

1-094A052

ITEL

April 2, 1991

Itel Rail Corporation

550 California Street
San Francisco, CA 94104
(415) 984-4200

Hon. Sidney L. Strickland, Jr., Esq.
Secretary
Interstate Commerce Commission
Washington, DC 20423

15642-~~FK~~
RECORDATION NO. 15642 FILED 1425

APR 4 1991 -3:20 PM

INTERSTATE COMMERCE COMMISSION

Re: **Schedule No. 22**

Dear Mr. Strickland:

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 \$15 recordation fee.

Please record this Schedule under the Lease Agreement dated May 5, 1988, between Itel Rail Corporation and Hartford and Slocomb Railroad Company, which was recorded with the ICC on May 13, 1988, under Recordation No. 15642.

The parties to the aforementioned instrument are listed below:

Itel Rail Corporation (Lessor)
550 California Street
San Francisco, California 94104

Hartford and Slocomb Railroad Company (Lessee)
2506 South Park
Dothan, Alabama 36301

This Schedule adds to the Lease Agreement thirty (30) 3000 cubic foot, 100-ton covered hoppers bearing reporting marks HS 1010-1039.

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 Assistant

MOTOR OPERATING UNIT
APR 4 3 11 PM '91

Interstate Commerce Commission
Washington, D.C. 20423

4/10/91

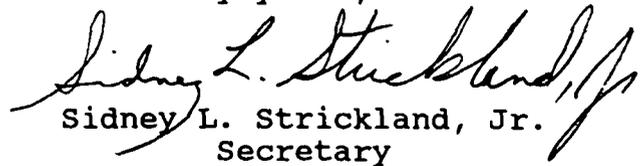
OFFICE OF THE SECRETARY

Patricia Schumacker
Legal Assistant
Ite1 Rail Corporation
550 California Street
San Francisco, CA. 94104

Dear sirs:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 4/4/91 at 3:20PM, and assigned recordation number(s). 15642-EE, 15880-F, G, H and 17275, 17275-A.

Sincerely yours,


Sidney L. Strickland, Jr.
Secretary

APR 4 1991 3:10 PM

SCHEDULE NO. 22

INTERSTATE COMMERCE COMMISS

THIS SCHEDULE NO. 22 ("Schedule") to that certain Lease Agreement (the "Agreement") made as of May 5, 1988, as amended, between ITEL RAIL CORPORATION ("Lessor") and HARTFORD AND SLOCOMB RAILROAD COMPANY ("Lessee"), is made this 2nd day of January 1991.

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. 22, 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 Mech. Desig.	Description	Numbers	Dimensions			Doors Width	No. of Cars
			Length	Outside Width	Height		
LO	100-ton, 3000 c.f. C112 covered hoppers	HS 1010-1039	42'	10' 8	14' 8"	NA	30

- 3. A. The term of this Agreement, with respect to each Car described in this Schedule shall be deemed to have commenced on the date such Car was remarked ("Delivery") as shown on Exhibit A hereto and shall continue as to all of the Cars described in this Schedule through and including August 31, 1992 (the "Initial Term").
- B. If the Agreement has not been terminated early and no unremedied default has occurred and is continuing under the Agreement, the Agreement shall automatically be extended with respect to the Cars described in this Schedule from calendar month to calendar month, for a period not to exceed 24 calendar months (each such calendar month an "Extended Term"). Provided that the Cars are not subject to the railcar use agreement dated January 2, 1991 ("ATSF Use Agreement") between Lessee ("Railroad") and The Atchison, Topeka and Santa Fe Railway Company ("User"), a copy of which is attached hereto as Exhibit C, Lessor may terminate the Agreement at any time during the Initial Term or any Extended Term as to some or all of the Cars described in this Schedule by providing not less than 10 days prior written notice to Lessee.
- 4. A. Lessor agrees to pay to Lessee a rental fee ("Rental Fee") of per year for the use of Lessee's reporting marks and numbers on the Cars made subject to the ATSF Use Agreement. Lessor shall pay the initial Rental Fee to Lessee 60 days from the first day of the month following the month in which the first day of the Initial Term commences, and shall thereafter pay the Rental Fee to Lessee annually throughout the duration of the term of the ATSF Use Agreement.

- B. If any Car(s) returns to Lessee's lines prior to the expiration or termination of the ATSF Use Agreement, Lessor shall be responsible for all costs associated with such Car(s) being entered into and removed from a storage facility ("Storage") by Lessee, including but not limited to a switching fee of _____ per car per occurrence, and a storage charge of _____ per car per day, and for all costs associated with returning such Car(s) to Assignee's lines. Lessee shall notify Lessor upon the placement of any Car(s) into Storage. Lessee shall use its best efforts to prevent any Car from being interchanged onto its lines during the term of the ATSF Use Agreement, including advising Lessee'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 Lessee during the term of the ATSF Use Agreement.
5. Lessor consents to Lessee's entering into the ATSF Use Agreement provided that Lessor shall perform Lessee's duties under the ATSF Use Agreement, that the Lessee shall, only upon Lessor's instructions or consent, exercise its option to terminate, extend, renegotiate or request free storage under the ATSF Use Agreement, and that Lessee shall, if directed by Lessor, assign Lessee's interest in the ATSF Use Agreement 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 those delegated to Lessee as set forth in Subsection 5.B. of the Agreement. With respect to the Cars listed in this Schedule, Exhibit B attached hereto is hereby added to the Agreement. Subsection 5.A. of the Agreement shall not apply with respect to such Cars.
7. Lessor agrees to reimburse Lessee, within 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. 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) "Revenue 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 1990 edition of The Official Railway Equipment Register, as may be updated from time to time.
- (iii) "Revenues" is defined as the total 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 and mileage, 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.

B. Lessor shall receive _____ of all Revenues earned by each Car prior to and during the term of the ATSF Use Agreement.

C. Upon the expiration or early termination of the ATSF Use Agreement, Lessor shall receive _____

D. (i) In the event that as a result of any action or inaction by Lessee, Lessor shall receive or earn for the use of any Cars, Revenues calculated at hourly or mileage car hire rates that are lower in amount than those specified in Subsection 8.A.(ii) Lessee shall pay to Lessor, within 10 days of Lessor's request, an amount equal to the difference between the Revenues such Cars would have earned at the Revenue Rates and the amount of revenues actually received or earned for such Cars.

(ii) Should any abatement, reduction or offset occur as a result of any action or inaction of Lessee, Lessee shall, within 10 days of Lessor's request, reimburse Lessor the amount of such abatement, reduction or offset.

(iii) 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. Except as provided in this Schedule, 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.
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.

Each party, pursuant to due corporate authority, has caused this Schedule to be executed by its authorized officer, and each of the undersigned hereto declares pursuant to 28 U.S.C. Section 1746 under penalty of perjury that the foregoing is true and correct and was executed on the date indicated below its signature.

ITEL RAIL CORPORATION

HARTFORD AND SLOCOMB RAILROAD COMPANY

By: Jimmy Hanger
Title: Manager Contract Admin
Date: March 20, 1991

By: C. F. Finckh
Title: Pres.
Date: 3/21/91

**EXHIBIT A
CERTIFICATE OF DELIVERY DATE**

Exhibit A to Schedule No. 22 dated as of January 2, 1991 by and between ITEL RAIL CORPORATION ("Lessor") and HARTFORD AND SLOCOMB RAILROAD COMPANY ("Lessee") to Lease Agreement dated as of May 5, 1988.

<u>HS Reporting Marks and Number</u>	<u>Date Delivered (Remarkd)</u>
HS 1010	7/24/90
HS 1011	7/18/90
HS 1012	7/24/90
HS 1013	7/24/90
HS 1014	7/24/90
HS 1015	7/18/90
HS 1016	7/24/90
HS 1017	7/24/90
HS 1018	7/24/90
HS 1019	7/18/90
HS 1020	7/24/90
HS 1021	7/18/90
HS 1022	7/24/90
HS 1023	7/18/90
HS 1024	7/24/90
HS 1025	7/24/90
HS 1026	7/24/90
HS 1027	7/24/90
HS 1028	7/18/90
HS 1029	7/18/90
HS 1030	7/24/90
HS 1031	7/24/90
HS 1032	7/24/90
HS 1033	8/17/90
HS 1034	7/24/90
HS 1035	7/24/90
HS 1036	7/24/90
HS 1037	7/18/90
HS 1038	7/18/90
HS 1039	8/17/90

TOTAL: 30 Covered Hoppers

EXHIBIT B

RUNNING REPAIRS

COVERED HOPPERS

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

EXHIBIT C

RAILCAR USE AGREEMENT

THIS RAILCAR USE AGREEMENT (the "Agreement") dated as of January 2, 1991 is entered into by and between HARTFORD AND SLOCOMB RAILROAD COMPANY ("Railroad") and THE ATCHISON, TOPEKA AND SANTA FE RAILWAY COMPANY ("User").

Railroad and User agree as follows:

1. Railroad shall provide User in Chicago, at no expense to User, with 30, 3000 c.f., 100 ton covered hoppers bearing nonsequential reporting marks from within the series HS 1010-1039 (the "Cars"). Upon Railroad's instruction, and not without Railroad's instruction, User shall place the Cars into an assignment pool on User's lines as provided for in Car Service Rule 16 and under the provisions of Car Service Directive 435 of the Code of Car Service Rules, AAR Circular No. OT-10.
2. A. The term of the Agreement shall be deemed to have commenced for each Car at noon on the date such Car was first physically interchanged onto User's lines ("Delivered") and shall expire as to all the Cars on May 31, 1992. Railroad shall provide User with a certificate (the "Certificate") setting forth the date each Car was Delivered. Each date on such Certificate shall be deemed accurate, final and binding unless User disputes such date in writing within 14 calendar days of receipt by User of such Certificate.
B. Upon User's consent, Railroad may terminate the Agreement with respect to such Cars as Railroad shall determine by providing not less than 30 days prior written notice to User.
3. User shall, in connection with the Cars, comply with the handling carrier's obligations under AAR Interchange Rules while any Car is in its possession. User shall, subject to the provisions of this Agreement, utilize the Cars in a similar manner as other covered hoppers owned, leased or managed by User.
4. If any Car returns to Railroad's line as a result of User not filing the assignment pool code properly, User shall be responsible for all costs associated with returning such Car to User. Railroad shall use its best efforts to prevent any Car from being interchanged onto its lines during the term of the Agreement, including advising Railroad's connecting carrier that the Cars have been placed into an assignment pool on User's lines and that the connecting carrier should not return such Cars to Railroad during the term of the Agreement.
5. A. User shall be entitled to full per diem and mileage relief for each Car while such Car is on User's lines.

