

ITEL

Pullman

July 28, 1989

RECORDATION #12

15642-F
FILED 1465

AUG 2 1989 - 12 45 PM

INTERSTATE COMMERCE COMMISSION

Itel Rail Corporation

55 Francisco Street
San Francisco, California 94133
(415) 984-4000
(415) 781-1035 Fax

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Hon. Noreta R. McGee
Secretary
Interstate Commerce Commission
Washington, DC 20423

9-214A024

Re: Schedule No. 8 to Master Lease No. 2197-00 dated May 5, 1988, between Itel Rail Corporation and Hartford and Slocomb Railroad Company

Dear Ms. McGee:

On behalf of Itel Rail Corporation, the above instrument, in three (3) counterparts, is hereby submitted for filing and recording pursuant to 49 U.S.C. Section 11303(a), along with the \$13 recordation fee.

Please record this Schedule under Master Lease No. 2197-00 dated May 5, 1988, between Itel Rail Corporation, Itel Railcar Corporation and Hartford and Slocomb Railroad Company, which was filed with the ICC on May 13, 1988, under Recordation No. 15642.

The parties to the aforementioned instrument are listed below:

Itel Railcar Corporation (Lessor)
55 Francisco Street
San Francisco, California 94133

Hartford and Slocomb Railroad Company (Lessee)
P.O. Box 2243
Dothan, Alabama 36302

This Schedule covers ninety-seven (97) 50'6", 100-ton, Plate F, XM boxcars bearing reporting marks HS 14200-14296.

Please return to the undersigned the stamped counterparts not required for filing purposes, together with the ICC fee receipt and acknowledgment letter.

Very truly yours,

patricia schumacker

Patricia Schumacker
Legal Department

REGISTRATION NO. 15642-F
 AUG 2 1989 - 10 45 PM
 INTERSTATE COMMERCE COMMISSION

SCHEDULE NO. 8 TO MASTER LEASE NO. 2197-00

THIS SCHEDULE No. 8 ("Schedule") to that certain Lease Agreement, (the "Agreement") made as of May 5, 1988, between ITEL RAIL CORPORATION and ITEL RAILCAR CORPORATION, severally, as lessors, and HARTFORD AND SLOCOMB RAILROAD COMPANY, as lessee ("Lessee") is made this 17th day of July, 1989, between ITEL RAIL CORPORATION ("Lessor") and Lessee.

Lessor and Lessee agree as follows:

1. All capitalized terms defined in the Agreement shall have the meanings defined therein when used in this Schedule No. 8, except that the term "Cars" as used herein shall only refer to the equipment described in this Schedule unless otherwise indicated.
2. Lessor hereby leases the following Cars to Lessee subject to the terms and conditions of the Agreement and this Schedule:

AAR Mechanical Designation	Description	Reporting Marks and Numbers	No. of Cars
XP	50'6", 100-Ton, Plate F Boxcars	HS 14200 - 14296	97

3. The term of the Agreement with respect to each Car described in this Schedule shall commence at 12 noon on the date such Car is remarked ("Delivery") and shall continue as to all of the Cars described in this Schedule for ten (10) years from the earlier of (i) the date on which the last Car described in this Schedule was remarked or (ii) sixty (60) days from the date the first Car described in this Schedule was delivered to Lessee's lines (the "Term"). Upon the delivery of the final Car, Lessor shall notify Lessee in writing of the expiration date of the Agreement with respect to the Cars described in this Schedule. Unless Lessee, within fifteen (15) days of such notice, demonstrates to the satisfaction of Lessor that such date is incorrect, then Lessee shall be deemed to have concurred to such date.
4. When a Car has been remarked, it shall be moved to the railroad lines of CSX Transportation ("Assignee"), pursuant to the Agreement for Assigned Service dated as of June 8, 1989 ("CSXT Assignment") between Lessee ("Assignor") and Assignee a copy of which is attached hereto as Exhibit A. Lessee agrees to pay the rent set forth in the Agreement notwithstanding the fact that Lessee

may not have immediate physical possession of the Cars leased hereunder. In order to move the Cars to Lessee's railroad line and to ensure optimal use of the Cars, Lessor agrees to assist Lessee in monitoring Car movements and, when deemed necessary by Lessee and Lessor, to assist in the issuance of movement orders to facilitate the movement of the Cars to other railroad lines in accordance with the Interstate Commerce Commission ("ICC") and the Interchange Rules.

