

THE LAW OFFICES OF
RICHARD F. LORITZ
ORLAND STATE BANK BUILDING • 9533 WEST 143rd STREET
ORLAND PARK, ILLINOIS 60462
708-403-2555

RICHARD F. LORITZ
JULIE BURT

Of Counsel

David Dineff
Patrick Dwyer
Thomas E. Grotta
Sheldon Lebold

Telecopier
708-349-6628

January 29, 1992

Office of the Secretary
Interstate Commerce Commission
Washington, D.C. 20423

2-041A060

716.00
17701

FEB 10 1992 - 3 22 PM

INTERSTATE COMMERCE COMMISSION

RE: Lease of Locomotive Equipment
Pielet Bros. Scrap Iron & Metal, Ltd. Ptnshp., Lessor
Kyle Railroad, Lessee

Dear Mr. Secretary:

I have enclosed an original and one copy of the document described below to be recorded pursuant to Section 11303 of Title 49 of the U.S. Code.

This document is a lease of locomotive equipment and is a primary document dated January 1, 1992. The names and addresses of the parties to the documents are as follows:

Lessor

Pielet Bros. Scrap Iron & Metal
P. O. Box 12
McCook, IL 60525

Lessee

Kyle Railroad
P.O. Box 566
Phillipsburg, KS 67661

EB 10 3 17 PM '92
MOTOR OPERATING UNIT

A description of the equipment covered by the document follows:

<u>Unit No.</u>	<u>Type</u>	<u>General Description</u>
5794	U30B	Locomotive
5795	U30B	Locomotive

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5796	U30B	Locomotive
5699	U30B	Locomotive

A fee of \$16.00 is enclosed. Please return the original and any extra copies not needed by the commission for recordation to Richard F. Loritz, 9533 W. 143rd Street, Orland Park, IL 60462.

A short summary of the document to appear in the index follows:

A lease of locomotive equipment identified as four (4) locomotives, type U30B, units numbered 5794, 5795, 5796 and 5977, with Pielet Bros. Scrap Iron & Metal, Lessor, and Kyle Railroad, as Lessee.

Also attached is an Affidavit executed by the attorney in fact for Pielet Bros. Scrap Iron & Metal and appropriately notarized declaring that the enclosure is the original document.

Very truly yours,

PIELET BROS. SCRAP IRON & METAL
an Illinois Corporation

BY: 

RICHARD F. LORITZ

ITS: Attorney and Agent in Fact

RFL/sjg

Enclosures

piele129.921

THE LAW OFFICES OF

RICHARD F. LORITZ

ORLAND STATE BANK BUILDING • 9533 WEST 143rd STREET
ORLAND PARK, ILLINOIS 60462
708-403-2555

RICHARD F. LORITZ

JULIE BURT

February 4, 1992

17701
FEB 10 1992

FEB 10 1992 - 3 20 PM

INTERSTATE COMMERCE COMMISSION

Of Counsel

—
David Dineff
Patrick Dwyer
Thomas E. Grotta
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—
Telecopier
708-349-6628

Interstate Commerce Commission
12th and Constitution Ave., N.W.
Washington, D.C. 20423

ATTENTION: Mildred Lee - ~~Recordation~~

Re: Lease of Locomotive Equipment
Piolet Bros./Kyle Railroad

Dear Ms. Lee:

Per your conversation of today with one of our office staff,
enclosed please find our check in the amount of \$16.00 to
cover recordation fee with regard to the above mentioned
Lease.

Thank you for your attention to this matter.

Very truly yours,

LAW OFFICES OF RICHARD F. LORITZ

By: Richard F. Loritz
Richard F. Loritz

RFL/gaw
Enc.

piele204.92a

Interstate Commerce Commission

Washington, D.C. 20423

2/10/92

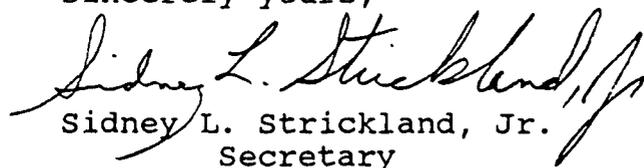
OFFICE OF THE SECRETARY

Richard F. Loritz
Orland State Bank Building
9533 West 143rd Street
Orland Park, Illinois 60462

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 2/10/92 at 3:20PM, and assigned recordation number(s) 17701

Sincerely yours,


Sidney L. Strickland, Jr.
Secretary

17701
RECORDATION NO. _____ FILED PAGE

FEB 10 1992 -3 20 PM

INTERSTATE COMMERCE COMMISSION

AFFIDAVIT

*Copy for
your files*

STATE OF ILLINOIS)
COUNTY OF COOK) ss

The undersigned states that he has read the attached document and that the document attached is identical to the complete and original Lease Agreement.

This Affidavit is made pursuant to the procedures in Section 117.3(2)(b) relative to the recordation of documents with the Interstate Commerce Commission.

Richard F. [Signature]
AFFIANT

Subscribed and Sworn to
before me this 29th day
of January, 1992.

Sarah J. Goodnight
NOTARY PUBLIC

OFFICIAL SEAL
SARAH J. GOODNIGHT
NOTARY PUBLIC STATE OF ILLINOIS
MY COMMISSION EXP. MAR. 21, 1994

FEB 10 1992 -3 20 PM

LEASE/PURCHASE AGREEMENT

INTERSTATE COMMERCE COMMISSION

THIS LEASE MADE THIS 1ST DAY OF JANUARY 1992 BY AND BETWEEN PIELET BROS. SCRAP IRON & METAL LTD. PTNSHP., P. O. Box 12, 53RD & JOLIET RD., MC COOK, IL. 60525 (HEREINAFTER REFERRED TO AS "LESSOR") AND KYLE RAILROAD P. O. Box 566, THIRD & RAILROAD AVE. PHILLIPSBURG, Ks. 67661 (HEREINAFTER REFERRED TO AS "LESSEE").

WITNESSETH

FOR AND IN CONSIDERATION OF THE MUTUAL COVENANTS AND PROMISES HEREINAFTER SET FORTH, LESSOR AND LESSEE AGREE AS FOLLOWS;

1. LEASE

LESSOR HEREBY LEASES TO LESSEE AND LESSEE LEASES AND HIRED FROM LESSOR FOUR EACH U30B LOCOMOTIVES, UNIT #'s 5794, 5795, 5796 & 5799 (HEREINAFTER REFERRED TO AS "EQUIPMENT") FORMERLY OWNED BY THE BURLINGTON NORTHERN RAILROAD AND CURRENTLY LEASED BY KYLE RAILROAD FROM PIELET BROS.

2. TERM

THE TERM OF THIS LEASE SHALL BE FOR A PERIOD OF THIRTY SIX MONTHS COMMENCING ON JAN. 1, 1992 AND TERMINATING ON DEC. 31, 1994.

3. RENT

THE RENT TO BE PAID BY LESSEE TO LESSOR FOR SUCH EQUIPMENT SHALL BE A TOTAL OF SEVENTY TWO THOUSAND DOLLARS (\$72,000.00) PAYABLE IN MONTHLY INSTALLMENTS OF TWO THOUSAND DOLLARS (\$2000.00) EACH MONTHLY INSTALLMENT BEING DUE THE 1ST DAY OF EACH MONTH. RENT SHALL BE PAYABLE TO LESSOR AT P. O. Box 12, MC COOK, IL. 60525 OR AS THE LESSOR MAY DIRECT FROM TIME TO TIME BY WRITTEN INSTRUCTION TO LESSEE.

4. OPTION TO PURCHASE

IN CONSIDERATION OF THE EXECUTION AND DELIVERY OF THIS LEASE, THE LESSOR HEREBY GRANTS THE LESSEE AN OPTION TO PURCHASE THE EQUIPMENT FORMING THE SUBJECT MATTER OF THIS LEASE IN THE FOLLOWING MANNER; LESSEE MAY PURCHASE EQUIPMENT AT TERMINATION OF LEASE WITH THE PAYMENT OF EIGHTEEN THOUSAND DOLLARS (\$18,000.00) EACH UNIT FOR A TOTAL OF SEVENTY TWO THOUSAND DOLLARS (\$72,000). THE PURCHASE PRICE SHALL BE PAID TO THE LESSOR UPON THE CLOSING OF THE SALE WHICH SHALL BE NO LATER THAN 10 DAYS AFTER THE TERMINATION DATE OF LEASE AND AT WHICH CLOSING THE LESSOR SHALL DELIVER ALL DOCUMENTS OF TITLE REQUIRED, FREE AND CLEAR OF ALL LEINS AND ENCUMBRANCES.

FURTHER LESSEE MAY EXERCISE OPTION TO PURCHASE ANY EQUIPMENT ITMES PRIOR TO EXPIRATION OF LEASE BY TENDERING TO LESSOR THE REMAINING PAYMENTS PLUS THE OPTION PURCHASE PRICE OF EIGHTEEN THOUSAND DOLLARS (\$18,000.00) EACH UNIT.

LESSEE, AT ITS OWN COST AND EXPENSE, SHALL KEEP EQUIPMENT IN GOOD REPAIR, CONDITION AND WORKING ORDER AND SHALL FURNISH ANY AND ALL PARTS, MECHANISMS AND DEVICES REQUIRED TO KEEP EQUIPMENT IN GOOD REPAIR, CONDITION AND WORKING ORDER. ALL REPAIRS, PARTS, MECHANISMS AND DEVICES FURNISHED OR AFFIXED TO EQUIPMENT SHALL THEREUPON BELONG TO AND BECOME THE PROPERTY OF LESSOR.

6. LOSS, THEFT AND DAMAGE

LESSEE HEREBY ASSUMES AND SHALL BEAR THE ENTIRE RISK OF LOSS, THEFT AND DAMAGE TO EQUIPMENT FROM ANY AND EVERY CAUSE WHATEVER. NO LOSS, THEFT OR DAMAGE TO EQUIPMENT OR ANY PART THEREOF SHALL IMPAIR ANY OBLIGATION OF LESSEE UNDER THIS LEASE WHICH SHALL CONTINUE IN FULL FORCE AND EFFECT.

7. INSURANCE

LESSEE SHALL KEEP EQUIPMENT INSURED AS LESSEE DEEMS NECESSARY.

8. ENCUMBRANCES AND TAXES

LESSEE SHALL KEEP EQUIPMENT FREE AND CLEAR OF ALL LEVIES, LIENS AND ENCUMBRANCES AND SHALL PAY ALL LICENSE FEES, REGISTRATION FEES, ASSESSMENTS, CHARGES AND TAXES (MUNICIPAL, STATE AND FEDERAL) WHICH MAY NOW OR HEREAFTER BE IMPOSED UPON THE OWNERSHIP, LEASING, RENTING, SALE, POSSESSION OR USE OF EQUIPMENT.

9. INDEMNITY

LESSEE SHALL INDEMNIFY LESSOR AGAINST, AND HOLD LESSOR HARMLESS FROM ANY AND ALL CLAIMS, ACTIONS, SUITS, PROCEEDINGS, COSTS, EXPENSES, DAMAGES AND LIABILITIES INCLUDING ATTORNEY'S FEES ARISING OUT OF, CONNECTED WITH OR RESULTING FROM THE USE, OPERATION OR RETURN OF EQUIPMENT.

10. DEFAULT

ANY OF THE FOLLOWING EVENTS OR CONDITIONS SHALL CONSTITUTE AN EVENT OF DEFAULT HEREUNDER:

A. NONPAYMENT OF ANY RENT OR OTHER AMOUNT PROVIDED FOR IN THIS LEASE OR ANY SCHEDULE FOR TEN DAYS AFTER THE SAME BECOMES DUE, WHETHER BY ACCELERATION OR OTHERWISE OR DEFAULT BY LESSEE IN THE PERFORMANCE OF ANY OTHER OBLIGATION, TERM OR CONDITION OF THIS LEASE;

B. IF ANY WRIT OR ORDER OF ATTACHMENT OR EXECUTION OR OTHER LEGAL PROCESS IS LEVIED ON OR CHARGED AGAINST ANY OR ALL EQUIPMENT AND IS NOT RELEASED OR SATISFIED WITHIN TEN DAYS;

C. THE ADJUDICATION OF LESSEE AS A BANKRUPT BY A COURT OF COMPETENT JURISDICTION;

D. THE FILING BY OR AGAINST LESSEE OF A PETITION FOR REORGANIZATION UNDER THE BANKRUPTCY ACT OR ANY SIMILAR STATUTE; OR THE FILING BY LESSEE OF A PETITION FOR AN ARRANGEMENT UNDER THE BANKRUPTCY ACT OF ANY SIMILAR STATUTE;

E. THE MAKING OF ANY GENERAL ASSIGNMENT BY LESSEE FOR THE BENEFIT OF CREDITORS, THE APPOINTMENT OF A RECEIVER OR TRUSTEE FOR LESSEE OR FOR ANY OF LESSEE'S ASSETS; OR THE INSTITUTION BY LESSEE OF ANY OTHER TYPE OF INSOLVENCY PROCEEDING (UNDER THE BANKRUPTCY ACT OR OTHERWISE) OR OF ANY FORMAL OR INFORMAL PROCEEDING FOR THE DISSOLUTION OR LIQUIDATION OF, SETTLEMENT OF CLAIMS AGAINST OR WINDING UP OF AFFAIRS OF, LESSEE;

F. THE OCCURRENCE OF ANY EVENT DESCRIBED IN THIS PARAGRAPH 10 (C), (D) OR (E) HEREOF WITH RESPECT TO ANY GUARANTOR OR ANY OTHER PARTY LIABLE FOR PAYMENT OR PERFORMANCE OF THIS LEASE, OR

G. IF ANY CERTIFICATE, STATEMENT, REPRESENTATION, WARRANTY OR AUDIT HERETOFORE OR HEREAFTER FURNISHED BY OR ON BEHALF OF LESSEE OR ANY GUARANTOR OR OTHER PARTY LIABLE FOR PAYMENT OR PERFORMANCE OF THIS LEASE, PURSUANT TO OR IN CONNECTION WITH THIS LEASE, PROVES TO HAVE BEEN FALSE IN ANY MATERIAL RESPECT AT THE TIME AS OF WHICH THE FACTS THEREIN SET FORTH WERE STATED OR CERTIFIED, OR TO HAVE OMITTED ANY SUBSTANTIAL CONTINGENT OR UNLIQUIDATED LIABILITY OR CLAIM AGAINST LESSEE OR ANY SUCH GUARANTOR OR OTHER PARTY; OR IF UPON THE DATE OF EXECUTION OF THIS LEASE, THERE SHALL HAVE BEEN ANY MATERIALLY ADVERSE CHANGE IN ANY OF THE FACTS DISCLOSED BY ANY SUCH CERTIFICATE, STATEMENT, REPRESENTATION, WARRANTY OR AUDIT, WHICH CHANGE SHALL NOT HAVE BEEN DISCLOSED TO LESSOR AT OR PRIOR TO THE TIME OF SUCH EXECUTION.

11. REMEDIES

A. UPON THE HAPPENING OF ANY EVENT OF OR DEFAULT HEREUNDER, LESSOR MAY AT ITS SOLE ELECTION AND WITHOUT DEMAND OR NOTICE OF ANY KIND;

(I) DECLARE DUE, SUE FOR AND RECOVER FROM LESSEE AN AMOUNT EQUAL TO THE SUM OF ALL RENT AND OTHER AMOUNTS DUE AND OWING UNDER THIS LEASE, PLUS THE PRESENT VALUE OF ALL RENT AND OTHER AMOUNTS TO BECOME PAYABLE BY LESSEE UNDER THIS LEASE, COMPUTED AT THE PRIME LOAN RATE CHARGED BY THE CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO FOR SHORT-TERM BORROWINGS IN EFFECT AT THE TIME OF SUCH PAYMENT FROM THE DATE OF SUCH DECLARATION TO THE DATE OR DATES OF EXPIRATION OF THE TERMS WITH RESPECT TO EQUIPMENT PLUS THE REVERSIONARY VALUE OF EQUIPMENT WHICH FOR PURPOSES OF THIS PARAGRAPH SHALL BE EQUAL TO 25% OF THE TOTAL COST OF EQUIPMENT, WHEREVER LOCATED, WITHOUT COURT ORDER OR OTHER PROCESS OF LAW, LESSEE HEREBY WAIVING ALL DAMAGES CAUSED BY SUCH TAKING OF POSSESSION AND AGREEING THAT SUCH TAKING DOES NOT CONSTITUTE TERMINATION OF THIS LEASE AS TO ANY OR ALL EQUIPMENT UNLESS LESSOR EXPRESSLY NOTIFIES LESSEE THEREOF IN WRITING;

(II) TERMINATE THIS LEASE AS TO ANY OR ALL EQUIPMENT;

(III) TERMINATE ANY OTHER LEASE OR AGREEMENT BETWEEN LESSOR AND LESSEE; AND

(IV) PURSUE ANY OTHER REMEDY AT LAW OR IN EQUITY.

B. NEITHER THIS LEASE NOR ANY INTEREST HEREIN IS ASSIGNABLE OR TRANSFERABLE BY OPERATION OF LAW. IF LESSOR ELECTS TO TERMINATE THIS LEASE, SUCH TERMINATION SHALL OCCUR IMMEDIATELY, WITHOUT NOTICE, AND THIS LEASE SHALL NOT THEREAFTER BE TREATED AS AN ASSET OF LESSEE.

