit under such project, program or activity; or
- (E) Deny a person an opportunity to participate in such project, program or activity through the provision of services or otherwise or afford them an opportunity to do so which is different from that afforded others under such project, program or activity.

(2) The Contractor in determining the types of services, financial aid, or other benefits, or facilities which will be provided under any such project, program or activity or the class of persons to whom, or the situations in which such services, financial aid, other benefits, or facilities will be provided under any such project, program or activity, or the class of persons to be afforded an opportunity to participate in any such project, program, or activity shall not, directly or through contractual or other arrangements, utilize criteria or methods of administration which have the effect of subjecting persons to discrimination because of their race, color, national origin, or sex, or have the effect of defeating or substantially impairing accomplishment of the objectives of the project, program or activity with respect to individuals of a particular race, color, national origin or sex.

(3) In determining the site or location of facilities, the Contractor shall not make selections with the purpose or effect of excluding persons from, denying them the benefits of, or subjecting them to discrimination under any project, program, or activity to which these clauses apply on the grounds of race, color, national origin or sex, or with the purpose or effect of defeating or substantially impairing the accomplishment of the objectives of these clauses.

(4) The Contractor shall not discriminate against any employee or applicant for employment because of race, color, national origin or sex. Except as otherwise required by the regulations or orders of the Administrator, the Contractor shall take affirmative action to insure that applicants for employment are employed, and that employees are treated during employment, without regard to their race, color, national origin or sex. Such action shall include, but not be limited to the following: employment, promotion, demotion, transfer, recruitment or recruitment advertising, layoff or termination, rates or pay or other forms of compensation, and selection for training, including apprenticeship. The Contractor agrees to post in conspicuous places, available to employees and applicants for employment notices to be provided by the agency's representative setting forth the provisions of these non-discrimination clauses. The Contractor understands and agrees that it shall not be an excuse for failure to provide affirmative action that the labor organizations with which the Contractor has a collective bargaining agreement failed or refused to admit or qualify minorities for admission to the union, or that the provisions of such agreements otherwise prevent the Contractor from implementing its affirmative action program.

(5) The Contractor shall not discriminate against any business organization in the award of any contract because of race, color, national origin or sex of its employees, managers or owners. Except as otherwise required by the regulations or orders of the Administrator, the Contractor shall take affirmative action to insure that business organizations are permitted to compete and are considered for awards of contracts without regard to race, color, national origin or sex.

(j) As used in these clauses, the services, financial aid, or other benefits provided under a project, program or activity receiving financial assistance under the Rail Acts include any service, financial aid, or other benefit provided in or through a facility funded through financial assistance provided under the Rail Acts.

(k) The enumeration of specific forms of prohibited discrimination does not limit the generality of prohibition in paragraph (h) (1) of this Section.

(l) These clauses do not prohibit the considerations of race, color, national origin or sex if the purpose and effect are to remove or overcome the consequences of practices or impediments which have restricted the availability of, or participation in, the Contractor's operations or activities on the grounds of race, color, national origin or sex. Where prior discriminatory or other practice or usage tends on the grounds of race, color, national origin or sex, to exclude individuals or businesses from participation in, to deny them the benefits of, or subject them to discrimination under any project, program or activity to which these clauses apply, the Contractor must take affirmative action to remove or overcome the effects of the prior discriminatory practice or usage. Even in the absence of prior discriminatory practice or usage to which this part applies, the Contractor is expected to take affirmative action to insure that no person is excluded from participation in or denied the benefits of the project, program or activity on the grounds of race, color, national origin or sex, and that minorities and minority businesses are afforded a reasonable opportunity to participate in employment and procurement opportunities that will result from financial assistance provided under the Rail Acts.

(m) The Contractor agrees to take such actions as are necessary to monitor its activities and those of its contractors who will be paid in whole or in part with funds provided by the Rail Acts, or from obligations guaranteed by the administrator pursuant to the Rail Acts, except obligations guaranteed under section 602 of the Rail Passenger Service Act, in order to carry out affirmatively the purposes of paragraph (h) above, and to implement the affirmative action program developed and implemented pursuant to 49 CFR 265.

