

11725  
RECORDATION NO. .... Filed 1425  
APR 28 1980 - 10 25 AM  
INTERSTATE COMMERCE COMMISSION

United States  
Rail Services, Inc.



633 Battery Street  
San Francisco, California 94111  
(415) 445-7690

No. 0-119AC29

Date APR 28 1980

Fee \$ 50.00

ICC Washington, D. C.

REGISTERED MAIL  
RETURN RECEIPT REQUESTED

April 15, 1980

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

Dear Ms. Secretary:

On behalf of United States Rail Services, Inc., I submit for filing and recording under 49 U. S. C. Sec. 111303(a), a railroad car management agreement dated October 8, 1979, between United States Rail Services, Inc. and T. M. Ainslie and S. G. Ainslie duly executed and notarized. I also enclose three certified true copies of this management agreement.

The addresses of the parties to this transaction are:

United States Rail Services, Inc., as managing agent  
633 Battery Street  
San Francisco, CA 94111

T. M. Ainslie and S. G. Ainslie, as car owners  
4384 Bechelli Lane  
Redding, CA 96001

The management agreement covers the following equipment:

Four 100 ton, 20,000 gallon capacity railroad tank car(s), DOT111A100W1, RUSX 296-299.

Enclosed is a check in the amount of \$50 in payment of the recording fee.

- Once the filing has been made, please return
- (a) the original document file stamped;
  - (b) the file stamped conformed copies not required for filing purposes;
  - (c) the receipt;
  - (d) the letter from the Interstate Commerce Commission acknowledging the filing and
  - (e) the extra copy of this letter of transmittal.

RECEIVED  
APR 28 10 21 AM '80  
I.C.C.  
FEE OPERATION BR.

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Ms. Agatha L. Mergenovich  
April 15, 1980  
Page 2

Should you have any questions, please call me at (415)  
445-7824.

Very truly yours,

UNITED STATES RAIL SERVICES, INC.

By Harvey C. I. Chapman

Title Assistant Secretary and  
Assistant Treasurer

Enclosures

RECORDATION NO. .... 11725

APR 28 1980 10 25 AM

INTERSTATE COMMERCE COMMISSION

STATE OF CALIFORNIA)
)
CITY AND COUNTY OF ) SS
)
SAN FRANCISCO )

On this 15th day of April, 1980
before me personally appeared Nancy C. I. Chapman
(name), Assistant Secretary and Assistant Treasurer
(office), of United States Rail Services, Inc. (formerly
called Rail-U.S. Leasing, Incorporated), to me personally
known who being by me duly sworn, says that he (she) has
compared the following railroad car management agreement
(title of document) dated October 8, 1979, between
United States Rail Services, Inc. and T. M. Ainslie
and S. G. Ainslie with the original and that
such copy is a true and complete copy of the original
document, including date, signature and acknowledgements.

Sylvia P. Ferras
Notary Public



My commission expires: My Commission Expires Dec. 12, 1981

THE SECURITY REPRESENTED BY ONE OR MORE TANK CARS AS DESCRIBED IN THE PRIVATE OFFERING MEMORANDUM DATED JULY 31, 1979, TOGETHER WITH THIS MANAGEMENT AGREEMENT, HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED. THIS SECURITY MAY NOT BE SOLD OR OFFERED FOR SALE UNLESS REGISTERED PURSUANT TO SUCH ACT OR UNLESS THE OWNER FURNISHES THE MANAGING AGENT AN OPINION OF COUNSEL SATISFACTORY TO THE MANAGING AGENT TO THE EFFECT THAT THE PROPOSED DISTRIBUTION DOES NOT REQUIRE REGISTRATION PURSUANT TO THE ACT OR IS EXEMPT THEREFROM.

FOR CALIFORNIA RESIDENTS ONLY:

IT IS UNLAWFUL TO CONSUMMATE A SALE OR TRANSFER OF THIS SECURITY, OR ANY INTEREST THEREIN, OR TO RECEIVE ANY CONSIDERATION THEREFOR, WITHOUT THE PRIOR WRITTEN CONSENT OF THE COMMISSIONER OF CORPORATIONS OF THE STATE OF CALIFORNIA, EXCEPT AS PERMITTED IN THE COMMISSIONER'S RULES.