5. Lessor consents to Lessee's entering into the CSXT Assignment; provided that (i) Lessor shall perform Lessee's duties under the CSXT Assignment, except the duties described in paragraph 6 therein, which shall be performed by Lessee, (ii) Lessee shall, when and only when it receive's Lessor's instructions or consent, exercise its option to terminate, extend, renegotiate or request free storage under the CSXT Assignment, and (iii) Lessee shall, if directed by Lessor, assign Lessee's interest in the CSXT Assignment to any party designated by Lessor.
6. Lessor shall perform or cause to be performed and shall pay all costs and expenses associated with the maintenance of the Cars described in this Schedule, except as set forth in Section 5 of the Agreement. Subsection 5.A. of the Agreement shall not apply with respect to such Cars. With respect to the Cars listed in this Schedule, Exhibit B attached hereto is hereby added to the Agreement for the existing Exhibit B thereto.
7. Lessor agrees to reimburse Lessee, within thirty (30) days of Lessor's receipt of the receipted copy of the paid tax bill, for all taxes actually paid in cash by Lessee resulting from: 1) ad valorem tax assessments on the Cars; and 2) any assessment, levy or impost relating to any Car, the Agreement, or the delivery of the Cars, which remained unpaid as of the date of the delivery of the Cars to Lessee or which is assessed, levied or imposed during the term of the Agreement, except taxes on income or gross receipts imposed on Lessee or sales or use tax imposed on mileage charges, car hire revenue, or the proceeds of the sale or lease of the Cars. Lessor and Lessee will comply with all state and local laws requiring filing of ad valorem returns associated with the Cars. Notwithstanding any portion of this Section, Lessor shall not be responsible for penalty or interest assessments resulting from Lessee's failure to comply with any regulation or statute of any taxing or assessing authority. Lessee shall forward to Lessor upon receipt all correspondence, notifications of proposed tax assessments and tax bills associated with any tax reimbursable by Lessor. Lessor may, in good faith and by appropriate proceedings, contest any assessment, notification of assessment or tax bill. Lessor shall assume full responsibility for all expenses, including legal fees, resulting from such contest.

8. Rent

A. Definitions

- (i) "Eligible Lines" is defined as the railroad lines owned and operated by Lessee as of the date this Schedule is executed by the parties. Unless Lessor and Lessee agree otherwise, any lines purchased by Lessee or added to the Eligible Lines or any Eligible Lines sold by Lessee to another party during

the Initial Term or any Extended Term, effective on the date of such sale, are deemed to be the lines of another railroad company (a foreign road) for the purposes of determining Revenues (as defined in Subsection 8.A.(iii) hereinbelow).