(n) The Contractor shall, in all advertisements for employees, or solicitations for services or materials from business organizations placed by or on behalf of the recipient, in connection with any project, program or activity funded in whole or in part with financial assistance under the Rail Acts, state that all applicants for employment will receive consideration for employment, and all business organizations will receive consideration for an award of a contract without regard to race, color, national origin or sex.

(o) The Contractor shall send to each labor organization or representative of workers with which it has a collective bargaining agreement or other contract or understanding a notice to be provided by the agency's representative, advising the labor organization or worker's representative of the Contractor's commitments under Section 903 of the Act, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

(p) The Contractor shall comply with all provisions of Section 905 of the Act, the Civil Rights Act of 1964, any other Federal civil rights act and with the rules, regulations, and orders issued under such acts.

(q) The Contractor shall furnish all information and reports required by the rules, regulations, and orders of the Administrator, and will permit access to its books, records, and accounts by the Administrator for purposes of investigation to ascertain compliance with rules, regulations, and orders referred to in paragraph (n) hereof.

(r) The Contractor shall furnish such relevant procurement information not included in its affirmative action program, as may be requested by the Minority Business Resource Center. Upon the request of the Contractor, the Minority Business Resource Center shall keep such information confidential to the extent necessary to protect commercial or financial information or trade secrets to the extent permitted by law.

(s) In the event of the Contractor's noncompliance with the nondiscrimination clauses of this Agreement, or with the provisions of Section 905 of the Act, the Civil Rights Act of 1964, or with any other Federal civil rights act, or with any rules, regulations, or orders issued under such acts, this Agreement will, after notice of such noncompliance, and after affording a reasonable opportunity for compliance, be cancelled, terminated, or suspended in whole or in part and the Contractor may be declared ineligible for further Federal financial assistance in accordance with procedures authorized in Section 906 of the Act, or as otherwise provided by law.

(t) The Contractor shall not enter into any contract or contract modification whether for the furnishing of supplies or services or for the use of real or personal property, including lease arrangements, or for construction, in connection with a project, program or activity which receives financial assistance under the Rail Acts with a contractor debarred from or who has not demonstrated eligibility for Federal or federally assisted contracts, and will carry out such sanctions and penalties for violation of this part as may be imposed upon contractors and subcontractors by the Administrator or any other authorized Federal official. The Contractor shall insure that the clauses required by Section 4 of this Appendix implementing Executive Order No. 11246 will be placed in each non-exempt federal assisted construction contract.

(u) The Contractor agrees to comply with and implement the written affirmative action program as approved by the Administrator pursuant to Section 265.17 of Title 49 CFR.

(v) The Contractor agrees to notify the Administrator promptly of any law suit or complaint filed against the recipient alleging discrimination on the basis of race, color, national origin or sex.

(w) The Contractor shall include the preceding provisions of paragraphs (h) through (v) in every contract or purchase order, whether for the furnishing of supplies or services or for the use of real or personal property, including lease arrangements, or for construction relating to project, programs or activities financed in whole or in part under the Rail Acts. The Contractor shall cause each such contractor or vendor to include the provisions in paragraphs (h) through (v) in every subcontract. The Contractor will take such action with respect to any such contract or purchase order as the Administrator may direct as a means of enforcing such provisions including sanctions for noncompliance; provided, however, that in the event the Contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the Administrator, the Contractor may request the United States to enter into such litigation.

Section 3. Affirmative Action Programs

(a) General A prerequisite to the development of a satisfactory affirmative action program is the identification and analysis of problem areas inherent in minority employment and utilization of minority employment and utilization of minority businesses, and an evaluation of opportunities for utilization of minority group personnel and minority businesses. Therefore, an affirmative action program

to guarantee employment and contractual opportunities shall provide for specific actions keyed to the problems and needs of minority persons and minority businesses including, where there are deficiencies based on past practices, and with respect to future plans for hiring and promoting employees or awarding contracts, the development of specific goals and timetables for the prompt achievement and maintenance of full opportunities for minority persons and minority businesses with respect to programs, projects and activities subject to this part.

(b) Employment practices

(1) The affirmative action program for employment showing the level of utilization of minority employees, and establishing a plan to insure representative opportunities for employment for minority persons shall be developed in accordance with the regulations of the Department of Labor at 41 CFR 60-2.

