



**WISCONSIN & SOUTHERN  
RAILROAD CO.**

2215 Sanders Road  
Northbrook, IL 60062

(312) 272-8350

RECORDATION NO. **14013** Filed 1425

MAY 10 1983 - 11 50 AM

May 5, 1983 INTERSTATE COMMERCE COMMISSION

**3-1201031**

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

No. ....  
Date **MAY 10 1983** ..  
Fee \$ **50.00** ..

ICC Washington, D. C.

Dear Madam:

Enclosed for recordation pursuant to the provisions of Section 11303 of Title 49 of the United States Code and the regulations thereunder are the original and one counterparts of Management Agreement, a primary document, dated April 28, 1983.

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

Manager: Wisconsin & Southern Railroad Company  
511 Barstow Street/P.O. Box A  
Horicon, Wisconsin 53032  
Attention: President

Owner: Crocker Equipment Leasing, Inc.  
One Montgomery Street  
San Francisco, California 94104  
Attention: Leasing Group

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

One hundred (100) 100-ton gondola railroad cars bearing reporting mark WSOR.

The original and all extra copies of the enclosed documents should be returned to Ms. Sharon Schumacher of Funding Systems Railcars, Inc. 2215 Sanders Road, Suite 370, Northbrook, Illinois 60062.

Also enclosed is a remittance in the amount of \$50.00 for payment of recordation fees.

RECEIVED  
MAY 10 - 11 50 AM '83  
I.C.C.  
FEE OPERATION BR.

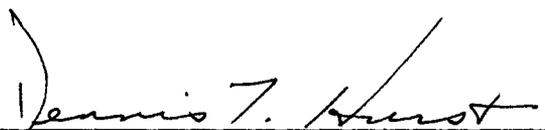
Ms. Agatha Mergenovich  
Interstate Commerce Commission  
May 5, 1983  
Page 2

I am an officer of Wisconsin & Southern Railroad Company and have knowledge of the matters set forth herein.

Very truly yours,

Wisconsin & Southern Railroad Company

By

  
Dennis T. Hurst

DTH/sb

Enclosure

**Interstate Commerce Commission**  
**Washington, D.C. 20423**

5/10/83

OFFICE OF THE SECRETARY

Dennis T. Hurst  
Wisconsin & Southern RR. Co.  
2215 Sanders Road  
Northbrook, Illinois 60062

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 5/10/83 at 11:55am , and assigned re-  
recording number(s). 14013

Sincerely yours,

*Agatha L. Mergenovich*  
Agatha L. Mergenovich  
Secretary

Enclosure(s)

MANAGEMENT AGREEMENT

This Agreement made this 28<sup>th</sup> day of April, 1983 by and between Wisconsin & Southern Railroad Company ("Manager"), and Crocker Equipment Leasing, Inc. ("Owner") the Owner of the railroad cars ("the Cars") identified in Exhibit A hereto:

WHEREAS, Manager is engaged in the business of managing and leasing railcars for the Manager and other railcar owners, and Owner desires to retain Manager as agent for the purpose of managing the Cars on Owner's behalf on the terms and conditions set forth herein; and

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

1. Engagement of Manager

Subject to all of the terms and conditions set forth herein, Owner hereby engages Manager to manage the Cars, and Manager accepts such engagement and agrees to perform such duties in accordance with the terms and conditions hereof.

2. Term

(a) The term of this Agreement ("Term") shall commence upon the date hereof and shall continue for two (2) years unless terminated sooner in accordance with the provisions of this Agreement.

(b) This Agreement shall terminate with respect to any Car which is withdrawn from the terms of this Agreement in accordance with Section 2(c) hereof, or terminated pursuant to Section 9 hereof, lost or totally destroyed, ("Termination") as of the date of such Termination provided, further, however, that notwithstanding any Termination of this Agreement with respect to any Car, Manager shall be obligated to collect all rental payments, mileage allowances and other sums (including insurance benefits, and lessee or railroad indemnity payments payable in connection with any damage to or loss or total destruction of Cars), and to arrange for payment of all expenses, taxes and other charges with respect to any Car, due or with respect to periods prior to such termination of this Agreement. (Such expenses and charges to be reimbursed by Owner.)

(c) After the first six months this agreement is in force, if the Net Revenue on the Cars fall below an average of \$450 per car per month for 3 consecutive months, the Owner may, upon 10 day notice to the Manager, terminate this Agreement as to any or all of the Cars. For purposes of this section (c), Net Revenue equals Gross Revenue minus per diem reclaims but excluding any penalty reclaim or double reclaim charges. ("Net Revenue") Owner has 60 days to terminate or loses the right to do so.

