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A PROFESSIONAL CORPORATION

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GEORGE P. PAPPAS
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JOHN A. SCHMIDT

REGISTRATION NO. 15387 FILED 1991

JUL 23 1991 - 3 05 PM

INTERSTATE COMMERCE COMMISSION

July 17, 1991

1-204A014
\$ 15.00

RE: Recording of Documents pursuant to Section 11303 of Title 49
of the U. S. Code

Mr. Sidney Strickland, Secretary
Interstate Commerce Commission
12th & Constitution Avenue, N.W.
Room 2303
Washington, D.C. 20423

CM-RRR #P-549-269-823

Dear Secretary:

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

This document is an Assumption of Security Agreement, a secondary document, dated May 21, 1991.

The primary document to which this is connected is recorded under Recordation No. 15387.

We request that this assignment be cross-indexed.

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

Secured Party: The Board of Trustees of the Galveston Wharves, P. O. Box 328, Galveston, Texas, 77553

Debtor/Assignor: Galveston Railway, Inc., 2506 South Park Drive, Dothan, Alabama, 36031

Mr. Sidney Strickland, Secretary
July 17, 1991
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Additional
Debtor/Assignee: Galveston Railroad, L.P., 2506 South Park
Drive, Dothan, Alabama, 36031

A description of the equipment covered by the document
follows:

<u>Quantity</u>	<u>Description</u>
1	Model SW1001 EMD 1,000 h.p. switcher locomotive, Serial No. 756080-1, GW #301
1	Model SW1001 EMD 1,000 h.p. switcher locomotive, Serial No. 756080-2, GW #302
1	Model SW1001 EMD 1,000 h.p. switcher locomotive, Serial No. 776052, GW #303
1	Model SW1001 EMD 1,000 h.p. switcher locomotive, Serial No. 795304-1, GW #304
1	Model SW1001 EMD 1,000 h.p. switcher locomotive, Serial No. 795304-2, GW #305
	Bullet proof window glass to be installed in locomotive GW #301
	Bullet proof window glass to be installed in locomotives GW #302 and GW #303
1	Fairmont T11F1 steel frame push car, Serial No. 251117
8	Motorola H33RMU1144N portable radios (Serial Nos. 402AHE0767, 402AHE0768, 402AHG0591, 402AHG0592, 402AHG0593, 402AHG0594, 402AHG0595, and 402AHG0596) and 8 Model NLN 7646 Single unit rapid chargers
1	Ingersol Rand Model 29343 impact tool with 4 sockets
6	Pace Model 365X Landmaster - portable radios, (Serial Nos. 31213283, 31213290,

Mr. Sidney Strickland, Secretary
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- 40512412, 40512415, 40513416 and 4053417)
and 6 Pace Model C-1X Chargers for above
- 2 Pace Model 464X UHF portable radios,
Serial Nos. 30530678 and 30530683
- 1 Fairmont T11F1 steel frame push car,
Serial No. 253374
- 1 Hillbro Model PSC-130 steam cleaner,
Serial No. 12935
- 1 Honda Model EB4000 electric generator,
Serial No. 1042094
- 1 Locomotive wheel cutting machine with 20
cutting inserts
- 1 Model VE-55R air compressor with fuel
tank, alternator, and related equipment
- 1 Campbell Hausfeld Model No. TW930059B air
compressor

A fee of \$15.00 is enclosed. Please return the original and any extra copies not needed by the Commission for recordation to W. Daniel Vaughn, Attorney for the Board of Trustees of the Galveston Wharves, P. O. Box 629, Galveston, Texas, 77553.

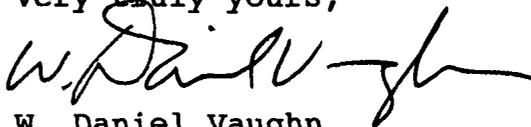
A short summary of the document to appear in the index follows:

Assumption of Security Agreement dated May 21, 1991, by which Galveston Railroad, L.P. assumes the obligations of the debtor set forth in that certain Security Agreement with Recordation No. 15387, between Galveston Railway, Inc., 2506 South Park Drive, Dothan, Alabama, 36031, as debtor, and the Board of Trustees of the Galveston Wharves, P. O. Box 328, Galveston, Texas, 77553, as secured party, dated October 20, 1987, and covering five switcher locomotives, each 1000 h.p., Model EMD, Serial Numbers: 756080-1, 756080-2, 776052, 795304-1, 795304-2; as well as bullet

Mr. Sidney Strickland, Secretary
July 17, 1991
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proof glass for installation in serial numbers
756080-1, 756080-2, and 776052 and related
equipment, including portable radios, push
cars, steam cleaner, electric generator,
locomotive wheel cutting machine, air
compressors, tools and supplies.

Very truly yours,



W. Daniel Vaughn

WDV/WHW/lks
enclosures

cc: Mr. Doug Marchand
Galveston Wharves
P. O. Box 328
Galveston, Texas 77553
(w/encl.)

Mr. Dow T. Huskey
Attorney at Law
112 West Troy Street
Dothan, Alabama 36302
(w/encl.)

Interstate Commerce Commission
Washington, D.C. 20423

7/23/91

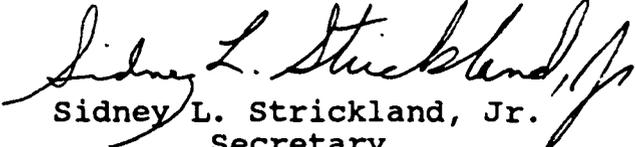
OFFICE OF THE SECRETARY

W. Daniel Vaughn
McLeod, Alexander, Powel & Apffel
802 Rosenberg
P. O. Box 629
Galveston, Texas 77553

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 7/23/91 at 3:05PM, and assigned recordation number(s). 15387-A.

Sincerely yours,


Sidney L. Strickland, Jr.
Secretary

ASSUMPTION OF SECURITY AGREEMENT JUL 23 1991 3 05 PM

INTERSTATE COMMERCE COMMISSION

THIS AGREEMENT, made the 21 day of May, 1991, by and among The Board of Trustees of the Galveston Wharves of Galveston, Galveston County, Texas, hereinafter referred to as "WHARVES", Galveston Railway, Inc., a Texas corporation hereinafter referred to as "GRI" and Galveston Railroad, L. P., a Texas limited partnership, hereinafter referred to as "RAILROAD":

WHEREAS, a Security Agreement was executed on October 20, 1987 between WHARVES, as the secured party, and GRI, as the debtor, by the terms of which GRI granted to WHARVES a security interest in property more particularly described therein (the "Security Agreement"), a copy of which is attached hereto as Exhibit "A", to secure GRI's Note of \$1,050,000.00 to WHARVES of even date therewith in addition to other costs and expenses as set out in the Security Agreement; and

WHEREAS, RAILROAD now desires to assume and accept the obligations of GRI under the Security Agreement:

NOW, THEREFORE, for and in consideration of the transfer of the assets of GRI to RAILROAD, RAILROAD, its successors and assigns, hereby assumes all of the covenants, conditions and obligations required to be kept by GRI under and pursuant to the Security Agreement, including the making of all payments due to WHARVES when due and payable. WHARVES hereby consents to the assumption by RAILROAD of all of the covenants, conditions and obligations to be performed by GRI pursuant to the Security Agreement. Nothing herein shall be construed to release GRI from any terms or obligations under the Security Agreement.

GRI and RAILROAD agree to execute and deliver such other documents and instruments, and take such other actions, as WHARVES may reasonably request, in order to more fully perfect in WHARVES its security interest in the property more particularly described in the Security Agreement.

This agreement shall be binding upon and inure to the benefit of the parties hereto, their successors and assigns.

Executed the day and year first above written.

ATTEST:

[Signature]
Its Secretary

Board of Trustees of the
Galveston Wharves

By:

[Signature]
D. J. Marchand
Its Port Director

[Signature]
Its Secretary

Galveston Railway, Inc.

By:

[Signature]
K. Earl Durden
Its President

[Signature]
Its Secretary

Galveston Railroad, L.P.

By:

Rail Management &
Consulting Corporation
Its General Partner

By:

[Signature]
K. Earl Durden
Its President

STATE OF TEXAS
COUNTY OF GALVESTON

BEFORE ME, the undersigned authority, on this day personally appeared D. J. Marchand, Port Director, of behalf of The Board of Trustees of the Galveston Wharves, known to me to be the person whose name is subscribed to the foregoing instrument, and being by me first duly sworn, declared that the statements therein contained are true and correct.

GIVEN under my hand and seal of office the 10th day of June, 1991.



CELESTE THERIOT
Notary Public, State of Texas
My Commission Expires Apr. 30, 1993

[Signature]
Notary Public in and for the
State of Texas

Celeste Theriot
Notary's Printed Name

My commission expires: 4. 30. 91

STATE OF ALABAMA
COUNTY OF HOUSTON

BEFORE ME, the undersigned authority, on this day personally appeared K. Earl Durden, as President of Galveston Railway, Inc., a Texas corporation, known to me to be the person whose name is subscribed to the foregoing instrument, and being by me first duly sworn, declared that the statements therein contained are true and correct and that he, as such officer and with full authority, executed the same voluntarily for and as the act of said Corporation.

GIVEN under my hand and seal of office this 21st day of May, 1991.

[Signature]
Notary Public

My commission expires: 8/8/92

STATE OF ALABAMA
COUNTY OF HOUSTON

BEFORE ME, the undersigned authority, personally appeared K. Earl Durden, as President of Rail Management & Consulting Corporation, a Delaware corporation, in its capacity as general partner of Galveston Railroad, L. P., known to me to be the person whose name is subscribed to the foregoing instrument, and being by me first duly sworn, declared that the statements therein contained are true and correct and that he, as such officer and with full authority, executed the same voluntarily for and as the act of said Corporation.

GIVEN under my hand and seal of office this 21ST day of May, 1991.

Dow L. Husberg
Notary Public

My commission expires: 8/8/92

SECURITY AGREEMENT

This Security Agreement is made and entered into on October 20th, 1987, by and between GALVESTON RAILWAY, INC., hereinafter referred to as "GRI" of Galveston, Galveston County, Texas and The Board of Trustees of the Galveston Wharves, hereinafter referred to as "WHARVES" of Galveston, Galveston County, Texas, as follows:

For value received, GRI hereby grants to the WHARVES a security interest in the following described property, hereinafter referred to as the Collateral, to wit: five (5) locomotives and other equipment, more particularly described in Exhibit "A" attached hereto, to secure GRI's Note of \$1,050,000 to WHARVES of even date, payable as to principal and interest as therein provided; any other costs and expenses incurred by WHARVES in the collection and enforcement of the note and other indebtedness of GRI; and all liabilities of GRI to WHARVES existing or hereafter incurred, matured or unmatured, direct or contingent, and any renewals and extensions thereof and substitutions therefor.

GRI WARRANTS, COVENANTS, AND AGREES:

TITLE

1. Except for the security interest hereby granted, GRI has, or on acquisition will have, full title to the Collateral free from any lien, security interest, encumbrance, or claim, and GRI will, at its cost and expense, defend any action which may affect WHARVES' security interest in, or GRI's title to, the Collateral.

EXHIBIT A

FILING OF SECURITY AGREEMENT

2. GRI will join in executing any and all forms or documents necessary to file and record this Security Agreement with the Interstate Commerce Commission and other agencies.

SALE, LEASE, OR DISPOSITION OF COLLATERAL

3. GRI will not, without the written consent of WHARVES', sell, contract to sell, lease, encumber, or dispose of the Collateral or any interest therein until this Security Agreement and all debts secured thereby have been fully satisfied.

INSURANCE

4. GRI will insure the Collateral with companies acceptable to WHARVES against such casualties and in such amounts as WHARVES shall reasonably require with a loss payable clause in favor of GRI and WHARVES as their interests may appear, and WHARVES is hereby authorized to collect sums which may become due under any of said policies and apply the same to the obligations hereby secured.

PROTECTION OF COLLATERAL

5. GRI will keep the Collateral in good order and repair and will not waste or destroy the Collateral or any part thereof. The GRI will not use the Collateral in violation of any statute or ordinance, and WHARVES will have the right to examine and inspect the Collateral at any reasonable time.

TAXES

6. GRI will pay promptly when due all taxes and assessments on the Collateral or for its use and operation.

REIMBURSEMENT OF EXPENSES

7. At the option of WHARVES, WHARVES may discharge taxes, liens, interest, or perform or cause to be performed for and on behalf of GRI any actions and conditions, obligations, or covenants which GRI has failed or refused to perform, and may pay for the repair, maintenance, and preservation of the Collateral, and all sums so expended, including, but not limited to, attorney's fees, court costs, agent's fees, or commissions, or any other costs or expenses, shall bear interest from the date of payment at the rate of 10 per cent per annum and shall be payable at the place designated in the above-described note and shall be secured by this Security Agreement.

PAYMENT

8. GRI will pay the note secured by this Security Agreement and any renewal or extension thereof and any other indebtedness hereby secured in accordance with the terms and provisions thereof and will repay immediately all sums expended by WHARVES in accordance with the terms and provisions of this Security Agreement.

TIME OF PERFORMANCE AND WAIVER

9. In performing any act under this Security Agreement and the note secured thereby, time shall be of the essence. WHARVES' acceptance of partial or delinquent payments, or the failure of WHARVES to exercise any right or remedy shall not be a waiver of any obligation of the GRI or right of WHARVES or constitute a waiver of any other similar default subsequently occurring.

DEFAULT

10. GRI shall be in default under this Security Agreement on the happening of any of the following events or conditions:

- (a) Default in the timely payment or performance of the note or referred to therein;
- (b) Any warranty, representation, or statement made or furnished to WHARVES by or in behalf of GRI proves to have been false in any material respect when made or furnished;
- (c) Loss, theft, substantial damage, destruction, sale, or encumbrance to or of any of the Collateral, or the making of any levy, seizure, or attachment thereof or thereon, the result of which would materially impair WHARVES Security interest therein;
- (d) Dissolution, termination of existence, insolvency, business failure, appointment of a receiver for any part of the Collateral, assignment for the benefit of creditors or the commencement of any proceeding under any bankruptcy or insolvency law by or against GRI or any guarantor or surety for GRI.
- (e) The occurrence of a breach or default by GRI in that certain Lease Agreement of even date with WHARVES of the Facilities, as described therein.
- (f) The removal of any of the Collateral from Galveston, Galveston County, Texas, without WHARVES' prior written consent.

REMEDIES

11. On the occurrence of any such event of default, and at any time thereafter, WHARVES may declare all obligations secured immediately due and payable and may proceed to enforce payment of the same and exercise any and all of the rights and remedies it possesses, either at law or in equity.

WHARVES may require GRI to assemble the Collateral and make it available to WHARVES at any place to be designated by WHARVES which is reasonably convenient to both parties. WHARVES will give GRI reasonable notice of time and place of any public sale thereof or of the time after which any private sale or any other intended disposition thereof is to be made. The requirements of reasonable notice shall be met if such notice is mailed, postage prepaid, to the address of GRI: 2506 S. Park Avenue, Dothan, Alabama 36031, at least five days before the time of the sale or disposition. Expenses of retaking, holding, preparing for sale, selling, or the like shall include WHARVES' reasonable attorney's fees and legal expenses.

MISCELLANEOUS PROVISIONS

12. (a) Applicable Law: This Agreement shall be construed under and in accordance with the applicable provisions of the Interstate Commerce Code and Regulations promulgated thereunder and applicable laws of the State of Texas, and all obligations of the parties created hereunder are performable in Galveston County, Texas.

(b) Parties Bound: This Agreement shall be binding on and inure to the benefit of the parties hereto and their respective heirs, executors, administrators, legal representatives, successors, and assigns where permitted by this Agreement.

(c) Legal Construction: In case any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal, or unenforceable in any respect,

such invalidity, illegality, or unenforceability shall not affect any other provision thereof and this Agreement shall be construed as if such invalid, illegal, or unenforceable provision had never been contained herein.

(d) Prior Agreements Superseded: This Agreement constitutes the sole and only agreement of the parties hereto and supersedes any prior understandings or written or oral agreements between the parties respecting the within subject matter.

This instrument prepared by WHARVES, whose address is P. O. Box 328, Galveston, Galveston County, Texas 77553.