(2) Railroad applicants or recipients shall develop their program for each establishment in their organization and by job categories in accordance with the requirements of the Joint Reporting Committee of the Equal Employment Opportunity Commission and the Department of Labor. Other applicants recipients or contractors may use any program format or organization which has been approved for use by other Federal agencies enforcing equal opportunity laws.

(3) The affirmative action program shall show the source of statistical data used.

(4) The affirmative action program shall include a listing by job category of all jobs which may be established or filled by the applicant, recipient or contractor as a result of the project, program or activity funded by federal financial assistance under the Rail Acts for the first five (5) years of such project, program or activity or the period during which such project, program, or activity will be undertaken whichever is the lesser ("program period").

(5) The affirmative action program shall set forth in detail a plan to insure that with respect to the project, program, or activity financed in whole or in part through financial assistance under the Rail Acts, minority persons have an opportunity to participate in employment in proportion to the percentage of the minority work force in the area where the applicant's, recipient's or contractor's operations are located as compared to the total work force, and that such minority persons have an equal opportunity for promotion or upgrading. Where appropriate because of prior underutilization of minority employees, the program shall establish specific goals and timetables to utilize minority employees in such projects, programs or activities in the above-mentioned proportion.

(c) Contracts

(1) The affirmative action program shall include details of proposed contracts in excess of Ten Thousand Dollars (\$10,000.00) to be awarded in connection with projects, programs, and activities funded in whole or in part through financial assistance under the Rail Acts, including contracts for professional and financial services, for the program period. The details shall include a description of the services or products which will be sought including estimated quantities, the location where the services are to be provided, the manner in which proposals will be solicited (e.g., cost plus fixed fee, fixed price), the manner in which contracts will be awarded (e.g., competitive or sole source). The plan shall also give details as to bidding procedures and information as to other qualifications for doing business with the applicant, recipient or contractor. Upon request by the applicant, recipient or contractor, any information submitted to the Administrator shall be kept confidential to the extent permitted by law.

(2) The affirmative action program shall review the procurement practices of the applicant, recipient or contractor for the full year preceeding the date of the submission of the affirmative action program and evaluate the utilization of minority business in its procurement activities. Such evaluation of utilization of minority business shall include the following:

(i) An analysis of awards of contracts to minority businesses during such year describing the nature of goods and services purchased and the dollar amount involved; and

(ii) A comparison of the percentage of awards of contracts to minority businesses (by number of contracts and by total dollar amount involved) to the total procurement activity of the applicant, recipient, or contractor for said year.

(3) The affirmative action program shall set forth in detail the applicant's, recipient's or contractor's plan to insure that minority businesses are afforded a fair and representative opportunity to do business with the applicant, recipient or contractor (both in terms of number of contracts and dollar amount involved) for the program period. Such plan shall identify specific actions to be taken to:

(i) Designate a liaison officer who will administer the minority business program;

(ii) Provide for adequate and timely consideration of the availability and potential of minority businesses in all procurement decisions;

(iii) Assure that minority businesses will have an equitable opportunity to compete for contracts, by arranging solicitation time for the preparation of bids, quantities, specifications, and delivery schedules so as to facilitate the participation of minority businesses who are potential contractors in preparing bid materials and in obtaining and maintaining suitable bonding coverage in those instances where bonds are required;

(iv) Maintain records showing that the policies set forth in this part are being complied with;

(v) Submit quarterly reports of the records referred to in subparagraph (iv) above in such form and manner as the Administrator may prescribe; and

(vi) Where appropriate because of prior underutilization of minority businesses, establish specific goals and timetables to utilize minority businesses in the performance of contracts awarded.

(d) Successor organizations Where applicant, recipient or contractor is a successor organization, its affirmative action program shall review the hiring and procurement practices of its predecessor organizations.

Section 4. Equal Opportunity Clause

During the performance of this Agreement the Contractor agrees as follows:

(a) The Contractor will not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin. The Contractor will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, sex, or national origin. Such action shall include, but not be limited to the following: Employment, upgrading, demotion, or transfer, recruitment or recruitment advertising; layoff or termination; rates of pay or

other forms of compensation; and selection for training, including apprenticeship. The Contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the contracting officer setting forth the provisions of this nondiscrimination clause.

