

RECORDATION NO 17246 - 17
FILED 1991

MAR 1 1991 3 25 PM

1-060A038

ITEL INTERSTATE COMMERCE COMMISSION

February 28, 1991

Istel Rail Corporation - 17246/A
550 California Street
San Francisco, CA 94104
(415) 984-4200
MAR 1 1991 3 25 PM
INTERSTATE COMMERCE COMMISSION

Hon. Sidney L. Strickland, Jr., Esq. - 17246/B
Secretary
Interstate Commerce Commission
Washington, DC 20423
MAR 1 1991 3 25 PM
INTERSTATE COMMERCE COMMISSION

- Re:
- 1) Lease Agreement
 - 2) Schedule No. 1
 - 3) Schedule No. 2
 - 4) Schedule No. 3
 - 5) Schedule No. 4

17246
MAR 1 1991 3 25 PM
INTERSTATE COMMERCE COMMISSION

Dear Mr. Strickland:

On behalf of Itel Rail Corporation, the above instruments, in three (3) counterparts each, are hereby submitted for filing and recording pursuant to 49 U.S.C. Section 11303(a), along with the \$75 recordation fee.

Please record the Lease Agreement dated February 14, 1991, between Itel Rail Corporation and Southern Railway of British Columbia, Limited, under a new recordation number. Please also record all four (4) Schedules under the recordation number assigned to the Lease Agreement.

The parties to the aforementioned instrument are listed below:

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

Southern Railway of British Columbia, Limited (Lessee)
5935 Glover Road
Langley, British Columbia, Canada V3A 4B5

The Lease Agreement sets forth the terms by which equipment identified in subsequent schedules thereto is leased. Schedule No. 1 adds to the Lease Agreement eighty (80) 60'10", 100-ton, Plate B boxcars bearing reporting marks SRY 4182-7824 (n.s.). Schedule No. 2 adds to the Lease Agreement twenty (20) 50', 100-ton, Plate F boxcars bearing reporting marks SRY 5000-5019. Schedule No. 3 adds to the Lease Agreement fifty (50) 50', 100-ton, Plate F boxcars bearing reporting marks SRY 5020-5069. Schedule No. 4 adds to the Lease Agreement 73', 100-ton, Plate C centerbeam flatcars bearing reporting marks SRY 73000-73099.

Hon. Sidney L. Strickland, Jr., Esq.
February 28, 1991
Page Two

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

17246-2

MAR 1 1991 3 25 PM

SCHEDULE NO. 4

INTERSTATE COMMERCE COMMISSION

This Schedule No. 4 to that certain Lease Agreement (the "Agreement") made as of February 14, 1991 between ITEL RAIL CORPORATION ("Lessor") and SOUTHERN RAILWAY OF BRITISH COLUMBIA LIMITED ("Lessee") is made as of February 14, 1991.

Lessor and Lessee agree as follows:

- Capitalized Terms:** All capitalized terms defined in the Agreement shall have the meanings defined therein when used in this Schedule No. 4 except that the term "Cars" as used herein shall only refer to the equipment described in this Schedule unless otherwise indicated.
- Cars Leased:** Lessor hereby leases the following Cars to Lessee subject to the terms and conditions of the Agreement and this Schedule:

AAR Mech Desig	Description	Reporting Marks and Numbers	Length	Inside Width	Height	No. of Cars
FBS	100-ton, Plate C, Centerbeam Flatcars	SRY 73000 - 73099	73'	4' 2 1/2"	11' 2 1/2"	100

- The Cars May be Used to Carry Only the Following Commodities:** Forest Products
- "Expiration Date":** The date which is 5 years from the earlier of (i) the date on which the last Car described on this Schedule is marked with Lessee's reporting marks or (ii) 120 days from the date on which the first of the Cars described in this Schedule is physically interchanged onto Lessee's lines. The Expiration Date shall be documented on the Certificate of Delivery Date from Lessor to be attached hereto as Exhibit A.
- Record Keeper:** Name: Southern Railway of British Columbia Limited
Address: 59345 Glover Road
City: Langley, BC
State: Canada Zip: V3A 4B5
- Party Responsible for Maintenance:** Lessor, except that Lessee shall be responsible for all expenses incurred for maintaining and replacing the loading tie-down device of each Car.
- Party Responsible for Revenue Bill Movement, if any, to Lessee's Lines Prior to Initial Loading:** Lessee

8. Rent:

Lessor shall be entitled to and shall receive

9. Minimum Rent:

a. "Minimum Rent" means the dollar amount for any calendar quarter (or applicable portion thereof) which equals the Revenues the Cars on this Schedule would have earned in the aggregate during such quarter (or applicable portion thereof) if such Cars had been on railroad lines other than Eligible Lines for 73 days during such quarter with each Car earning at the hourly Revenue Rates.

b. If Revenues are Less Than Minimum Rent

If, with respect to the Cars on this Schedule during any calendar quarter, Revenues received by Lessor for such Cars are less than the Minimum Rent for such Cars, then Lessor may terminate the Agreement with respect to all or any of the Cars on this Schedule upon not less than 30 days written notice to Lessee at any time during the term of the Agreement.

10. Expiration or Termination: *LESSOR AS MY*

At expiration or termination of the Agreement with respect to the Cars on this Schedule, ~~Lessee~~ at its expense shall effect the remarking of each Car pursuant to Subsection 16.F. of the Agreement.

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, Lessor

By: *Walter Smith*
Title: *V.P. SALES*
Date: *2/14/91*

SOUTHERN RAILWAY OF BRITISH COLUMBIA LIMITED, Lessee

By: *B. J. Stevenson*
Title: *PRESIDENT*
Date: *FEBRUARY 1, 1991*

EXHIBIT B

RUNNING REPAIRS

CENTERBEAM FLATCARS

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	Air Hose Supports
Hand Brakes	Ladders
Brake Beams and Levers	Side Bearing Mounts
Truck Springs	