. **14013**  
REGISTRATION NO. \_\_\_\_\_ Filed 1425

MAY 10 1983 - 11 55 AM

INTERSTATE COMMERCE COMMISSION

Gross Revenue means income from any per diem, mileage, rent, or lease payments. ("Gross Revenue")

3. Procurement of Assignments and Operating Leases

Manager will use its best efforts to seek to procure short term assignments and operating leases for each Car. No fixed term and fixed payment assignment may be entered into by the Manager unless such is preapproved in writing by Owner. (Free running service is the only service not considered fixed term or fixed payment).

4. Duties of Manager

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

- (a) Arrange for payment for the maintenance and repair of each Car. All such payments are to be reimbursed to Manager first from any receipts or earnings on the Cars and next from Owner to the extent cash collections are insufficient.

Manager shall review, approve, or, if invoice is not both reasonable and proper, reject, and audit each and every such invoice. All such repair and maintenance shall be accomplished promptly and shall be inspected by Manager when appropriate so as to determine the necessity and quality of such repair and maintenance. Manager shall keep each Car in good order and repair and shall comply with each required safety appliance and construction obligation specified by the Association of American Railroads and the Interstate Commerce Commission. The Manager shall maintain each Car in a condition that is satisfactory for interchange in accordance with the Association of American Railroads rules, all at Owner's cost and expense unless a lessee is held responsible for same. All maintenance and repair shall be accomplished in accordance with the Association of American Railroads, Interstate Commerce Commission and Federal Railway Association rules and regulations.

- (b) Register the Cars and file or have filed all required initial and ongoing reports with the Association of American Railroads ("AAR"), Interstate Commerce Commission ("ICC"), Department of Transportation ("DOT"), Universal Machine Language Equipment Register ("UMLER"), and each other regulatory authority having jurisdiction over the Cars in order to insure that the Cars will at all times be entitled to generate the maximum revenues.

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

- (h) Upon end of Term with respect to any and all Cars, Manager will promptly cause those Cars which are the subject of such termination to be returned to the location and in the manner designated by Owner all at Owner's expense. Manager shall use its best efforts to accomplish any such return on an income generating basis and as promptly as requested by Owner and will inform Owner of the basis on which the cars are proposed to be returned. However, if Manager is not reasonably able to accomplish such a return within the time period specified by Owner on an income generating basis, that return shall be accomplished with Manager using its best efforts to minimize transportation costs for Owner.
- (i) Collect in trust for Owner, or have lessees or users collect, all sums due Owner, including, without limitation, insurance benefits or railroad indemnity payments, in the event of damage to, or loss or total destruction of, a Car during the term of this Agreement and account for and promptly remit those sums. If, in order to collect sums due Owner, Manager and Owner deems it necessary to retain the services of outside counsel or other experts, (each of whom must be acceptable to Owner,) the expenses of such counsel or other experts shall be borne, 20% by Manager and 80% by Owner.
- (j) None of the Cars shall be placed in service outside the United States of America for more than 45% of any one year period.
- (k) In the event that Owner is a party to any legal action arising out of its Ownership of the Cars, Manager will promptly provide Owner with written notice of such action.
- (l) Request Owner's consent prior to exercising any right to terminate any lease.
- (m) If any Car which is the subject of this Agreement remains unused during the term of this Agreement and is stored on the tracks of a railroad owned by the Manager, it will be stored at no cost to Owner. Owner's consent is required for any paid storage.
- (n) The Cars will be insured at coverage equal to cars of similar type managed or leased by Manager. The cost of this insurance will be paid by Owner as requested by Manager.
- (o) Manager will use its best efforts to manage the cars on an equal basis (as measured by revenue) at least equal to that of any similarly designed cars with Manager's marks.

5. Payments

Within 10 days after the end of each calendar month, Manager shall remit to Owner all sums it has received and to which Owner is entitled pursuant to this Agreement, with only the costs, expenses and fees discussed in this Agreement which are actually paid by Manager, subtracted from same. All penalty reclaims or double reclaims which are incurred by the cars and caused by the Manager or its affiliates, shall not be deducted from the sums to which Owner is entitled to receive and shall be paid by Manager. Until so remitted to Owner all such monies received by Manager will be held as trustee for Owner, until final payment thereof is made to Owner in accordance with this Management Agreement.

6. Fee to Manager

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

- (a) Manager shall receive a Management Fee based on Gross Revenue net of all per diem reclaims ("Net Revenue") collected and received for utilization of the Cars during the term of this Agreement.
- (b) On that portion of Net Revenue which is less than \$600 per car per month, the Management Fee will be 20% of Net Revenue collected.
- (c) On that portion of the Net Revenue of the Cars which exceeds \$600 per car per month during the term of this Agreement, Manager shall receive 40% of Net Revenue collected.
- (d) Manager will subtract the Management Fee from Net Income before remitting any funds to Owner.
- (e) Manager will submit to Owner each month the calculations upon which the Management Fee was determined and upon Owner's reasonable request will forward to Owner copies of any documents used in making the calculations.

7. Subordination

This Agreement and Manager's authority and rights hereunder are subject to the lien and security interest of each and every Lender to Owner secured by the Cars.

8. Reports

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

Manager shall, within 90 days following the end of each calendar quarter during the term of this Agreement, submit to Owner a written report of the activity of the Cars. This report will summarize for the Cars for such service quarter (i) amounts earned and the amounts paid for the use of the Cars; (ii) the nature of the amounts earned and the amounts paid for the use of the Cars, i.e., whether such amounts represent mileage

charges, per diem charges or some other source of revenue; (iii) amounts outstanding from prior months; (iv) operating expenses; (v) management fees; and (vi) amounts remitted to Owner or payable to Manager pursuant to this Agreement.

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

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

9. Events of Default

- (a) The occurrence of any of the following events shall be an event of default:
- (i) The non-payment or failure to remit, by Owner or Manager to the other of a total amount in excess of \$100 required herein to be paid or remitted within 10 days after any such payment or remittance is due. Notwithstanding the foregoing, the non-payment or non-remittance of such sum shall not relieve either party of the obligation to pay or remit any amounts then accrued hereunder.
  - (ii) The breach or non-fulfillment by Manager or Owner of any other term, covenant or condition of this Agreement, which is not cured within 10 days after written notification to the offending party of such breach or non-fulfillment.
  - (iii) Any act of insolvency by Manager or the filing by Manager 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 Manager that is not dismissed within sixty (60) days thereafter, or the appointment of any receiver or trustee to take possession of the properties of Manager 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.
- (b) Upon the occurrence of any event of default by a party hereunder, the other party may, at its option, terminate this Agreement by delivering to the defaulting party written notice of such termination and may, in addition, pursue any other remedy available at law or in equity.

10. Notices

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

If to Manager: Wisconsin & Southern Railroad Company  
511 Barstow Street/P.O. Box A  
Horicon, Wisconsin 53032

Attention: President

With copy to Funding Systems Railcars, Inc.  
Suite 370  
2215 Sanders Road  
Northbrook, Illinois 60062

Attention: President

If to Owner: Crocker Equipment Leasing, Inc.  
One Montgomery Street  
San Francisco, California 94104

Attention: Leasing Group

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

11. Miscellaneous

- (a) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Illinois and Manager and Owner hereby consent to the jurisdiction of the courts of the State of Illinois.

- (b) Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.
- (c) Headings. Titles and headings of the Sections and Subsections of this Agreement are for convenience of reference only and do not form a part of this Agreement and shall not in any way affect the interpretation hereof.
- (d) Amendment. No modification or amendment to this Agreement shall be valid unless in writing and executed by both parties hereto.
- (e) Force Majeure. Neither party hereto shall be deemed to be in breach or in violation of this Agreement if either is prevented from performing any of its obligations hereunder for any reason beyond its reasonable control including, without limitation, acts of God, riots, strikes, fires, storms or public disturbances.
- (f) No Partnership. It is not the purpose or intention of this Agreement to create a joint venture or partnership relation between the parties and nothing herein shall create or be construed to create such a joint venture or partnership. Except as set forth herein, Manager shall have no authority to bind Owner or incur any liability for which Owner may be responsible without the prior written consent of Owner.
- (g) Waiver. The waiver of any breach of any term of condition hereof shall not be deemed a waiver of any other or subsequent breach, whether of like or different nature.
- (h) Notwithstanding any termination provision herein, if any cars are placed in service which go beyond the termination of this agreement, those particular cars shall remain under the terms of this agreement until they are returned by the user or lessee.