(b) The Contractor will, in all solicitations or advertisements for employees placed by or on behalf of the Contractor, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, or national origin.

(c) The Contractor will send to each labor union or representative of workers with which he has a collective bargaining agreement or other contract or understanding, a notice to be provided by the agency contracting officer, advising the labor union or workers' representative of the Contractor's commitments under Section 2020 of Executive Order 11246 of September 24, 1965, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

(d) The Contractor will comply with all provisions of Executive Order 11246 of September 24, 1965, and of the rules, regulations, and relevant orders of the Secretary of Labor.

(e) The Contractor will furnish all information and reports required by Executive Order 11246 of September 24, 1965, and by the rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to his books, records, and accounts by the Subsidizer and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.

(f) In the event of the Contractor's noncompliance with the nondiscrimination clauses of this Agreement or with any of such rules, regulations, or orders, this Agreement may be canceled, terminated or suspended in whole or in part and the Contractor may be declared ineligible for further Governmental contracts in accordance with procedures authorized in Executive Order 11246 of September 24, 1965, and such other sanctions may be imposed and remedies invoked as provided in Executive Order 11246 of September 24, 1965, or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law.

(g) The Contractor will include the provisions of paragraphs (a) through (f) of this Section in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to Section 204 of Executive Order 11246 of September 24, 1965, so that such provisions will be binding upon each subcontractor or vendor. The Contractor will take such action with respect to any subcontract or purchase order as the Subsidizer may direct as a means of enforcing such provisions including sanctions for noncompliance: Provided, however, that in the event the Contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the Subsidizer, the Contractor may request the United States to enter into such litigation to protect the interest of the United States

From the facilities of Star Manufacturing Company, at Oklahoma City, Okla., to points in Arizona, California, Colorado, Idaho, Kansas, Louisiana, Montana, Nebraska, New Mexico, Nevada, North Dakota, Oregon, South Dakota, Texas, Utah, Washington, and Wyoming, with no transportation for compensation on return except as otherwise authorized.

The authority granted herein to the extent that it duplicates any authority heretofore granted to or now held by carrier shall not be construed as conferring more than one operating right.

By the Commission, division 1.

AGATHA L. MERGENOVICH,
Secretary

(SEAL)

Type of Carrier - Common

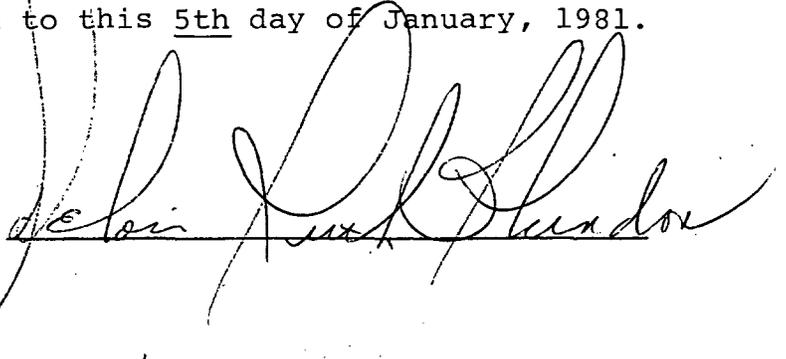
Service authorized -
Containers, over irregular routes,

From the facilities of Miller Brewing Company at Milwaukee,
WI to Fulton, Oswego, Syracuse and Liverpool, NY.

CERTIFICATE

I DELORIS R. BLUNDON, a Notary Public, in and for the District of Columbia, have examined the original document of a Lease Agreement dated December 4, 1980, between McHugh Brothers, a Partnership, and Michigan Northern Railway Company, Inc., with this, a copy of that agreement, including attachments thereto. This document is a true and complete copy of the original document in all respects, including the dates, signatures, and acknowledgements.

Subscribed and sworn to this 5th day of January, 1981.



A large, stylized handwritten signature in cursive script, appearing to read "Deloris R. Blundon", is written over a horizontal line.

My Commission expires:

3/14/82