



CROSSROADS

BANK

16430 K

9-1944010

9-194A009

JUL 14 1989 -11 20 AM TRANSMITTAL LETTER

July 6, 1989
INTERSTATE COMMERCE COMMISSION

16430
RECORDATION NO. FILED 1425

Interstate Commerce Commission
12th & Constitution Ave., Northwest, Room 2303
Washington D.C. 20423
ATTEN: Mildred Lee

JUL 14 1989 -11 20 AM

INTERSTATE COMMERCE COMMISSION

Dear Ms. Lee:

Effective July 6, 1989, Crossroads Bank, Victoria, Texas has taken a security interest in the following described railroad cars owned by ITG, INC. of Victoria, Texas.

TWO (2) 100 TON GONDOLA RAILROAD CARS BEARING SERIAL NO. 3029 AND 3030, LESSEE MARKS - PPU, CLASS OF CAR - GB/G513

In addition, we have an assignment of a Lease Agreement wherein ITC, INC. has leased the above referenced cars to PEORIA AND PEKIN UNION RAILWAY, No. ITG-2349. We are enclosing the original Lease Agreement and Security Agreement for your review and return to us.

The Secured Party is: CROSSROADS BANK
1501 MOCKINGBIRD/P. O. BOX 4025
VICTORIA, TEXAS 77903

The Debtor is: ITG, INC.
P. O. BOX 1777
VICTORIA, TEXAS 77902

Crossroads Bank herein requests that the enclosed originals be acknowledged and recorded by the Interstate Commerce Commission and returned to: P. O. Box 4025, Victoria, Texas 77903.

Sincerely,
Thomas H. Aughinbaugh III
Thomas H. Aughinbaugh III
President & Chief Executive Officer

THE STATE OF TEXAS
COUNTY OF VICTORIA

This instrument was acknowledged before me on the 6th day of July, 1989, by Thomas H. Aughinbaugh III, President of Crossroads Bank.

Debbie Young
Debbie Young, Notary Public

RECORDATION NO 16430 FILED 1989 *A*

JUL 14 1989 - 11 20 AM

INTERSTATE COMMERCE COMMISSION

STATE OF TEXAS

COUNTY OF VICTORIA

I, Debbie Young, Notary Public in and for Victoria County, Texas, herein certify that the attached Railroad Car Lease Agreement is a true and exact copy of the original.

Debbie Young
Debbie Young, Notary Public
Victoria County, Texas
COMMISSION EXPIRES: 3/24/90

RECORDATION NO 16430/A
FILED 1425

JUL 14 1989 - 11 20 AM

RAILROAD CAR LEASE AGREEMENT INTERSTATE COMMERCE COMMISSION

THIS AGREEMENT, No. ITG-2349, made and entered into June 1, 1989, by and between ITG, INC., a Texas corporation with its principal office and place of business in Victoria, Texas (herein called "LESSOR") and PEORIA AND PEKIN UNION RAILWAY, an Illinois corporation, (herein called "LESSEE").

WITNESSETH:

Description of Leased Cars: 1. LESSOR agrees to furnish to LESSEE, and LESSEE agrees to rent from LESSOR, the railroad cars shown on the Rider attached hereto and made a part of hereof, and such additional Riders as may be added to hereto from time to time by agreement of the parties and signed by their duly authorized representatives. Each Rider shall set forth a brief description of the car, or cars, car initials and numbers, the Association of American Railroads ("AAR") or Interstate Commerce Commission ("ICC") specifications, cubic capacity, truck capacity, delivery point, rental, term throughout which the cars shall remain in LESSEE'S service, and other pertinent information that may be desired by both parties.

Use of Cars: 2. LESSEE agrees to use said cars under the following restrictions:

(a) The cars will be received by LESSEE in Peoria, Illinois on the PPU Railroad, and used and operated at all times in compliance

with all lawful acts, rules, regulations and orders issued by the railroads on which the cars are operated, and government agencies.

(b) At the expiration or termination of the rental term of the particular Rider applicable to each such car described in such Rider, LESSEE shall cause said cars to be returned to LESSOR at Peoria, Illinois, or to such other point designated by LESSOR, provided that freight costs do not exceed the freight charge to Peoria, Illinois. LESSEE to pay all freight charges accordingly.

(c) In the event that ITG, Inc. does not have a successive Lessee immediately available for the cars of this lease, PPU agrees to provide ITG, Inc. with six (6) months free storage of the cars covered herein.

(d) The cars will not be altered by LESSEE in any way without prior written approval of LESSOR. LESSEE is authorized to install railroad ties in the ends of the cars at his sole expense.

Inspection
of Cars:

3. Each of the cars will be subject to a joint inspection prior to both the delivery and return dates. The inspections will be conducted at a site mutually agreeable to both parties. LESSOR shall deliver all cars in good operating condition, free of all

mechanical defects and suitable for transportation of intended commodities. The LESSEE shall be solely responsible to return all cars in the same conditions as received, excepting reasonable wear and tear; and, at time of return, each car shall be in a condition suitable for immediate placement in revenue interchange service. If a car is in need of repair prior to delivery or return, a mutually agreeable repair schedule shall be developed, and a separate joint inspection made by LESSOR and LESSEE will be held, at the repair facility, after repairs have been made, which inspection shall be in lieu of any other inspection required hereby. Failure for whatever reason to conduct such inspection in connection with the return of any car shall not relieve LESSEE of its obligation to return such car at the end of the Lease Term or otherwise in the condition required hereby.

Rent:

4. LESSEE agrees to pay LESSOR the monthly rental stated in the Rider covering said cars from the date of this agreement as specified in the Rider, and until the cars are returned to LESSOR upon expiration of the rental term specified in the Rider applicable to each car. Such rentals shall be paid to LESSOR in Victoria, Texas, or such other place as LESSOR may hereafter direct in writing.

Rentals are payable within thirty (30) days

from the date of invoice, monthly in advance.

Car Hire:

5. Any per diem or mileage allowance, car hire rental, and/or other compensation paid by reason of off-line use of any car directly to the LESSEE shall be retained by LESSEE as compensation for its interest in such car.

Term of
Lease:

6. This Agreement shall be effective as of the date first set forth hereinabove, and shall expire June 14, 1994, or upon return of the last car, or cars, covered hereunder, to LESSOR, whichever is later. The rental term for each car shall be shown in the Rider covering such car. Unless this contract is extended or renewed in writing by mutual agreement, or a new contract is executed, each car not returned to LESSOR within fifteen (15) days next following the expiration date shown on the Rider covering such car or cars, LESSEE shall pay to LESSOR a penalty charge of TEN AND NO/100 DOLLARS, (\$10.00), per day in addition to the monthly rental.

Repair and
Maintenance:

7. During the term hereof, the LESSEE, at its own cost and expense, will perform, or cause to be performed, such maintenance and repairs of the cars as is necessary to ensure that each car, while it is in service (whether or not loaded) on any date during the Lease Term, is in the condition required by the then prevailing applicable rules of the Association of American Railroads and Federal Railway Administration

or successor entities, or any other agency having jurisdiction over the operation or use of the cars (the "Regulators") for railcars operating on the lines of Class 1 railroads. Nothing herein relieves the LESSEE of its obligations to pay the rent for each car, or to return each car to LESSOR at the time and in the condition required by this Lease.

Destruction
of Car:

8. In the event of the loss, destruction, or damage beyond repair of any car, or the condemnation or taking of any car for a period exceeding the balance of the Lease Term, this Agreement with respect to such car shall continue until LESSEE notifies LESSOR of such occurrence and pays to LESSOR, on the next rental payment date following such notice, the stipulated loss value set forth in the attached Exhibit C of such car as of such rental payment date. Replacement or substitution of a similar car in lieu of payment by LESSEE of the stipulated loss value shall not be permitted unless agreed to in writing by LESSEE and LESSOR. Stipulated loss value payment will apply whether the loss or destruction of the car occurs on or off LESSEE's lines; provided that if LESSEE shall receive from a common carrier, in settlement for the loss, damage or destruction of such car while in such carrier's possession, a sum in excess of such stipulated loss value, such excess shall be paid promptly to LESSOR. LESSOR shall be entitled to

recover possession of each such destroyed car, but upon LESSOR's request, LESSEE shall dispose of such car at LESSEE's expense.

Indemnity:

9. LESSEE will indemnify LESSOR against any loss, damage, claim, expense (including attorney's fees and expenses of litigation) or injury imposed on, incurred by, or asserted against LESSOR arising, directly out of LESSEE'S, its consignee's agents, or shipper's use, lease, possession or operation of the cars during the term of the Lease, or by the contents of such cars, however occurring, except any loss, liability, claim, damage or expense for which a railroad or railroads have assumed full responsibility and satisfy such responsibility. All indemnities contained in the Agreement shall survive the termination hereof, however same shall occur. Nothing herein shall be construed as an indemnification against LESSOR'S negligence.

Insurance:

10. The LESSEE will, at all times while this Lease is in effect, at its own expense, cause to be carried and maintained in respect to each car, with insurers reasonably agreeable to LESSOR, under policies not subject to cancellation or material change in coverage except upon 30 days prior written notice to LESSOR, and which insure LESSOR regardless of any breach or violation of any warranty, declaration or condition contained in such policy, or the policy application or other supporting documents, by LESSEE or any third

party: (i) property insurance with respect to the cars at the time subject hereto, in amounts sufficient to fund the individual and aggregate stipulated loss value of the cars subject to this Lease from time to time, and shall name LESSOR as additional insured and loss payee, and (ii) public liability insurance in such amounts and for such risks and subject to such self-insurance as is consistent with prudent industry practice, and in any event, in amounts and against risks no less favorable than the coverage provided by insurance carried by the LESSEE on similar equipment owned or lease by it; provided that LESSEE shall in any event maintain such public liability coverage in the minimum amount of \$1,000,000.00 per occurrence, with any deductibles paid by LESSEE, and shall name LESSOR as an additional insured thereunder.

Renewal
Option:

11. Not later than one hundred twenty (120) days prior to the termination of this Lease, or subsequent renewals, LESSEE may, by written notice to LESSOR, irrevocably exercise an option to renew this Lease for three (3) each one-year (1) periods, subject to the same terms and conditions herein contained in the original text of this Lease. After the third renewal, this Lease will be subject to renegotiation.

Right of
Inspection:

12. LESSOR or its assignee shall have the right, at any reasonable time, and without unreasonably interfering with LESSEE's operations, to inspect the cars

and LESSEE's books and records with respect to the cars, by its authorized representative, for the purpose of determining compliance by LESSEE with its obligations hereunder, or in connection with the sale or release of the cars.

Payment of
Taxes:

13. During the term of the Agreement, LESSEE shall pay all sales, use, rental, and excise taxes, personal property taxes, assessment and other governmental charges, whatsoever, whether payable by LESSOR or LESSEE, on or relating to the cars leased hereunder prorated to the actual time covered by this lease or extensions thereof. Any expense incurred by the LESSEE with respect to contesting the applicability of such sales tax, rental tax and use tax to this Agreement shall be payable by LESSEE.

Liens:

14. LESSEE shall not cause any encumbrances or liens to be a cloud upon, or otherwise affect LESSOR'S title.

Marking
of Cars:

15. LESSEE shall keep all cars subject to this Lease free of any markings which might be interpreted as a claim of ownership.

Default:

16. The happening of any of the following events shall be considered an "event of default":
(a) Nonpayment by LESSEE, within thirty (30) days after the same becomes due, of any installment of rental.
(b) Failure of LESSEE to comply with, or perform, any of the other terms and conditions of this Agreement

within thirty (30) days after receipt of written notice from LESSOR demanding compliance therewith and performance thereof. (c) The appointment of a receiver of trustee in bankruptcy for LESSEE or any of its property and the failure by such receiver or trustee to adopt and assume and agree to perform the obligations of LESSEE hereunder within thirty (30) days after such appointment.

Filing:

17. LESSOR intends to cause this Lease to be filed and recorded with the ICC in accordance with Section 11303 of the Interstate Commerce Commission Act. LESSEE shall from time to time do and perform any other act, and execute, acknowledge, deliver, file, register, and record any and all further instruments required by law, or requested by LESSOR, for the purpose of protecting its title and rights, or for the purpose of carrying out the intention of this Agreement, and LESSEE will promptly furnish to LESSOR certificates or other evidences of all such filing, registering, and recording in form satisfactory to LESSOR.

Miscellaneous:

18. It is mutually agreed that the time of payment of rentals is of the essence of this Agreement, and that this Agreement and any Rider now and hereafter entered into is subject and subordinate to any Security Agreement or Conditional Sale Agreement on the cars heretofore or hereafter leased hereunder, and to the

rights of any Trustee under any Equipment Trust heretofore or hereafter established by LESSOR.

Notice:

19. All notices provided for herein shall be given in writing and delivered personally, or sent by registered or certified mail, return receipt requested. The effective date of the notice shall be the date personally delivered, or date of delivery shown on the return receipt. The respective addresses for notice shall be the addresses of the parties given in writing at the execution of this Agreement. Such addresses may be changed by either party giving written notice thereof to the other.

To LESSOR: I T G, Inc.
106 N. Main St.
P. O. Box 1777
Victoria, TX 77901

To LESSEE: Peoria and Pekin Union Railway
101 Wesley Rd.
Creve Coeur, IL 61611

Required Car Modifications: 20. Should any car require future modifications or additions by the Regulators (AAR or FRA), LESSEE shall be responsible for such modifications or additions at its own expense. Rental will continue to be payable while modifications or additions are made and any parts or items added, whether as replacements or additions, to the cars by the LESSEE shall be considered accessions to the cars and title thereto shall be

immediately vested in the LESSOR at no cost or expense to the LESSOR, and shall remain on and not be removed from the cars upon the return thereof.

Governing

Law:

21. The terms of this Agreement and all rights and obligations hereunder shall be governed by the laws of the State of Texas, in which state it has been executed and delivered.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be signed and sealed by their respective corporate officers and duly attested, as to the date first above written.

(Corporate Seal)

I T G, INC. (LESSOR)

ATTEST:

By: *Cornie DeHorn*
Its: Secretary

By: *Michael S. [Signature]*
Its: President

ADDRESS:
106 N. Main, Suite 200
P. O. Box 1777
Victoria, Texas 77902

(Corporate Seal)

PEORIA AND PEKIN UNION RAILWAY

ATTEST:

By: *Paul O. Feinstein*
Its: Secretary

By: *[Signature]*
Its:

ADDRESS:
101 Wesley Rd.
Creve Coeur, Illinois 61611

RIDER NO. 01

To Master Agreement No. ITG-2349

It is hereby agreed that effective June 1, 1989, this Rider shall become a part of Master Car Agreement No. ITG-2349, between PEORIA AND PEKIN UNION RAILWAY and ITG, INC., dated June 1, 1989, and the cars described herein shall be placed in service subject to the terms set forth below:

CAR INITIAL NUMBERS: 3029 & 3030
LESSEE MARKS: PPU
CLASS OF CAR: GB/G513
NUMBER OF CARS: Two (2)
CAPACITY OF CARS: 100-Tons Nominal
COMMODITY LIMITATION: Bulk Products
DELIVERY POINT: Peoria, Illinois
TERMS OF RENT: \$345.00 per car per month payable net 30 days as provided for in Paragraphs 4 and 6 of Lease ITG-2349.
TERM: June 15, 1989 through June 14, 1994.

(Corporate Seal)
ATTEST:

I T G, INC.

By: *Carole Pickens*
Its: Secretary

By: *Michael S. [Signature]*
Its: President

(Corporate Seal)
ATTEST:

PEORIA AND PEKIN UNION RAILWAY

By: *Paul O. Feinerman*
Its: SECRETARY

By: *[Signature]*
Its: President

EXHIBIT C
STIPULATED LOSS VALUE SCHEDULE
To Master Agreement No. ITG-2349

NUMBER OF RENTAL PAYMENT DATE	PER CAR STIPULATED LOSS VALUE
1 - 12	\$24,000.
13 - 24	\$22,500.
25 - 36	\$21,000.
37 - 48	\$19,500.
49 - 60	\$18,000.
61 - 72	\$16,500.