12. Indemnification

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

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

ATTEST:

CROCKER EQUIPMENT LEASING, INC.  
"Owner"

S. J. Joany  
Assistant Secretary

By: Edmund O. Maguire  
President SUP

(CORPORATE SEAL)

ATTEST:

WISCONSIN & SOUTHERN RAILROAD COMPANY  
"Manager"

Dennis T. Hurst  
Secretary

By: James B. Sheer  
Chairman of the Board

(CORPORATE SEAL)

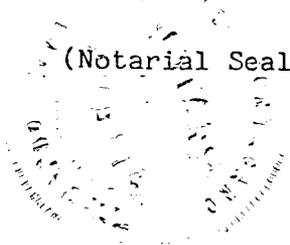
STATE OF ILLINOIS            )  
  :  
COUNTY OF COOK            )

On this 28<sup>th</sup> day of April, 1983, before me personally appeared James B. Shein, to me personally known, who being by me duly sworn, says that he is an authorized officer of Wisconsin & Southern Railroad Company, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Carmen Montano

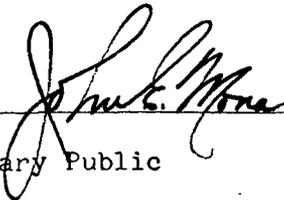
Notary Public  
My Commission Expires October 26, 1984

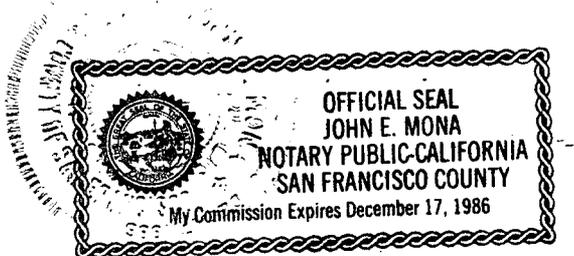
(Notarial Seal)



CALIFORNIA  
STATE OF ~~ILLINOIS~~ )  
COUNTY OF SAN FRANCISCO )

On this 29th day of April, 1983, before me personally appeared Edmund P Wysocki, to me personally known, who being by me duly sworn, says that he is an authorized officer of Crocker Equipment Leasing, Inc., that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

  
\_\_\_\_\_  
Notary Public



(Notarial Seal)

Exhibit A

Quantity	Description	Reporting Marks
	100-Ton Gondola Railroad Cars	

## EXHIBIT A

LISTING OF GONDOLAS  
STORED AT WISCONSIN & SOUTHERN RAILROAD CO.  
(as of March 15, 1983)

WSOR 5630	WSOR 5743
WSOR 5631	WSOR 5747
WSOR 5633	WSOR 5748
WSOR 5635	WSOR 5751
WSOR 5636	WSOR 5752
WSOR 5640	WSOR 5753
WSOR 5644	WSOR 5756
WSOR 5647	WSOR 5757
WSOR 5649	WSOR 5759
WSOR 5655	WSOR 5761
WSOR 5660	WSOR 5765
WSOR 5661	WSOR 5766
WSOR 5676	WSOR 5775
WSOR 5678	WSOR 5784
WSOR 5679	WSOR 5785
WSOR 5681	WSOR 5797
WSOR 5683	WSOR 5799
WSOR 5684	WSOR 5802
WSOR 5685	WSOR 5803
WSOR 5688	WSOR 5809
WSOR 5703	WSOR 5813
WSOR 5714	WSOR 5816
WSOR 5719	WSOR 5818
WSOR 5725	WSOR 5821
WSOR 5731	WSOR 5825

## EXHIBIT A

LISTING OF GONDOLAS  
STORED AT CHICAGO, ILLINOIS

WSOR 5642	WSOR 5727
WSOR 5643	WSOR 5729
WSOR 5650	WSOR 5730
WSOR 5651	WSOR 5732
WSOR 5653	WSOR 5734
WSOR 5659	WSOR 5744
WSOR 5662	WSOR 5745
WSOR 5665	WSOR 5760
WSOR 5666	WSOR 5763
WSOR 5667	WSOR 5767
WSOR 5671	WSOR 5773
WSOR 5673	WSOR 5779
WSOR 5674	WSOR 5783
WSOR 5677	WSOR 5786
WSOR 5686	WSOR 5788
WSOR 5691	WSOR 5790
WSOR 5696	WSOR 5791
WSOR 5697	WSOR 5794
WSOR 5698	WSOR 5804
WSOR 5701	WSOR 5806
WSOR 5702	WSOR 5810
WSOR 5706	WSOR 5819
WSOR 5710	WSOR 5824
WSOR 5715	WSOR 5826
WSOR 5726	WSOR 5829