

CONNELL FINANCE COMPANY, INC.

A SUBSIDIARY OF THE CONNELL COMPANY

45 CARDINAL DRIVE

WESTFIELD, N. J. 07090-1099 U.S.A.

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TELEX 219258

SEP 2 '97 4-01 PM

August 14, 1997

Surface Transportation Board
Department of Transportation
12th Street and Constitution Avenue
Washington, D.C. 20423

Gentlemen:

I have enclosed one original and one counterpart of the primary document described below, to be recorded pursuant to Section 11301 of Title 49 of the United States Code.

The enclosed document is a **Memorandum of Lease**, a primary document, dated as of July 10, 1997 (the "Memorandum"), between L.I.C. Associates, a Connecticut limited partnership, as Lessor ("Lessor"), and RailTex, Inc., a Texas corporation, as Lessee ("Lessee").

The names and addresses of the parties to the document are as follows:

Lessor: L.I.C. Associates
c/o General Electric Capital Corporation
1600 Summer Street
Stamford, Connecticut 06927

Lessee: RailTex, Inc.
4040 Broadway, Suite 200
San Antonio, Texas 78209

A description of the equipment covered by the document follows:

Ten (10) 1980 built EMD GP50 diesel, electric locomotives, with road numbers IORY 3100-3109, each inclusive.

A check in the amount of \$24.00 is enclosed to cover the fee for filing the Memorandum. Please return the counterpart of the Memorandum and the extra copy of this letter, time and date stamped as to filing and return any extra copies of the Memorandum or this letter not needed by the Commission for recordation to Richard E. Bartok, Associate General Counsel, Connell Finance Company, Inc., 45 Cardinal Drive, Westfield, New Jersey 07090-1099 (a self-addressed envelop is enclosed).

97-05211

SEP 2 4 01 PM '97

RECEIVED
SURFACE TRANSPORTATION
BOARD

A short summary of the document follows:

1. A Memorandum of Lease dated as of July 10, 1997 between L.I.C. Associates, as Lessor, 1600 Summer Street, Stamford, Connecticut 06927, and RailTex, Inc., as Lessee, 4040 Broadway, Suite 200, San Antonio, Texas 78209, covering the lease of ten (10) 1980 built EMD GP50 diesel, electric locomotives, from Lessor to Lessee.

If you have any questions please do not hesitate to call the undersigned.

Sincerely,

CONNELL FINANCE COMPANY, INC.

A handwritten signature in black ink, appearing to read 'R. E. Bartok', written in a cursive style.

Richard E. Bartok
Associate General Counsel

Enc.

SEP 2 '97 4-01 PM

MEMORANDUM OF LEASE

This MEMORANDUM OF LEASE, dated as of July 10, 1997, is between L.I.C. Associates, a Connecticut limited partnership ("Lessor"), and RailTex, Inc., a Texas corporation (the "Lessee").

1. Lessor hereby leases to Lessee ten (10) EMD Model GP 50 diesel electric locomotives, more fully described in Schedule I hereto (the "Units"). The lease term as to a Unit commences on the date of acceptance set forth in the Certificate of Acceptance for such Unit, executed with respect to such Unit by Lessee pursuant to the Lease of Railroad Equipment dated as July 10, 1997 between Lessor and Lessee (the "Lease"), and terminates on July 31, 2007, unless earlier terminated pursuant to the provisions of the Lease.

2. Lessee shall pay Rent for the Units as set forth in the Lease.

3. This Memorandum of Lease is a summary of, and in all respects is subject to, the terms of the Lease.

IN WITNESS WHEREOF, Lessor and Lessee have each caused this Memorandum of Lease to be duly executed.

LESSOR:

LESSEE:

L.I.C. ASSOCIATES

RAILTEX, INC.

By: General Electric Capital Corporation,
its General Partner

By: *J. L. Eakin*
Name: J. L. EAKIN
Title: MGR-OPERATIONS
Date: 7/28/97

By: *James R. Smothers*
Name: James R. Smothers
Title: Mechanical Superintendent-Locomotives
Date: August 5, 1997

STATE OF CT
COUNTY OF Fairfield) ss:

On this 28th day of July,
1997, before me personally appeared
Donald L. Eakin, to
me personally known, who being by
me duly sworn, says that (s)he is the
Mgr. Operations of General
Electric Capital Corporation, the
general partner of L.I.C. Associates,
that said instrument was signed on
behalf of said corporation by
authority of its Board of Directors,
and (s)he acknowledged that the
execution of the foregoing
instrument was the free act and deed
of said corporation.

Marylena Antonelli
Signature of Notary Public
My Commission expires:

MARYLENA ANTONELLI
NOTARY PUBLIC
MY COMMISSION EXPIRES: MAY 31, 2001

STATE OF TEXAS)
COUNTY OF BEKAR) ss:

On this 5th day of AUGUST
1997, before me personally appeared
JAMES R. SLOTHERS, to
me personally known, who being by
me duly sworn, says that (s)he is the
MECHANICAL Supt. of
RailTex, Inc., that said instrument
was signed on behalf of said
corporation by authority of its Board
of Directors, and (s)he acknowledged
that the execution of the foregoing
instrument was the free act and deed
of said corporation.

Hector G. Villanueva
Signature of Notary Public
My Commission expires:



SCHEDULE I
TO MEMORANDUM OF LEASE

Units of Equipment

<u>Equipment Description</u>	<u>Quantity</u>	<u>Road Numbers</u>
1980 built EMD GP50 diesel, electric locomotives	10	IORY 3100-3109, each inclusive