C. IN EVENT EQUIPMENT IS REPOSSESSED BY OR SURRENDERED TO LESSOR, LESSOR MAY SELL, LEASE OR OTHERWISE DISPOSE OF SUCH EQUIPMENT, WITH OR WITHOUT NOTICE AND AT PUBLIC OR PRIVATE SALE AND APPLY THE NET PROCEEDS THEREOF (AFTER DEDUCTING ALL EXPENSES, INCLUDING ATTORNEY'S FEES INCURRED IN CONNECTION THEREWITH) TO THE PAYMENT OF LESSEE'S OBLIGATIONS HEREUNDER.

D. PRIOR TO THE EXERCISE OF ANY REMEDY BY LESSOR FOR DEFAULT THIRTY (30) DAYS SHALL BE ALLOWED LESSEE TO CURE SUCH DEFAULT AFTER NOTICE OF SUCH DEFAULT FROM LESSOR.

12. CONCURRENT REMEDIES

NO RIGHT OR REMEDY HEREIN CONFERRED UPON OR RESERVED BY LESSOR IS EXCLUSIVE OF ANY OTHER RIGHT OR REMEDY HEREIN OR PROVIDED OR PERMITTED BY LAW OR EQUITY, BUT SHALL BE CUMULATIVE OF EVERY OTHER RIGHT OR REMEDY GIVEN HEREUNDER OR NOW OR HEREAFTER EXISTING AT LAW OR IN EQUITY OR BY STATUTE OR OTHERWISE, AND MAY BE ENFORCED CONCURRENTLY THEREWITH OR FROM TIME TO TIME.

13. LESSOR'S EXPENSES

LESSEE SHALL PAY LESSOR ALL COSTS AND EXPENSES, INCLUDING ATTORNEY'S FEES, INCURRED BY LESSOR IN EXERCISING ANY OF THE LESSOR'S RIGHTS OR REMEDIES HEREUNDER OR ENFORCING ANY OF THE TERMS, CONDITIONS AND PROVISIONS HEREOF.

14. OWNERSHIP

EQUIPMENT IS, AND SHALL AT ALL TIMES BE AND REMAIN, THE SOLE AND EXCLUSIVE PROPERTY OF LESSOR, AND LESSEE SHALL HAVE NO RIGHT, TITLE OR INTEREST THEREIN OR THERETO EXCEPT AS EXPRESSLY SET FORTH IN THE LEASE.

15. LATE CHARGES

IF LESSEE FAILS TO PAY ANY PART OF THE RENT OR OTHER AMOUNTS PROVIDED FOR IN THIS LEASE WHEN DUE, WHETHER BY ACCELERATION OR OTHERWISE, LESSEE SHALL, ON LESSOR'S DEMAND, PAY INTEREST TO LESSOR AT THE RATE OF 10% PER ANNUM ON SUCH DELINQUENT PAYMENT FROM THE DUE DATE THEREOF UNTIL THE DATE SUCH RENT OR OTHER PAYMENT IS RECEIVED BY LESSOR TOGETHER WITH A SERVICE CHARGE OF TWENTY FIVE AND 00/100 DOLLARS (\$25.00).

16. AMMENDMENTS

THIS LEASE SHALL NOT BE AMENDED, ALTERED OR CHANGED EXCEPT BY WRITTEN AGREEMENT SIGNED BY LESSOR AND LESSEE.

17. NOTICES

SERVICE OF ALL NOTICES UNDER THIS LEASE SHALL BE SUFFICIENT IF GIVEN PERSONALLY OR MAILED BY THE PARTY INVOLVED AT ITS RESPECTIVE ADDRESS HEREINABOVE SET FORTH, OR AT SUCH ADDRESS AS SUCH PARTY MAY PROVIDE IN WRITING FROM TIME TO TIME. ANY SUCH NOTICE MAILED TO SUCH ADDRESS SHALL BE EFFECTIVE WHEN DEPOSITED IN THE UNITED STATES MAIL, DULY ADDRESSED AND WITH POSTAGE PREPAID.

IN WITNESS WHEREOF, LESSOR AND LESSEE HAVE EXECUTED THESE PRESENTS THE DAY AND YEAR FIRST ABOVE WRITTEN.

LESSOR

Wanda R. Davis

WITNESS

Frank S. Pugh

LESSEE

[Signature]

WITNESS

Edna H. King