RAILROAD CAR MANAGEMENT AGREEMENT

THIS AGREEMENT, made this *8TH* day of *OCTOBER*, 1979, by and between United States Rail Services, Inc., a California corporation (hereinafter called "Managing Agent") and *DRS PAINLIE* of *REDDING*, State of *CALIFORNIA* (hereinafter called "Owner").

WITNESSETH:

WHEREAS, Managing Agent has offered and sold 100-ton 20,000 gallon capacity railroad tank cars, ("Cars") under a Private Offering Memorandum dated July 31, 1979, which Cars will be operated in a pool ("Pool No. 6"); and

WHEREAS, Owner holds title or will hold title to *4* Cars, which Owner desires Managing Agent to manage and operate as agent for Owner;

NOW THEREFORE, the parties hereby agree as follows:

1. Employment as Manager. Owner hereby employs Managing Agent to manage the operation of Owner's Cars in accordance with the terms and conditions hereinafter set forth and Managing Agent agrees to accept such employment. The relationship between Owner and Managing Agent is one of principal and agent and not one of partnership or joint venture.

EXHIBIT B

nual report will be furnished within 90 days after the end of each calendar year. If necessary, the Managing Agent shall cause Federal and State of California partnership tax returns for each calendar year to be prepared and timely filed, pursuant to the Power of Attorney executed by Owner concurrently with the execution hereof.

(h) Notwithstanding the provision for quarterly payment of Net Operating Profit, Managing Agent may, if in its judgment it deems it appropriate, at any time, calculate Net Operating Profit and Incentive Management Fee, pay any unpaid Incentive Management Fee and distribute any undistributed Net Operating Profit with respect to any Car;

(i) Maintain separate bank and other accounts for all funds of said Pool No. 6, and, where Managing Agent in its judgment deems it appropriate, place such funds in an interest bearing bank account or money market security fund;

(j) Not assign its rights hereunder without the consent of Owner; and

(k) File a copy of this Agreement with the Interstate Commerce Commission, the filing fee to be paid by the Owner and at Managing Agent's option deducted from Net Operating Profit due Owner.

Managing Agent shall not knowingly discriminate against or in favor of Owner's Cars in seeking leases.

3. Owner's Obligations. Owner shall:

(a) Make the initial delivery of his Cars to Managing Agent at the point or points designated by Managing Agent;

(b) Allow Managing Agent to act in his name, for and on behalf of Owner, and to do all things and incur any and all obligations it deems appropriate or necessary, all at the discretion of Managing Agent, in order to operate Owner's Cars under this Agreement;

(c) Reimburse Managing Agent promptly upon demand for (1) all Pro Rata Operating Loss allocated to Owner's Cars if in any Calendar Quarter Operating Expenses exceed the Gross Revenue for that quarter and (2) the cost of any improvements or modifications to any of such Cars required by the Association of American Railroads or other official authority, in excess of a total expenditure of two hundred dollars (\$200) in any calendar year, provided however, that no modification or improvement costing in excess of that amount will be made on any Car of Owner without Owner's permission, except that such permission will be deemed to have been

(2) upon the total destruction of any such Car; or

(3) at the Managing Agent's option, upon breach by Owner of any of the covenants which it is required to perform; or

(4) at the Managing Agent's option, if Owner fails to permit modifications or improvements required as provided in paragraph 3(c) of this Agreement; or

(5) February 28, 1985.

(b) Termination. Upon termination of this Agreement Managing Agent shall:

(1) Make a complete and final settlement of all Net Operating Profit due Owner from operation of his Cars, at the expiration of 12 months from the actual date of termination. In calculating the final settlement, Managing Agent shall deduct from the Net Operating Profit due Owner on the settlement date the following expenses incurred prior to termination with respect to his Cars, which expenses may be estimated: adjustments for refunds, railroad tariff charges, repairs, taxes and all other expenses. Each such charge shall be calculated as of the date of the actual release of such Cars from this Agreement. Managing Agent shall have the option of making estimated quarterly payment of Net Operating Profit to Owner prior to said final settlement date. If the calculation results in an Operating Loss, Owner shall pay such Operating Loss to Managing Agent upon billing therefor.