Dated October 20, 19 87.

GALVESTON RAILWAY, INC.

ATTEST:

Michael E. Owen

Michael E. Owen
Its President

THE BOARD OF TRUSTEES OF THE
GALVESTON WHARVES

ATTEST:

Deborah J. Stuchey
Secretary

D. J. Marchant

STATE OF TEXAS *
*
COUNTY OF GALVESTON *

BEFORE ME, a Notary Public, on this day personally appeared K. F. Durden, President, of the Galveston Railway, Inc., known to me to be the person whose name is subscribed to the foregoing instrument, and being by me first duly sworn, declared that the statements therein contained are true and correct.

GIVEN under my hand and seal of office this 20th day of October, 1987.

Janet Bowen
NOTARY PUBLIC in and for the
STATE OF TEXAS

Janet Bowen
Notary's Printed Name

My Commission Expires: 2-19-89

STATE OF TEXAS *
*
COUNTY OF GALVESTON *

BEFORE ME, a Notary Public, on this day personally appeared D. J. Harrison, Notary Public, of The Board of Directors of the Galveston Wharves, known to me to be the person whose name is subscribed to the foregoing instrument, and being by me first duly sworn, declared that the statements therein contained are true and correct.

GIVEN under my hand and seal of office the 30th day of October, 1987.

F. R. Macik
NOTARY PUBLIC in and for the
STATE OF TEXAS

F. R. MACIK
Notary Public State of Texas
My Commission Expires 12/31/88
Notary's Printed Name

My Commission Expires: _____

EXHIBIT "A"

Quantity	Description of Equipment
1	Model SW1001 EMD 1,000 h.p. switcher locomotive, Serial No. 756080-1, GW #301
1	Model SW1001 EMD 1,000, h.p. switcher locomotive, Serial No. 756080-2, GW #302
1	Model SW1001 EMD 1,000 h.p. switcher locomotive, Serial No. 776052, GW #303
1	Model SW1001 EMD 1,000 h.p. switcher locomotive, Serial No. 795304-1, GW #304
1	Model SW1001 EMD 1,000 h.p. switcher locomotive, Serial No. 795304-2, GW #305
	Bullet proof window glass to be installed in locomotive GW #301
	Bullet proof window glass to be installed in locomotives GW #302 and GW #303
1	Fairmont T11F1 steel frame push car, Serial No. 251117
8	Motorola H33RMU1144N portable radios (Serial No's. 402AHE0767, 402AHE0768, 402AHG0591, 402AHG0592, 402AHG0593, 402AHG0594, 402AHG0595, and 402AHG0596) and 8 Model NLN 7646 Single unit rapid chargers
1	Ingersol Rand Model 29343 impact tool with 4 sockets

- 6 Pace Model 365X Landmaster - portable radios,
(Serial No's. 31213283, 31213290, 40512412,
40512415, 40513416 and 4053417) and 6 Pace Model
C-1X Chargers for above
- 2 Pace Model 464X UHF portable radios,
Serial No's. 30530678 and 30530683
- 1 Fairmont T11F1 steel frame push car,
Serial No. 253374
- 1 Hillbro Model PSC-130 steam cleaner
Serial No. 12935
- 1 Honda Model EB4000 electric generator,
Serial No. 1042094
- 1 Locomotive wheel cutting machine with 20 cutting
inserts
- 1 Model VE-55R air compressor with fuel tank,
alternator, and related equipment
- 1 Campbell Hausfeld Model No. TW930059B air
compressor

CERTIFICATION

STATE OF TEXAS
COUNTY OF GALVESTON

On this 17th day of July, 1991, I certify that the preceding or attached document, and the duplicate retained by me as a notarial record, are true, exact, complete, and unaltered photocopies made by me of that certain Assumption of Security Agreement dated May 21, 1991, entered into by and between the Board of Trustees of the Galveston Wharves, Galveston Railway, Inc., and Galveston Railroad, L.P., presented to me by the documents custodian, and that, to the best of my knowledge, the photocopied document is neither a public record nor a publicly recordable document, certified copies of which are available from an official source other than a notary. I have compared the copy with the original and have found the copy to be complete and identical in all respects to the original document.



Notary Public, State of Texas