- (ii) "Revenues Rates" is defined as the hourly and mileage car hire rates specified for each Car in the Hourly and Mileage Car Hire Rate Table published in the April 1989 edition of The Official Railway Equipment Register, as such will be adjusted after the filing of OT-37 for such Cars.
 - (iii) "Per Diem Revenues" is defined as the total per diem revenues, calculated at the Revenue Rates, that are earned or due for the use and handling of the Cars on all railroad lines other than the Eligible Lines, including but not limited to, per diem, whether or not collected and received by Lessor, and undiminished by any claimed abatement reduction or offset caused by any action or failure of Lessee.
 - (iv) "Mileage Revenues" is defined as the total mileage revenues, calculated at the Revenue Rates, that are earned or due for the use and handling of the Cars on the railroad lines other than the Eligible Lines, whether or not collected and received by Lessor and undiminished by any claimed abatement, reduction or offset caused by any action or inaction Lessee.
 - (v) "Revenues" is defined as the sum of Per Diem and Mileage Revenues.
 - (vi) The "Guaranteed Base Rent" is defined as one thousand six hundred and fifty dollars (\$1,650.00) per Car per calendar quarter ("Quarter"). The Guaranteed Base Rent for any Car that is not subject to the Agreement for an entire Quarter shall be prorated at eighteen dollars and eight cents (\$18.08) per day for such Car during such Quarter.
- B. Lessor shall receive all Revenues earned by each Car prior to and during the term of the CSXT Assignment.
- C. Upon the early termination or expiration of the CSXT Assignment, Lessor shall receive all Revenues earned by the Cars while such Car is off Eligible Lines.
- D. (i) Should any abatement, reduction or offset occur as a result of any action or inaction of Lessee, Lessee shall, within ten (10) days of Lessor's request, reimburse Lessor the amount of such abatement, reduction or offset.
- (ii) If, at any time during the Agreement, Lessee operates lines other than the Eligible Lines, Lessee shall supply Lessor with records which distinguish the movement of each Car on the Eligible Lines from the movement of such Car on any other lines operated by Lessee.

- E. Any agreement between Lessee and any other party with respect to the Cars ("Third Party Agreement (s)") shall be null and void without Lessor's prior written approval if such Third Party Agreement affects the revenues earned by the Cars.
 - F. The calculations required in Section 8 shall be made within five (5) months of the end of each calendar year ("Final Calculations"). Lessor shall, prior to making such Final Calculations, retain the Revenues and other payments received by it on behalf of Lessee. Further, since the parties desire to determine on a quarterly year-to-date basis the approximate amounts owed under this Section 8, Lessor shall within three (3) months after the end of each calendar quarter, calculate on a quarterly year-to-date basis the amounts due both parties pursuant to this Section. Any amounts payable pursuant to the preceding sentence shall be paid promptly following such calculation; provided, however, that within twenty (20) days following the Final Calculations, any amount paid to either party in excess of the amounts required shall be refunded to the appropriate party.
9. Except as expressly modified by this or any other Schedule, all terms and provisions of the Agreement shall remain in full force and effect with respect to all Cars subject to the Agreement.
10. This Schedule may be executed by the parties hereto in any number of counterparts, and all counterparts taken together shall be deemed to constitute one instrument.

ITEL RAIL CORPORATION

By: Robert Kietnik
 Title: Vice President + Treasurer
 Date: July 17, 1989

HARTFORD AND SLOCOMB RAILROAD COMPANY

By: C. J. Jordan
 Title: President
 Date: 6-27-89

EXHIBIT B

Running Repairs: Boxcars

Angle Cocks	Wheels
Air Hose	Yokes
Train Line	Knuckles/Pins
Operating Levers and Brackets	Slack Adjuster
Sill Steps	Couplers
Grab Irons	Draft Gears
Brake Shoes	Coupler Carriers
Brake Shoe Keys	Center Plate Repair (Not Replacement of Center Plate)
Brake Connecting Pin	Cotter Keys
Brake Head Wear Plates	Roller Bearing Adapters
Air Brakes	Air Hose Supports
Hand Brakes	
Brake Beams and Levers	
Truck Springs	
Door Hardware (Not Replacement of Door)	

STATE OF CALIFORNIA)
) ss:
COUNTY OF SAN FRANCISCO)

On this 17th day of July, 1989, before me personally appeared ~~Desmond P. Hayes~~ ^{Robert Kiehne}, to me personally known, who being by me duly sworn says that such person is ^{Vice} President and ^{Treasurer} CEO of ITEL Rail Corporation, that the foregoing Schedule No. 8 was signed on behalf of said corporation by authority of its board of directors, and such person acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Sharon L. Van Fossan
Notary Public