(2) Except as to any Car of Owner which has been totally destroyed, arrange for the return of the Owner's Cars to Owner, at Owner's expense. If there are existing leases affecting any of such Cars, Managing Agent shall provide Owner with a copy of such leases, shall notify lessees to deal directly with Owner, and thereafter, Managing Agent shall have no further rights or obligations with respect to such Cars. However, Owner shall, at Managing Agent's option and direction, assign Owner's rights in such leases to Managing Agent. Owner's Cars shall be returned in condition acceptable in railroad interchange service, but otherwise in their then existing condition, except in the event that the Agreement is terminated by Managing Agent due to Owner's instructions that modifications or improvements required by the Association of American Railroads are not to be made to his Car, such improvements or modifications will not have been made.

modifications to any Car beyond the maximum amount provided for in clause 3(c)(2) hereof. Proceeds received in settlement from railroads and others or from insurance for damage to any Car in Pool No. 6 shall be credited to Operating Expenses, except a settlement received for a Car which is totally destroyed, which shall be paid to its Owner.

(9) Operating Profit or Operating Loss shall mean the result of subtracting Operating Expenses from Gross Revenue.

(10) Pro Rata shall mean an allocation based on the numerical proportion that the service time (expressed in Car Days) of an individual Car or group of Cars bears to the total service time of all Cars in Pool No. 6 during a Calendar Quarter or other accounting period. Service time of a Car in Pool No. 6 begins on the date it first earns lease revenue and continues until termination of this Agreement.

(b) Monthly Determination. Monthly Operating Profit, if any, shall be determined by the Managing Agent for each month on the last day thereof during each Calendar Quarter, and the Managing Agent shall deduct 20% thereof as its "Interim Incentive Management Fee Payment" (subject to the adjustment as provided in paragraph 6(c) (2)).

(c) Quarterly Determination. Operating Profit and the Net Operating Profit or the Operating Loss of Pool No. 6 shall be determined by the Managing Agent for each Calendar Quarter. The initial determination will be made within ninety days after the end of such Quarter. To the extent that Gross Revenue attributable to such Quarter is collected after the initial determination, further determinations will be made at least quarterly, provided no determination for such Quarter will be made more than nine months after the end of such Quarter. The initial and any further determinations shall be made as follows:

(1) The Operating Profit or Loss for such Quarter shall be (i) Gross Revenue earned during such Quarter and collected at any time up to the date of the determination, less (ii) the Operation Expenses actually paid during such Quarter.

(2) At the time of the determination, the Managing Agent shall deduct and pay to itself with respect to its Incentive Management Fee an amount equal to (i) 20% of Operating Profit for such Quarter (zero if there is an Operating Loss), less (ii) the sum of all Interim Incentive Management Fee Payments and Incentive Manage-

11. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California.

12. Notices. Notices hereunder shall be deemed given when placed in a sealed envelope, properly addressed to the party to whom such notice is being given, at the addresses shown below their respective signatures at the end of this Agreement, and deposited in the United States mail, as a Certified or Registered Letter, return receipt requested, with all required postage thereon fully prepaid. Either party may, by written notice in accordance with the provisions of this paragraph 12, designate a new address to which all future notices shall be addressed.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement the day and year first above written.

UNITED STATES RAIL SERVICES, INC.

By Harvey C. I. Chapman

x [Signature]  
Owner

\_\_\_\_\_  
Owner

Address:  
633 Battery Street  
San Francisco, California 94111

Address:  
4384 BECHELLI LANE  
REDDING, CA 96001

STATE OF CALIFORNIA )  
 ) SS  
CITY COUNTY OF SAN FRANCISCO )

On this 15th day of October 1979, before me personally appeared Nancy C. J. Chapman (name of signer of foregoing instrument) to me personally known, who being by me duly sworn, says that he is the Asst. Secretary (title of office) of United States Rail Services, Inc., a California 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 he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Eloise C. Vandiveer  
Notary Public

(SEAL)

My commission expires:

