

RECORDATION NO. 13594 FROM 1425

LAW OFFICES

KENDRICK M. MERCER, P. C. MAR 12 1982 - 11 10 AM

KENDRICK M. MERCER
JACOB K. CLIFTON, JR.
POLLY S. H. WILHARDT

THE CITIZENS BUILDING
975 OAK STREET, SUITE 730
EUGENE, OREGON 97401

INTERSTATE COMMERCE COMMISSION
PHONE
AREA CODE 503
683-6339

February 25, 1982 No.

2-271A069
MAR 12 1982
Date
Fee \$56.40.....
ICC Washington D.C.

MAR 12 11 04 AM '82
RECEIVED

Interstate Commerce Commission
12th & Constitution Avenue, N.W.
Washington, D.C. 20423

Re: Security Agreement - Railroad Tank Car RTLX2157

Dear Sirs:

Please find the original and two counterparts signed and notarized for filing pursuant to the provisions of Section 20C of the Interstate Commerce Act, 49 U.S.C. 20. Also find enclosed a check for \$50.00 for the filing fee.

The significant facts of this transaction are as follows:

1. The owner and debtor granting the security interest in the above-captioned railroad car is Emmett E. Woodward, whose address is 655 11th Avenue East, Eugene, Oregon 97401.
2. The secured party in the Security Agreement is the G. L. Knecht Educational and Support Trust, Trustees thereof being Janet B. Biles and Patty Sap, whose address is 975 Oak, Suite 730, Eugene, Oregon 97401.
3. This security agreement is executed to secure the payment of a promissory note dated February 25, 1982, executed by debtor in favor of secured parties in the amount of \$55,000.
4. The security agreement grants a security interest in the tank car itself as well as all net earnings due owner-debtor, under a certain management contract which is attached to the security agreement as Exhibit "A".
5. There are no other parties to this transaction.

Any further information required with regard to this transaction can be obtained by contacting me at the above captioned address.

Sincerely,

KENDRICK M. MERCER, P.C.

Janet B. Biles
Janet B. Biles

Enclosures

Interstate Commerce Commission
Washington, D.C. 20423

OFFICE OF THE SECRETARY

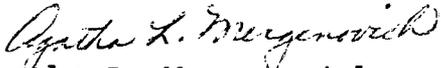
March 12, 1982

Janet B. Biles-Law Offices
Kendrick M. Mercer, P.C.
The Citizens Building
975 Oak Street, Suite 730
Eugene, Oregon 97401

Dear **Madam:**

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on **3/12/82** at **11:10AM**, and assigned re-
recording number(s). **13594**

Sincerely yours,


Agatha L. Mergenovich
Secretary

Enclosure(s) —

SECURITY AGREEMENT

RECORDATION NO. 13594
FILING 1982

MAR 12 1982 - 11 10 AM
INTERSTATE COMMERCE COMMISSION

1. Parties. The parties to this security agreement are Emmett E. Woodward (Debtor) and G. L. Knecht Educational and Support Trust (Secured Party).

2. Recitals. By loan agreement of even date the Debtor has borrowed the sum of \$55,000.00 from the Secured Party and is entering into this security agreement pursuant to paragraph 3.3 of that loan agreement.

3. Collateral. Debtor is the owner of a railroad tank car No. RTLX2157 which railroad tank car moves in interstate commerce. Under the terms of a certain management contract dated June 28, 1977, Debtor has contracted with Relco Nevada Corporation, to provide all managerial and administrative functions necessary for the operation of this railroad car. Pursuant to the terms of paragraph 5 of that management contract Debtor, as owner of the railroad car, is entitled to net earnings from the car distributed to him semiannually. A copy of the management contract is attached to the security agreement as Exhibit A and for purposes of this security agreement shall be referred to as the "Relco Contract".

4. Collateral Assignment. By executing this security agreement, Debtor grants to Secured Party a security interest in railroad tank car No. RTLX2157 and any proceeds therefrom as well as a security interest in all net earnings now due owner or to become due in the future pursuant to the terms of paragraph 5 of the Relco Contract. The parties mutually agree that the net earnings due or to become due to Debtor under the terms of paragraph 5 of the Relco Contract shall continued to be paid to Debtor unless and until Debtor becomes in default under the terms of this agreement. Default shall be defined as any of the events listed in paragraph 6 of this security agreement. In the event of a default, the Secured Party shall notify Relco Nevada Corporation that any and all future net earnings otherwise due to Debtor under the terms of the Relco Contract should be paid directly to Secured Party. Upon receipt of any such net earnings, Secured Party shall apply them to the amount due by Debtor to Secured Party which is secured by the terms of this security agreement.

