

Snell & Wilmer
LAW OFFICES

One Arizona Center
Phoenix, Arizona 85004-0001
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18465
FILED

NOV 10 1993 - 10:05 AM
INTERSTATE COMMERCE COMMISSION

PHOENIX, ARIZONA
TUCSON, ARIZONA
IRVINE, CALIFORNIA
SALT LAKE CITY, UTAH

November 9, 1993

Direct Line: 602-382-6861

VIA FEDERAL EXPRESS

0100040001

INTERSTATE COMMERCE COMMISSION
12th and Constitution Avenue N.W.
Washington, D.C. 20423

Attention: Mildred Lee, Room 2303

Re: Bank One/San Joaquin Railroad

Dear Ms. Lee:

Enclosed please find the following:

1. One original Continuing Security Agreement;
2. One notarized copy of Continuing Security Agreement; and
3. This firm's check in the amount of \$18 in payment of the filing fee.

The return copy of the Security Agreement should be mailed to William J. Donoher, Esquire, at the above address. Mr. Donoher's direct phone is 602-382-6363.

The parties involved in this transaction are: SAN JOAQUIN VALLEY RAILROAD CO., a California corporation, 8687 Via de Ventura Suite 310, Scottsdale, Arizona 85258 and BANK ONE, ARIZONA, NA, a national banking association, P.O. Box 71 (A714), Phoenix, Arizona 85001, Attention: Alan J. Cott.

RECEIVED
OFFICE OF THE
SECRETARY
Nov 10 10 00 AM '93
LICENSING BRANCH

Snell & Wilmer

INTERSTATE COMMERCE COMMISSION
November 9, 1993
Page 2

Please call me at the above phone number if you have any questions.

Very truly yours,
SNELL & WILMER



Lisa H. Martin
Legal Assistant

cc: W. Donoher

Interstate Commerce Commission
Washington, D.C. 20423

11/10/93

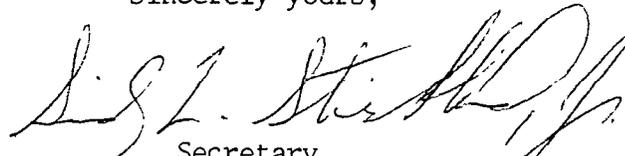
OFFICE OF THE SECRETARY

William J. Donoher, Esq.
Snell & Wilmer
One Arizona Center
Phoenix, Arizona 85004-0001

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on **11/10/93** at **10:05am**, and assigned recordation number(s). **18465**

Sincerely yours,


Secretary
SIDNEY L. STRICKLAND, JR.

Enclosure(s)

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NOV 10 1993 - 11 00 AM
INTERSTATE COMMERCE COMMISSION

CONTINUING SECURITY AGREEMENT
(Railroad Locomotives)

DATE: November 8, 1993.

PARTIES: Obligor: SAN JOAQUIN VALLEY RAILROAD CO., a California corporation.

Obligor 8687 Via de Ventura
Address: Suite 310
Scottsdale, Arizona 85258

Bank: BANK ONE, ARIZONA, NA, a national banking association.

Bank Post Office Box 71 (A714)
Address: Phoenix, Arizona 85001
Attention: Alan J. Cott

AGREEMENT: For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Obligor agrees for the benefit of Bank as follows:

1. SCHEDULE OF TERMS.

4.3 and 5.3

Names in which Obligor conducts business: San Joaquin Valley Railroad Co.

Locations of Collateral:

90 W. Redwood Avenue, Fort Bragg, CA 95437
(number and street) (city or town) (county) (state) (zip)

(number and street) (city or town) (county) (state) (zip)

Location of sole place of business or chief executive office:

8687 Via de Ventura, Suite 310, Scottsdale, Maricopa, Arizona 85258
(number and street) (city or town) (county) (state) (zip)

Location of books and records relating to Collateral:

8687 Via de Ventura, Suite 310, Scottsdale, Maricopa, Arizona 85258
(number and street) (city or town) (county) (state) (zip)

2. **DEFINITIONS.** In this Agreement, the following terms shall have the following meanings, and all capitalized terms used in this Agreement not defined herein and used or defined in the Uniform Commercial Code will have their respective meanings in the Uniform Commercial Code:

"**Agreement**" means this Security Agreement as it may be amended, modified, extended, renewed, restated, or supplemented from time to time.

"**Collateral**" means those certain EMD GP-9 locomotives, CWR 64 and 65, also known as Nos. 1750 and 1758, and all proceeds thereof.

"**Commitment**" means any and all obligations of Bank from time to time to make advances to Obligor, to issue letters of credit requested by Obligor, or to make other financial accommodations for Obligor.

"**Default Rate**" means a rate per annum of interest equal to the sum of (i) four percent (4%) per annum, and (ii) the highest rate per annum of interest applicable from time to time to the principal amount of any promissory note (A) secured by this Agreement or (B) guaranteed by a guaranty secured by this Agreement prior to a default or event of default under the promissory note.

"**Event of Default**" shall have the meaning specified in **Section 6**.

"**Governmental Authority**" means any government, any court, and any agency, authority, body, bureau, department, or instrumentality of any government.

"**Lien or Encumbrance**" and "**Liens and Encumbrances**" mean, respectively, each and all of the following: (i) any lease or other right to use; (ii) any assignment as security, conditional sale, grant in trust, lien, mortgage, pledge, security interest, title retention arrangement, other encumbrance, or other interest or right securing the payment of money or the performance of any other liability or obligation, whether voluntarily or involuntarily created and whether arising by agreement, document, or instrument, under any law, ordinance, regulation, or rule (federal, state, or local), or otherwise; and (iii) any option, right of first refusal, other right to acquire, or other interest or right.

"**Loan Documents**" means this Agreement and any and all other agreements, documents, and instruments from time to time evidencing, guarantying, securing, or otherwise relating to the Obligations (including, without limitation, any and all promissory notes, loan agreements, and guaranties), as they may be amended, modified, extended, renewed, restated, or supplemented from time to time.

"Obligations" means (i) that certain Promissory Note of even date herewith in the principal amount of \$2,035,000.00, and that certain Promissory Note of even date herewith in the principal amount of \$1,365,000.00, both executed by Obligor and payable to Bank; (ii) the Loan Documents; and (iii) any and all liabilities and obligations of Obligor to Bank existing now or in the future (except indebtedness of any individual for personal, family, or household purposes), whether for the payment of money or otherwise, whether absolute or contingent, whether as principal, endorser, guarantor, or otherwise, whether originally due to Bank or to a third Person and assigned or endorsed to Bank, and whether several, joint, or joint and several, all as they may be amended, modified, extended, renewed, restated, or supplemented from time to time.

"Permitted Exceptions" means Liens and Encumbrances in favor of Bank.

"Person" means a natural person, a partnership, a joint venture, an unincorporated association, a corporation, a limited liability company, a trust, any other legal entity, or any Governmental Authority.

"Requirements" means any and all obligations, other terms and conditions, requirements, and restrictions in effect now or in the future by which Obligor or any or all of the Collateral is bound or which are otherwise applicable to any or all of the Collateral or the business or operations of Obligor (including, without limitation, such obligations, other terms and conditions, restrictions, and requirements imposed by: (i) any law, ordinance, regulation, or rule (federal, state, or local); (ii) any Approvals and Permits; (iii) any Permitted Exceptions; (iv) any insurance policies; (v) any other agreement, document, or instrument to which Obligor is a party or by which Obligor or any of the Collateral is bound; or (vi) any judgment, order, or decree of any arbitrator, other private adjudicator, or Governmental Authority to which Obligor is a party or by which Obligor, any or all of the Collateral, or the business or operations of Obligor is bound.

"Transfer" means the occurrence of any of the following:

(i) Any or all of the Collateral, or any interest or right of Obligor in or to the Collateral, is conveyed to, or becomes vested in, any Person, other than Obligor and Bank, voluntarily or involuntarily;

(ii) The occurrence of any event that results in any option, right of first refusal, other right to acquire, or any other claim, interest, or right in, to, or against, any or all of the Collateral being held by a Person other than Obligor and Bank, whether occurring voluntarily or involuntarily and whether arising by agreement, under any law, ordinance, regulation, or rule (federal, state, or local), or otherwise; or

(iii) Obligor enters into any agreement the performance of which would result in a Transfer under clause (i) or (ii) above, and the consummation of such agreement is not expressly conditional upon the prior written consent of Bank in its absolute and sole discretion.

"Uniform Commercial Code" means the Uniform Commercial Code as in effect from time to time in the State of Arizona (currently, Arizona Revised Statutes Sections 47-1101 through 47-9507).

3. GRANT OF SECURITY INTEREST. Obligor grants to Bank a Security Interest in the Collateral to secure payment and performance of the Obligations.

4. OBLIGOR REPRESENTATIONS AND WARRANTIES. Obligor represents and warrants to Bank as of the date of this Agreement:

4.1 Ownership of Collateral. Obligor is the legal and beneficial owner of the Collateral, subject only to the Permitted Exceptions. There are no Liens and Encumbrances on the Collateral or claims thereof, except the Permitted Exceptions. There is no financing statement or other agreement now filed or recorded with any Governmental Authority covering any of the Collateral or in which Obligor is named or has signed as a Debtor, except financing statements related to the Permitted Exceptions.

4.2 Validity, Perfection, and Priority of Security Interest. The Security Interest granted in this Agreement (i) is legal, valid, binding, and enforceable, (ii) is a Perfected Security Interest in all the Collateral, and (iii) is a first priority Security Interest.

4.3 Names; Location of Collateral; Place of Business or Chief Executive Office; and Books and Records. Obligor conducts its business and other activities solely in the name(s) set forth in Section 1. The Collateral, the sole place of business or the chief executive office of Obligor, and all books and records of Obligor relating to the Collateral are at the location(s) set forth in Section 1.

5. OBLIGOR COVENANTS. Until any Commitment terminates in full, and the Obligations are paid and performed in full, Obligor agrees that, unless Bank otherwise agrees in writing in Bank's absolute and sole discretion:

5.1 Payment and Performance of Obligations. Obligor shall pay and perform the Obligations. Obligor shall comply with and perform the Requirements.

5.2 Transfer; Liens and Encumbrances; Defense of Obligor's Title and of Security Interest.

5.2.1 Obligor shall not suffer to occur any Transfer. Except for Permitted Exceptions, Obligor shall not suffer to exist any Lien or Encumbrance on any or all of the Collateral, regardless of whether junior or senior to the Security Interest granted herein. Obligor shall notify Bank immediately of any claim of any Lien or Encumbrance on any or all of the Collateral. Except for financing statements relating to Permitted Exceptions, Obligor shall not execute or suffer to exist or to be filed or recorded any financing statement that covers any or all of the Collateral or in which Obligor is named or signs as Debtor.

5.2.2 Obligor shall defend the Collateral, the title and interest therein of Obligor represented and warranted in this Agreement, and the legality, validity, binding nature, and enforceability of the Security Interest granted herein, the perfection thereof, and the first priority thereof against (i) any attachment, levy, or other seizure by legal process or otherwise of all or part of the Collateral, (ii), except for Permitted Exceptions, any Lien or Encumbrance or claim thereof on any or all of the Collateral, (iii) any attempt to realize upon any or all of the Collateral under any Lien or Encumbrance or any Permitted Exception, regardless of whether junior or senior to the Security Interest herein, or (iv) any claim questioning the legality, validity, binding nature, enforceability, perfection, or priority of the Security Interest herein. Trustor shall notify Beneficiary immediately in writing of any of the foregoing.

5.3 Names; Books and Records; Location of Collateral; Place of Business or Chief Executive Office. Obligor shall maintain complete and accurate books and records relating to the Collateral. Unless Obligor obtains the prior written consent of Bank and takes in advance all actions and makes all filings and recordings necessary or appropriate to assure the perfection and priority of the Security Interest granted herein, Obligor shall not change its name, shall conduct its business and other activities solely in the name(s), trade name(s), and fictitious name(s) in **Section 1**, and shall not move the Collateral, its sole place of business or chief executive office, or its books and records relating to the Collateral from the location(s) in **Section 1**.

5.4 **Inspection.** Bank and such persons as Bank may designate shall have the right, at any reasonable time from time to time, (i) to enter upon the premises at which any of the Collateral or any of the books and records relating to the Collateral is located, (ii) to inspect the Collateral, and (iii) to make extracts and copies from Obligor's books and records relating to the Collateral, and (iv) to verify under reasonable procedures determined by Bank the amount, condition, quality, quantity, status, validity, and value of, or any other matter relating to, the Collateral (including,

without limitation, in the case of Receivables or Collateral in the possession of a third Person by contacting the obligors of the Receivables or the third Persons possessing such Collateral for the purpose of making such verification). Obligor shall provide access to such premises. Bank shall have the absolute right to share any information it gains from any such inspection or verification with any other Person holding an interest or a participation in any of the Obligations.

5.5 **Further Assurances**. Obligor shall promptly execute, acknowledge, deliver, and cause to be duly filed and recorded all such additional agreements, documents, and instruments (including, without limitation, financing statements) and take all such other actions as Bank may reasonably request from time to time to better assure, perfect, preserve, and protect the Security Interest granted herein, the priority thereof, and the rights and remedies of Bank hereunder. If any amount payable under or in connection with any Receivable shall be evidenced by any Instrument or any of the Inventory by a Document, such Document or Instrument shall, at Bank's option, be immediately pledged and delivered to the Bank, duly endorsed in a manner satisfactory to the Bank.

5.6 **Insurance**. The risk of loss of, damage to, or destruction of the Collateral at all times shall be on Obligor. At its expense, Obligor will maintain insurance in form and amounts, and with companies, in all respects satisfactory to Bank, covering all of the insurable Collateral on an all-risk basis, excluding standard exceptions acceptable to Bank, at full replacement value. Obligor shall deliver to Bank the original, or a certified copy, of each policy of insurance and evidence of payment of all premiums therefor. Such policies of insurance shall contain an endorsement, in form and substance satisfactory to Bank, showing all loss payable to Bank, as provided below. Such endorsement, or an independent instrument furnished to Bank, shall provide that such insurance company will give Bank at least 30 days prior written notice before any such policy or policies of insurance shall be altered or canceled and that no act or default of Obligor, or any other Person, shall affect the right of Bank to recover under such policy or policies of insurance in case of loss or damage. Obligor hereby directs all insurers under such policies of insurance to pay all proceeds of such policies of insurance directly to Bank. Bank shall apply insurance proceeds to the Obligations, whether or not then due, in such order as Bank shall determine in its absolute and sole discretion.

5.7 **Taxes**. Obligor shall promptly pay when due any and all property, excise, and other taxes and all assessments, duties, and other charges levied or imposed on any or all of the Collateral or imposed on Obligor in respect of any or all of the Collateral, this Agreement, or the Security Interest granted herein. Obligor shall also pay when due any and all lawful claims for labor, materials, and supplies, that, if unpaid, might become a Lien or Encumbrance

on any or all of the Collateral, provided that Obligor may withhold payment of taxes that are being challenged in good faith and which will not prejudice Bank's interest in the Collateral.

5.8 **No Obligations and Limit of Liability of Bank.** Bank does not assume and shall have no liability or obligation for any liabilities or obligations of Obligor relating to the Collateral. Bank shall have no obligation to notify Obligor with respect to the payment or performance or non-payment or non-performance of any third Person obligations included in the Collateral (including, without limitation, payment or non-payment of any Receivables) or to enforce the payment or performance by any third Person of obligations included in the Collateral (including, without limitation, payment of the Receivables). In exercising its rights and remedies in the Loan Documents and its other rights and remedies and in performing any obligations to Obligor, Bank and its stockholders, directors, officers, employees, agents, and representatives shall have no liability or responsibility whatsoever (including, without limitation, any liability or obligation for any injury to the assets, business, operations, or property of Obligor), other than for its gross negligence or willful misconduct. No action taken or omitted to be taken by the Bank with respect to all or part of the Collateral shall give rise to any claim, counterclaim, defense, or offset in favor of Obligor against Bank (except for claims for gross negligence or willful misconduct by Bank).

5.9 **Costs and Expenses of Performance of Obligor's Covenants.** Obligor will perform all its obligations under this Agreement at its sole cost and expense.

5.10 **Actions by Bank; Power of Attorney.**

5.10.1 If Obligor fails to pay or perform any of the Obligations under this Agreement, Bank in its absolute and sole discretion, without obligation so to do, without releasing Obligor from such Obligations, and without notice to or demand upon Obligor, may pay or perform the same in such manner and to such extent as Bank determines necessary or appropriate in its absolute and sole discretion.

5.10.2 Without limiting the general powers, whether conferred herein, in another Loan Document, or by law, upon an Event of Default or in exercising its rights under **Section 5.10.1**, Bank shall have the right but not the obligation to do any or all of the following from time to time (i) to enter upon any premises where any of the Collateral or the books and records relating to the Collateral are located and take possession of the Collateral; (ii) to maintain, preserve, protect, repair, restore, assign, lease, pledge, sell, and otherwise dispose of and deal with the Collateral; (iii) to make additions, alterations, and improvements to the Collateral to keep the Collateral in good condition and

repair; (iv) to complete any Collateral in process of manufacture; (v) to enforce the rights and remedies of Obligor with respect to the Collateral; (vi) to perform or cause compliance with the Requirements; (vii) to adjust, compromise, defend, deposit a bond or give security in connection with, discharge, enforce, make demands related to, pay or otherwise obtain the discharge or release, prosecute, release, settle, terminate, or waive any claim or legal proceeding relating to any or all of the Collateral (including, without limitation, claims under insurance policies and claims against Obligor or the Collateral that Bank believes to be valid, regardless of whether actually valid); (viii) to execute, deliver, file, record, amend, modify, extend, renew, restate, supplement, and terminate agreements, documents, and instruments included in or relating to the Collateral (including, without limitation, invoices, bills of lading, and Documents); (ix) to obtain any insurance required under this Agreement, to pay the premiums for such required insurance, to file, prosecute, compromise, and settle proofs of claim under such insurance, and to receive insurance proceeds payable to Bank alone; (x) to commence, appear and participate in, prosecute, and terminate any legal proceeding relating to (A) the Collateral, (B) the Security Interest granted herein, (C) the perfection or priority of such Security Interest, or (D) the rights or remedies of Bank under the Loan Documents or the law; (xi) to compromise, contest, deposit a bond or give security in connection with, discharge, pay, purchase, or settle any Lien or Encumbrance (including, without limitation, any Permitted Exception), whether senior or junior to the Security Interest granted herein; (xii) to do all other acts and things that Bank may, in its absolute and sole discretion, determine to be necessary or appropriate to carry out the purpose of the Loan Documents, as fully and completely as if Bank were the absolute owner of the Collateral, and (xiii) to pay from Bank's own funds or from proceeds of advances of any unadvanced portion of any Commitment, which Obligor advances hereby authorizes Bank to make for account of Obligor, all related costs, expenses, and fees (including, without limitation, attorneys' fees and costs of legal proceedings) incurred by Bank, which costs, expenses, and fees, if paid from Bank's funds, Obligor agrees to pay to Bank upon demand together with interest thereon at the Default Rate from the date incurred until paid in full. All costs, expenses, and fees incurred by Bank shall be prima facie evidence of the necessity therefor and the reasonableness thereof. Nothing in this Agreement shall be construed as requiring or obligating Bank to make any inquiry as to the nature or sufficiency of any payment received by Bank, to present or file any claim or notice, or to take any other action with respect to the Collateral.

5.10.3 Obligor hereby appoints Bank as Obligor's attorney-in-fact for the purpose of carrying out the provisions of this Agreement (including, without limitation, the obligations of Obligor). This appointment is coupled with an interest and is irrevocable. Without limiting the generality of the foregoing,

Bank shall have the power as attorney-in-fact to do the things described in Section 5.10.2 as and when provided in such section.

5.10.4 Nothing in this Agreement shall relieve Obligor of any of its obligations under any Loan Document or under any other agreement, document, or instrument or in any way limit the rights or remedies of Bank.

5.11 Maintenance of Collateral. Obligor shall keep the Collateral in good condition and shall store such Collateral properly to protect it from damage, destruction, and deterioration. Obligor shall not misuse or conceal the Collateral nor take any action or fail to take any action with respect to the Collateral that might affect any insurance coverage.

6. EVENTS OF DEFAULT. Each of the following shall be an event of default ("Event of Default"):

6.1 Attachment, garnishment, levy of execution, or seizure by legal process of any or all of the Collateral, except any pre-judgment attachment or garnishment of any or all of the Collateral.

6.2 Any legal proceeding or other action against or affecting any or all of the Collateral is commenced (including, without limitation, any prejudgment attachment or garnishment) and is not quashed, stayed, or released within twenty (20) days.

6.3 Giving of notice of a sale under the Uniform Commercial Code or any other action by any Person, other than Bank to realize upon any of the Collateral under any Lien or Encumbrance, regardless of whether such Lien or Encumbrance is a Permitted Exception and regardless of whether junior or senior to the Security Interest granted herein.

6.4 Any Transfer occurs.

6.5 Any Lien or Encumbrance on any or all of the Collateral, other than the Permitted Exceptions, is created or exists, whether junior or senior to the Security Interest herein.

6.6 Any or all of the Collateral is lost, stolen, suffers substantial damage or destruction, or declines materially in value.

6.7 Obligor abandons any or all of the Collateral.

6.8 The occurrence of a default or any event or condition that with notice, passage of time, or both would be a default in respect of any Permitted Exception.

6.9 The occurrence of a default or condition or event designated as a default, an event of default, or an Event of Default in any other Loan Document or in any agreement, document, or instrument relating to any other indebtedness of Obligor to Bank.

7. **RIGHTS AND REMEDIES OF BANK.** Upon occurrence of an Event of Default, Bank may, at its option, in its absolute and sole discretion and without demand or notice, do any or all of the following:

7.1 **Acceleration of Obligations.** Declare any or all of the Obligations to be immediately due and payable, whereupon such Obligations shall be immediately due and payable.

7.2 **Possession and Other Actions Concerning Collateral.** Either in person or by agent, with or without bringing any action or legal proceeding, without regard to the adequacy of its security, or by means of a court appointed receiver, enter upon any premises in which the Collateral or the books and records relating to the Collateral are located and take possession of all or any part of the Collateral, exclude therefrom Obligor and all others claiming under Obligor, and take any or all of the actions described in **Section 5.10.2.** In the event Bank demands, or attempts to take possession of the Collateral in the exercise of the rights under this Agreement, Obligor shall promptly turn over and deliver possession of the Collateral to Bank. Bank may enter upon any premises upon which any of the Collateral or any books and records relating to the Collateral are located in order to exercise Bank's right to take possession of the Collateral and may remove the Collateral from such premises or render the Collateral unusable.

7.3 **Replevin.** As a matter of right and without notice to Obligor or anyone claiming under Obligor, Bank shall be entitled to orders of replevin by a court of any or all Collateral from time to time.

7.4 **Other Rights and Remedies.** Exercise any and all other rights and remedies of Bank. In this regard, Bank may, among any other rights and remedies, sell all or any part of the Collateral at public or private sale for cash, upon credit, in exchange for other property, or for future delivery as Bank shall deem appropriate. As to sale or other disposition of the Collateral, except as to the Collateral that is perishable, threatens to decline speedily in value, or is of a type customarily sold on a recognized market as to which no notice shall be required, Bank will give Obligor reasonable notice of the time and place of any public sale or of the time after which any private sale or any other intended disposition is to be made. Obligor agrees that any such notice shall be sufficient if given at least ten (10) days prior to such sale or other disposition. Bank may be a purchaser

at any sale. Bank may pay the purchase price at any sale by crediting the amount of the purchase price against the obligations.

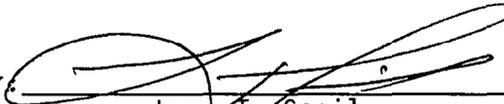
8. **APPLICATION OR PROCEEDS.** All Collateral and all proceeds of Collateral received by Bank, before or after an Event of Default, will be applied by Bank to the Obligations, whether or not due, in such order as Bank shall determine in its absolute and sole discretion, subject to any requirements of law. Any Collateral and any balance of such proceeds remaining after payment of the Obligations in full will be paid to Obligor, its successors or assigns, or as the law or a court of competent jurisdiction may direct. Any proceeds of Collateral in the form of a check shall be credited against the Obligations only upon the expiration of such period of time after receipt thereof by Bank as Bank determines is reasonably sufficient to allow for clearance or payment thereof. Any other proceeds of Collateral will be credited against the Obligations only upon conversion into cash and receipt of such cash by Bank. Each such credit shall, however, be conditional upon final payment to Bank of the item giving rise to such credit.

9. **PROVISIONS IN OTHER LOAN DOCUMENTS GOVERN THIS AGREEMENT.** This Agreement is subject to certain terms and provisions in the other Loan Documents, to which reference is made for a statement of such terms and provisions.

10. **COUNTERPARTS.** This Agreement may be executed in counterparts, all of which executed counterparts shall together constitute a single document. Signature pages may be detached from the counterparts and attached to a single copy of this Agreement to form physically one document.

DATED as of the date first above stated.

SAN JOAQUIN VALLEY RAILROAD CO., a California corporation

By: 
Name: Lynn T. Cecil
Title: President

I hereby certify that this is a true and correct copy of the Security Agreement dated November 6, 1993, signed by LYNN T. Cecil, the PRESIDENT of San Joaquin Valley Railroad Co., a California corporation.

Domenic K. Williams
Notary Public

My Commission Expires:

August 1, 1996