STATE OF Alabama)
) ss:
COUNTY OF Houston)

On this 27 day of June, 1989, before me personally appeared Le. F. Fischer III, to me personally known, who being by me duly sworn says that such person is President of Hartford and Slocomb Railroad Company that the foregoing Schedule No. 8 was signed on behalf of said corporation by authority of its board of directors, and such person acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Joan Thompson
Notary Public

EXHIBIT A

AGREEMENT FOR ASSIGNED SERVICE

THIS AGREEMENT FOR ASSIGNED SERVICE ("Assignment Agreement") is made and entered into as of this ____ day of _____, 1989, between Hartford and Slocomb Railroad Company ("Assignor") and CSX Transportation, Inc. ("Assignee").

Assignor and Assignee agree as follows:

1. Assignor shall supply Assignee with the following equipment (the "Cars") subject to the terms and conditions of this Assignment Agreement:

AAR Mechanical Designation	Description	Reporting Marks and Numbers	No. of Cars
XP	50'6", 100-Ton, Plate F Boxcars	HS 14200 - 14296	97

2. Upon Assignor's instruction, and not without Assignor's instruction, Assignee shall place the Cars into an assignment pool on Assignee's railroad lines, for use by Stone Container Corporation ("User") at its facility located in Florence, South Carolina ("Facility"), as provided for in Car Service Rule 16 and under the provisions of Car Service Directive 145 of the Code of Car Service Rules, AAR Circular No. OT-10. If for any reason, circumstances at such Facility render Cars surplus, then Assignee may, at its expense and with consent of User, temporarily assign and reposition Cars to alternate facilities of User at Hopewell, Virginia and Jacksonville Florida. Cars will be returned to Facility as soon as possible after notification from User.
3. The term ("Term") of this Assignment Agreement, with respect to each Car, shall commence on the day that such Car is first interchanged onto Assignee's lines after the full execution of this Assignment Agreement ("Delivery") and shall expire as to all of the Cars five (5) years from the earlier of (i) the date that the last Car was delivered to the Facility (ii) the sixtieth (60th) day after the date that the first Car was remarked. Prior to such expiration the parties agree to negotiate with User the possibility of an extended term. Upon the Delivery of the final Car, Assignor shall issue to Assignee a fully-executed Certificate of Delivery in the form of Exhibit A hereto that shall contain the expiration date of the Assignment Agreement with respect to all the Cars as determined by Assignor. Unless, within fifteen (15) days of the date of such Certificate of Delivery, Assignee demonstrates to the reasonable

satisfaction of Assignor that such expiration date is incorrect, Assignee shall be deemed to have concurred with such expiration date. In the event that User defaults under the Use Agreement between Assignor and User ("Use Agreement"), Assignor may terminate the Assignment Agreement during the Term by providing not less than ten (10) days prior written notice to Assignee.

4. Assignee shall comply with the handling carrier's obligations under AAR Interchange Rules while the Cars are in Assignee's possession.
5. Assignee shall make the Cars available to User at its Facility prior to making available any similar Cars leased by or assigned to Assignee from other parties, subsequent to the date of this Assignment Agreement, purchased by Assignee subsequent to the date of this Assignment Agreement, or interchanged from other railroads; provided, however, that nothing contained in this Section shall in any event prevent or prohibit Assignee from fulfilling its obligations to provide transportation and facilities upon reasonable request therefor. If any Car remains on Assignee's lines because Assignee has not given preference to the Cars as specified in this Section, Assignee shall be liable for and remit to Assignor eighty-two cents (.82) per Car for each hour that such Car is on Assignee's railroad lines.
6. If any Car returns to Assignor's line as a result of Assignee not filing the assignment pool code properly, Assignee shall be responsible for all costs associated with returning such Car to Assignee. Assignor shall use its best efforts to prevent any Car from being interchanged onto its lines during the term of the Assignment Agreement, including advising Assignor's connecting carrier that the Cars have been placed into an assignment pool on Assignee's lines and that the connecting carrier should not return such Cars to Assignor during the term of the Assignment Agreement.
7. When used in this Assignment Agreement, each of the following terms shall have the definitions indicated:
 - a. "Eligible Lines" is defined as the railroad lines owned and operated by Assignee as of January 1, 1989. Unless otherwise agreed by and provided for by Assignor and Assignee, any lines purchased by Assignee or added to the Eligible Lines or any Eligible Lines sold by Lessee to another party, effective on the date of such sale, during the term of the Assignment Agreement are deemed to be the lines of another railroad company (a foreign road) for the purposes of determining Revenues (as defined hereinbelow). If, at any time during the term of the Assignment Agreement, Assignee operates lines other than the Eligible Lines, then Assignee shall supply Assignor with records which distinguish the movement of each Car on the Eligible Lines from the movement of such Car on the other railroad lines operated by Assignee.
 - b. "Revenue Rates" is defined as the hourly and mileage car hire rates specified for each Car in the Hourly Car Hire Rate Table published