5. Debtor's Covenants. The collateral is primarily for debtor's business purposes and the parties hereto mutually acknowledge that the railroad car moves in interstate commerce. The Debtor is the owner of said collateral and covenants that it is free from any prior liens, security interests, or encumbrances

and he will defend the collateral against the claims and demands of all persons whomsoever.

The Debtor will not sell, exchange, lease or otherwise dispose of the collateral or any part thereof or suffer or permit any lien, levy, or attachment thereon or security interest therein or financing statement to be filed with reference thereto other than that of the Secured Party.

Debtor will maintain the collateral in good condition and repair and preserve the same against waste, loss, damage, or depreciation in value other than by reasonable wear. The Debtor will not use any of the collateral in violation of any law or public regulation. The Secured Party may examine and inspect the collateral at any reasonable time, wherever located, and for that purpose hereby is authorized by Debtor to enter any place or places where any part of the collateral may be.

Debtor will keep the collateral fully insured against loss or damage by fire, theft, and collision and such other hazards as Secured Party may from time to time require, with such deductible provisions, upon such terms, including loss payable and other endorsements, and in such company or companies as the Secured Party may prove; Debtor immediately will deliver all policies to the Secured Party, to be retained by the latter and pledged to secure Debtor's obligations hereunder, with irrevocable authority to adjust any laws, receive and receipt for any sum payable, surrender any policy, discharge and release any insurer, endorse in Debtor's name any loss or refund check or draft and, in general, exercise in the name of the Debtor or otherwise any and all rights of the Debtor in respect thereto or in respect of the proceeds thereof.

Debtor will pay when due all taxes, license fees, and assessments relative to the collateral and its use and relative to the note and obligations secured hereby. Should Debtor fail in his performance of any of the foregoing, the Secured Party may pay any security interest having priority hereto, may order and pay for the repair, maintenance, and preservation of the collateral, or any part thereof, may place and pay for any such insurance and may pay any such taxes; the Debtor agrees to pay to the Secured Party on demand all of the latter's disbursements for any of said purposes with interest at contract rate on all sums so paid from the date of payment until repaid. Repayment of all said sums shall be secured by this security agreement.

The Debtor agrees to notify the Secured Party promptly in writing of any change in the location where the collateral is based.

The parties acknowledge at the time of the execution of this agreement, that the railroad car is managed by Relco Nevada Corporation and the car is based at its headquarters at 100 West Grove Street, Reno, Nevada 89509.

The Debtor will join with the Secured Party in executing, filing and doing whatever may be necessary, under applicable law to perfect and continue the Secured Party's security interest in the collateral, all at Debtor's expense.

All of the terms herein and the rights, duties, and remedies of the parties shall be governed by the laws of Oregon.

6. Default. The Debtor shall be in default under this agreement upon the happening of any of the following events or conditions:

- (a) Debtor's failure to pay, when due, the principal of or interest on said note or obligations, or any installment thereof;
- (b) Debtor's failure to keep, observe, or perform any provision of this agreement or any other agreement between him and the Secured Party;
- (c) The discovery of any misrepresentation, or material falsity of any warranty, representation, or statement made or furnished by the Debtor to the Secured Party whether or not in connection with this agreement;
- (d) Loss, Theft, or destruction of or substantial damage to any of the collateral;
- (e) The Secured Party deems or has reasonable cause to deem himself insecure.

7. Remedies of Secured Party. Upon Debtor's default Secured Party shall have each and all of the rights and remedies granted to him by the Uniform Commercial Code of Oregon, by the said note and by this agreement and the Debtor agrees to pay the Secured Party's reasonable attorney's fees and other expenses incurred by the latter in retaking, holding, preparing for sale, and realizing upon said collateral.

All of the benefits of this agreement shall inure to the Secured Party, its successors in interest and assigns and the obligations hereunder shall be binding upon the Debtor, his legal representative, heirs successors, and assigns.

Secured Party:
G. L. Knecht Educational and
Support Trust

By Janet B. Biles
Janet B. Biles,
Trustee

Debtor:

Emmett E. Woodward
Emmett E. Woodward

STATE OF OREGON)
) ss.
COUNTY OF LANE)

On the 19th day of February, 1982 before me personally appeared Emmett E. Woodward, to me known to be the person described in and who executed the foregoing instrument and he acknowledged that he executed the same as his free act and deed.

Before me: DATED 2/19, 1982.

L. Cheryl Moss
Notary Public for Oregon
My Commission Expires: 7/25/82

STATE OF OREGON)
) ss.
COUNTY OF LANE)

On the 19th day of February, 1982 before me personally appeared Janet B. Biles, Trustee to me known to be the person described in and who executed the foregoing instrument and she acknowledged that she executed the same as her free act and deed.

Before me: DATED 2/19, 1982.

L. Cheryl Moss
Notary Public for Oregon
My Commission Expires: 7/25/82

RELCO NEVADA CORPORATION
MANAGEMENT CONTRACT

THIS AGREEMENT, made this 28 day of June, 19 77, by and between RELCO NEVADA CORPORATION, a Nevada corporation with its principal place of business located in Reno, Nevada (hereinafter called "RELCO"), and EMMETT E. WOODWARD, M.D., ~~III~~ of Eugene, Oregon (hereinafter called the "OWNER"). *mm*

WITNESSETH

WHEREAS, OWNER holds title to, or represents the owner of, the following railroad car(s) (hereinafter referred to as "cars"):

RTLX 2157

and;

WHEREAS, RELCO is engaged in the business of providing railroad tankcar management services to tankcar owners; and:

WHEREAS, OWNER desires RELCO to place such cars under Association of American Railroads reporting marks and to arrange for the operation thereof.

NOW THEREFORE, in consideration of the foregoing and of the mutual covenants herein contained, the parties hereto, intending to be legally bound, hereby agree as follows:

1. ENGAGEMENT OF RELCO.

OWNER hereby engages RELCO to provide the management services as set forth more fully hereinafter, and RELCO accepts such engagement and agrees faithfully to perform such services, all in accordance with the terms and conditions hereof.

2. PERFORMANCE BY AND COVENANTS OF RELCO.

RELCO agrees to perform services to the owner consisting of the following:

- (a) To place reporting marks on the cars and to perform all managerial and administrative functions necessary for the operation of such cars, including (but not limited to) collecting the mileage or per diem earnings, repairing and maintaining the cars and keeping adequate records of their operations.
- (b) To use its best efforts to arrange for the leasing of such cars to shippers, railroads or others on long or short-term leases, or on such other terms and conditions as may be satisfactory to RELCO.
- (c) To use its best efforts to obtain insurance coverage or other indemnification protecting the OWNER against the risks and liabilities referred to in Paragraph 3 (d) hereof.

3. PERFORMANCE BY AND COVENANTS OF OWNER.

OWNER agrees that its performance hereunder shall consist of the following:

- (a) To deliver the cars to RELCO or its agent in the yard of the delivering line at the points designated by RELCO.
- (b) That this Agreement is effective with regard to each of the cars on July 1, 1977, and is to remain in full force and effect until terminated in accordance with Paragraph 6 hereof.

(c) To pay RELCO a semi-annual management fee equivalent to thirty (30) % of the Gross Operating Profit earned by the cars subject to this Agreement and received by RELCO on behalf of the OWNER. Gross Operating Profit is defined as the mileage, car rental or other income earned during a calendar half-year from leasing the cars; less costs and expenses incurred during the half-year for the operation, control and protection of the cars, including (but not limited to): repairs, maintenance, cleaning, taxes, registration fees, refunds due railroads or others for mileage earnings adjustments, and tariff charges made by railroads against the cars. In the case of damage to any car or other circumstances whereby business interruption or loss of use indemnity payments are received, these amounts will be included in the Gross Operating Profit hereinabove referred to.

(d) To defend, indemnify and hold RELCO harmless from and against any and all loss or damage, including any and all risk of loss or damage to the cars subject to this Agreement, and to defend, indemnify and hold RELCO harmless from and against any and all claims, damages, expenses or liabilities, incurred by, or asserted against RELCO, as a result of its (or any other party's) operating, possession, control or use of such cars.

(e) That RELCO may paint the cars in such colors as RELCO may desire and that RELCO shall have the right to place AAR reporting marks and other marks or legends it deems appropriate, in conspicuous places on such cars.

(f) That upon termination of this Agreement, RELCO may withhold an amount equal to the then current half-year earnings for purposes of settling all expenses and adjustments chargeable to the cars, including (but not limited to) repairs, estimated taxes, adjustments for refunds and mileage or freight charges. Any sums remaining shall be paid to the OWNER after allowing a normal time for receipt of the expense bills. If the earnings so withheld are insufficient for this purpose, OWNER agrees to pay all charges to RELCO upon receipt of invoice.

(g) That RELCO may report the cars to State and other taxing authorities on behalf of the OWNER for the purpose of establishing the amount, if any, of ad valorem property taxes to be assessed against the cars.

(h) That when there is a total loss or destruction of any of the cars, RELCO has the option of replacing the car with a similar car or of paying the owner for the value of the car out of the proceeds from Railroad and / or other indemnification.

(i) That RELCO may maintain a cash deposit or continuous reserve for expenses in an amount not to exceed Two Hundred dollars (\$ 200.00) per car and that such amount may be deducted from the net earnings payable to OWNER hereunder.

4. POOLING.

For all purposes of this Agreement, it is mutually agreed that RELCO may pool all the income and expenses of all the cars of the same type, size and classification managed by RELCO. Each car in the pool will share pro-rata for the half-year period and proportionately for part periods. However, the cost, if any, of improvements or modifications to cars required to be made, shall not be pooled but shall be paid for by the OWNER of the car concerned.

5. DISTRIBUTION OF NET EARNINGS.

The net earnings of the cars (i.e., the balance of the Gross Operating Profit after deduction of the management fees) shall be reported on a cash basis and paid to OWNER semi-annually within ninety (90) days after the end of each calendar half-year. If any earnings for the half-year are received or expenses paid after the closing date, they will be included in subsequent settlements but allocated to the half-year period in which they were earned or incurred. Earnings received or expenses paid applying to any half-year period ending more than one year prior to the end of the current period being reported on will be allocated to the oldest period.

6. TERM.

The term of this Management Contract shall be for a period of five (5) years commencing with the effective date as specified in Paragraph 3 (b) above. After the expiration of the aforesaid term, this Agreement may be terminated at any time by either the OWNER or RELCO, subject to the performance in full of all the terms and conditions of any (and all) existing leases on the cars described herein, upon the party wishing to terminate delivering to the other party at least ninety (90) days advance notice in writing of its intent to terminate. Written notice of termination shall be deemed duly delivered when placed in a sealed envelope, properly addressed to the party against whom the right of termination is asserted, and deposited with the United States Post Office, certified mail, return receipt requested, with first-class postage thereon fully prepaid.

7. GRANT OF RIGHT OF FIRST REFUSAL.

OWNER hereby grants to Relco Nevada Corporation, a right of first refusal to purchase from the OWNER any and all tankcars identified hereunder. The OWNER shall not sell or otherwise transfer or dispose of said cars, while this contract is in effect or at any time thereafter, without offering RELCO the first right and option to purchase all or any portion of such cars for the same consideration (computed in United States dollars) offered in writing by a bona fide purchaser, less the amount of any broker's fees or sales commissions incurred by the OWNER in connection therewith. RELCO shall have thirty (30) days after receipt of written notification from the OWNER of such proposed sale or disposition, accompanied by a copy of the aforesaid written offer, including all terms and conditions, sworn to before a notary to be true and correct under penalties of perjury, within which to exercise the right of first refusal granted RELCO hereunder.

8. MISCELLANEOUS.

(a) This Agreement shall be binding upon and shall inure to the benefit of the successors, heirs and assigns of the parties hereto; provided, however, that no assignment hereof by the OWNER or transfer of any of the OWNER's rights hereunder shall be valid and effective, without the prior written consent of RELCO.

(b) Neither party hereto shall be deemed to be in breach or violation of this Agreement if either is prevented from performing any of its obligations hereunder for any reason beyond its control, including without limitation, Acts of God or the Public Enemy, or the regulation of any federal, state or local government or any agency thereof.

(c) It is expressly understood and agreed that nothing herein contained shall be construed to prevent or prohibit RELCO from providing the same or similar services to any person or organization not a party to this Management Contract.

(d) No modification or amendment of this agreement shall be valid unless executed in writing by both parties hereto. The waiver of any breach of any term or condition hereof shall not be deemed a waiver of any other or subsequent breach, whether of like or of different nature.

(e) This Agreement shall be governed, interpreted, construed and administered in accordance with the laws of the State of Nevada.

9. PRIOR AGREEMENTS.

(a) This Management Contract cancels and supercedes all prior agreements, if any, covering the cars, between the parties or between the OWNER and any affiliate or subsidiary of RELCO as of the date specified in paragraph 3 (b) hereunder, except for the reporting and payment of net earnings or expenses incurred under the cancelled contracts prior to the cancellation date thereof.

10. NOTICE.

For all purposes of this Agreement, the mailing address for Notice of the OWNER and of RELCO shall be as follows unless subsequently modified by written notice to the other party:

If to OWNER: Emmett E. Woodward, M.D., ~~III~~
655 East Eleventh Street
Eugene, Oregon 97401

EEW

If to RELCO: Relco Nevada Corporation
100 West Grove Street
Reno, Nevada 89509

IN WITNESS WHEREOF, the respective parties hereto have executed this agreement in duplicate the day and year first above written.

Patty J. Sapp
Witness

Emmett E. Woodward
Owner

Attest:

RELCO NEVADA CORPORATION

L.C. Lloyd
Secretary

By: *Richard D. Hoge*
President