- B. The first rental payment for each Car shall be made at the pro rata daily rate for the number of days from the date such Car is first interchanged to User's lines to the end of the month in which such date falls. All subsequent payments shall be made monthly upon User's receipt of an invoice from ITEL Rail Corporation, Railroad's owner. For the first 12 months of the term, the fixed rent for each Car shall be _____ per month (Lease No. ATSFETO6B). Thereafter, the fixed rent shall be _____ per Car per month (Lease No. ATSFETO7B).
- C. Within 90 days of the end of any calendar month during the term of the Agreement, Railroad shall remit to User all per diem and mileage earned on the Cars while the Cars are off User's lines during such calendar month.
6. A. Railroad is responsible for normal maintenance and repair expenses. User shall promptly notify Railroad of any damage to, defect in, need of repair to, or destruction of any Car, providing the time, place and nature of any accident or bad order condition. User may make running repairs to those parts specified in the attached Exhibit A to facilitate continued immediate use of the Cars. 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 and rent for such Car shall abate as provided for in the succeeding paragraphs. In no event shall User place any Car for repair at a private contract repair facility, or allow repair by a private contractor on the property of User without Railroad's prior approval. Any such repair must be performed under the direction and control of Railroad.
- B. If such Car is damaged but not damaged beyond repair and, at Railroad's request, it is moved to any repair shop on User's lines for repair, rental shall abate as of the date on which such Car is switched into the property of such repair shop and shall be reinstated effective on the date such Car is released from such repair shop. If such Car is delivered to any repair shop that is not on User's lines, rental shall abate as of the third (3rd) calendar day after the date User notifies Railroad of such damage and shall be reinstated as of the third (3rd) calendar day after User is notified that such Car has been repaired and is ready for redelivery to User.
- C. If any Car is derailed and is not rerailed within five (5) calendar days following such derailment, rental shall abate as of the date of such derailment and shall be reinstated as of the date of rerailed, unless such Car requires repairs, in which case the preceding paragraph shall determine the date on which such reinstatement shall occur.

- D. If any Car is damaged beyond repair or is destroyed, rental for such Car shall abate as of the date of such damage or destruction. If such Car is replaced by another car in accordance with Section 7 of the Agreement, rental for such replacement car shall commence on delivery of such replacement car to User.
7. During the term of the Agreement or any extension thereof, Railroad may, at its expense, replace any or all Cars with cars of the same type, and in a condition similar to the original equipment made subject to this Use Agreement, upon not less than thirty (30) days' prior written notice to User.
8. A. Upon the expiration or termination of this Agreement with respect to any Car, User shall remove such Car from the provisions of Car Service Rule 16 and Car Service Directive 435. User shall use best efforts to load such Car with freight and deliver it to a connecting carrier for shipment.
- B. Each Car shall be returned to Railroad (i) free of Rule 95 damage and (ii) suitable for loading.
- C. Until any Car is returned to Railroad after its termination or the expiration of this Agreement, all of the obligations of User under this Agreement with respect to such Car shall remain in full force and effect until such Car is redelivered to Railroad. Nothing in this Section shall give User the right to retain possession of any Car after expiration or other termination of this Agreement with respect to such Car.
9. This Agreement and User's rights are subject and subordinate to the rights and remedies of any lender, owner or other party which finances the Cars. Financing agreements between such parties and ITEL Rail Corporation, owner of the Cars, determine whether Cars may be used in Canada or Mexico. Consequently, no use greater than temporary or incidental may be made of the Cars in Canada and no use may be made in Mexico without Railroad's prior written consent, which may be given if financing agreements so permit. The Cars may not be used in unit train service (other than incidentally).
10. 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 Railroad:

Director, Car Hire Accounting
Hartford and Slocomb Railroad Company
550 California Street
San Francisco, CA 94104

If to User:

Mr. K. E. Hillblom
Manager Covered Hoppers & Open Top Fleet
The Atchison, Topeka and Santa Fe Railway Company
4515 Kansas Ave.
Kansas City, Kansas 66106

11. This Agreement may not be modified, altered, or amended, except by an agreement in writing signed by the parties.
12. This Agreement may be executed in three counterparts and such counterparts together shall constitute one and the same contract.

HARTFORD AND SLOCOMB RAILROAD
COMPANY

THE ATCHISON, TOPEKA AND SANTA FE
RAILWAY COMPANY

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

EXHIBIT A

RUNNING REPAIRS

COVERED HOPPERS

Angle Cocks	Wheel Assemblies
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	Outlet Gate Repair (Not Gate Replacement)
Hand Brakes	Hatch Cover (Not Replacement of Hatch Cover)
Brake Beams and Levers	
Truck Springs	