in the October 1988 edition of The Official Railway Equipment Register, as such will be adjusted after the filing of OT-37 for such Cars.

- c. "Per Diem Revenues" is defined as the total per diem revenues, calculated at the Revenue Rates, that are earned or due for the use or handling of the Cars on the railroad lines including the Eligible Lines, whether or not collected and received by Assignor and undiminished by any claimed abatement, reduction or offset caused by any action or inaction of Assignee.
 - d. "Mileage Revenues" is defined as the total mileage revenues, calculated at the Revenue Rates, that are earned or due for the use and handling of the Cars on the railroad lines including the Eligible Lines, whether or not collected and received by Assignor and undiminished by any claimed abatement, reduction or offset caused by any action or inaction Assignee.
 - e. "Revenues" is defined as the sum of Per Diem and Mileage Revenues.
 - f. Should any abatement, reduction or offset occur as a result of any action or inaction of Assignee, Assignee shall, within ten (10) days of Assignor's request reimburse Assignor the amount of such abatement, reduction or offset.
8. Assignor shall receive all Revenues earned by the Cars.
 9. During the Term of the Assignment Agreement, Assignee shall pay to Assignor fifty cents (\$.50) per hour ("Incentive"), instead of the applicable Per Diem Revenues, for each Car while such Car is on the Eligible Lines. Assignee shall also pay to Assignor all Mileage Revenues earned and due for each Car while such Car is on Eligible Lines and furnish interchange records to Assignor as requested. Assignee shall pay to Assignor such Incentive sixty (60) days after the end of each calendar month during the Term.
 10. During the Term, Assignor may, at its expense, replace any or all of the Cars with cars of like type and dimension, and suitable for similar commodities upon not less than ten (10) days' prior written notice to Assignee.
 11. Assignor is responsible for normal maintenance and repair expenses except as provided below and except for any transportation costs incurred pursuant to this paragraph, which shall be at Assignee's sole expense. Assignee shall be responsible for and shall pay all costs and expenses of all repair work or other work or materials required because of (i) damage or other conditions caused by Assignee's negligence, misuse, or by use other than as permitted under this Assignment Agreement; (ii) damage for which Assignee is responsible under applicable AAR Rules; (iii) Assignee's failure to note any damage to any Car that returns to its lines, the repair of which is the responsibility under AAR Rules of any third party railroad.

Assignee shall promptly notify Assignor of any damage to, defect in, need of repair to, or destruction of any Car. For any damaged Car that requires repairs other than running repairs, car hire (time and mileage) shall be governed by applicable Car Hire and Car Service Rules. In no event shall Assignee place any Car for repair at a private contract repair facility, or allow repair by a private contractor on the property of Assignee without Assignor's prior approval. Any such repair must be performed under the direction and control of Assignor.

12.. Upon expiration or termination of this Assignment Agreement with respect to any Car(s), Assignee shall surrender possession of such Car(s) to Assignor as follows:

- a. In the event Assignee loads any Car or does not immediately return any Car to Assignor per Assignor's instructions, subsequent to the date the Cars were returned to Assignee from User, then Assignee shall insure that each Car returned to Assignor upon the expiration or termination of the Assignment Agreement shall be (a) in the same condition, order and repair as when delivered to Assignee, normal wear excepted, (b) in interchange condition in accordance with AAR and FRA rules and regulations, (c) suitable for loading of the paper commodities allowed hereunder, (d) free from all accumulations or deposits from commodities transported in or on it while in the service of Assignee, and (e) free of any and all Rule 95 damage, except for responsibilities or damages caused by or for account of User while in use at User's Facilities.
- b. In the event Assignee does not reload the Cars and does return such Cars to Assignor immediately following the receipt of such Car from User, then Assignee shall insure that each Car returned to Assignor upon the expiration or termination of the Assignment Agreement shall be (a) in the same condition, order and repair as when received by Assignee from User (b) in interchange condition in accordance with AAR and FRA rules and regulations, and (c) free of any and all Rule 95 damage, except for responsibilities or damages caused by or for account of User while in use at their Facilities.

Assignee shall remove the Cars from the provisions of Car Service Rule 16 and Car Service Directive 145, and deliver the Cars to a point on the Eligible Lines to be designated by Assignor. Assignee shall move each Car to an interchange point on Assignee's Lines selected by Assignor.

13. Assignee's rights shall be subject and subordinate to the rights of Assignor, of any lessor under any lease to which the Cars are subject, and of any owner or secured party under any financing agreement with respect to the Cars. Accordingly, following notice to Assignee from any such lessor, secured party or owner that an event of default has occurred at any time (including at a time prior to the effective date of this Assignment Agreement), and is continuing under such financing agreement, such lease or financing agreement, such party may require either or both that rentals and other sums due hereunder shall be paid directly to such

party, and that the Cars immediately be returned to such party.

- 14. The failure of either party to exercise or delay in exercising any right, power or remedy available to such party shall not constitute a waiver or otherwise affect or impair its rights to the future exercise of any such right, power, or remedy.
- 15. Assignee shall not be liable for any sales, ad valorem, use or gross receipts taxes imposed upon the Cars during the Term of the Assignment Agreement.
- 16. All notices hereunder shall be in writing and shall be deemed given when delivered personally or when deposited in the United States mail, postage prepaid, certified or registered, or when transmitted and received by telex addressed as follows:

If to Assignor:

HARTFORD AND SLOCOMB RAILROAD
 COMPANY
 55 Francisco Street
 San Francisco, CA 94133

If to Assignee:

CSX TRANSPORTATION, INC.
 TREASURY DEPARTMENT
 Speed Code No. B063
 100 North Charles Street
 Baltimore, MD 21201

- 16. This Assignment Agreement may not be modified, altered, or amended, except by an agreement in writing signed by the parties.
- 17. This Assignment Agreement, which constitutes the entire understanding of the parties, may be assigned in whole or in part by Assignor. This Assignment Agreement shall not be Assignable by Assignee without Assignor's consent.
- 18. This Assignment Agreement may be executed in two counterparts and such counterparts together shall constitute one and the same contract.

HARTFORD AND SLOCOMB RAILROAD COMPANY

CSX TRANSPORTATION, INC.

By: *C. F. Fuschsi II*

By: _____

Title: *President*

Title: _____

Date: *6-27-89*

Date: _____

EXHIBIT A

Certificate of Delivery

Assignment Agreement dated _____, 1989

Assignor's
Reporting
Marks and Numbers

Date Delivered
to Assignee

The Initial Term of the Assignment Agreement dated _____,
1989 between Hartford and Slocomb Railroad Company and CSX Transportation, Inc.
shall expire on _____, 19____

HARTFORD AND SLOCOMB RAILROAD
COMPANY

By: C. J. Fitchett

Title: President

Date: 6-27-89