

#15

ITEL

Istel Rail Corporation

550 California Street
San Francisco, CA 94104
(415) 984-4200

February 12, 1991

Hon. Sidney L. Strickland, Jr., Esq.
Secretary
Interstate Commerce Commission
Washington, DC 20423

1-045A015

RECORDATION NO. 156425 CC
FILED 1991

Re: Schedule No. 27

FEB 14 1991 -9 50 AM

Dear Mr. Strickland:

INTERSTATE COMMERCE COMMISSION

On behalf of Istel Rail Corporation, the above instrument, in three (3) counterparts, is hereby submitted for filing and recording pursuant to 49 U.S.C. Section 11303(a), along with the \$15 recordation fee.

Please record this Schedule under Master Lease No. 2197-00 dated May 5, 1988, between Istel Rail Corporation and Hartford and Slocomb Railroad Company, which was filed with the ICC on May 13, 1988, under Recordation No. 15642.

The parties to the aforementioned instrument are listed below:

Istel Rail Corporation (Lessor)
550 California Street
San Francisco, California 94104

Hartford and Slocomb Railroad Company (Lessee)
P.O. Box 2243
Dothan, Alabama 36302

This Schedule adds to the Lease Agreement seventy-five (75) 4750 cubic foot, 100-ton covered hopper cars bearing reporting marks HS 1708-1782 (n.s.).

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

15642 CC

FEB 14 1991 -9 50 AM

INTERSTATE COMMERCE COMMISSION

SCHEDULE NO. 27

THIS SCHEDULE No. 27 ("Schedule") to that certain Lease Agreement made as of May 5, 1988, as amended (the "Agreement"), between ITEL RAIL CORPORATION, as lessor ("Lessor"), and HARTFORD AND SLOCOMB RAILROAD COMPANY, as lessee ("Lessee") is made as of February 1, 1991, between Lessor and Lessee.

Lessor and Lessee agree as follows:

1. All capitalized terms defined in the Agreement shall have the meanings defined therein when used in this Schedule No. 27, except that the term "Cars" as used herein shall only refer to the equipment described in this Schedule unless otherwise indicated.
2. 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	Capacity	No. of Cars
LO	Covered Hopper Cars	HS 1708-1782	4750 c.f. 100 ton	75

3. A. The Agreement shall become effective for each Car on the date such Car is remarked. The term of the Agreement for all Cars described in this Schedule shall be deemed to have commenced on December 1, 1990 and shall continue through and include May 31, 1991 ("Initial Term").
- B. If the Agreement has not been terminated early and no unremedied default has occurred and is continuing under the Agreement, the Agreement shall automatically be extended from calendar month to calendar month, for a period not to exceed 24 calendar months (each such calendar month an "Extended Term"). Provided, that the Cars are not subject to the Assignment Agreement dated February 4, 1991 ("GTW Assignment Agreement") between Lessee and Grand Trunk Western Railroad Company, a copy of which is attached as Exhibit B, Lessor may terminate the Agreement at any time during the Initial Term or any Extended Term as to some or all of the Cars described in this Schedule by providing not less than 10 days prior written notice to Lessee.
4. A. Lessor agrees to pay to Lessee an annual rental fee of ("Rental Fee") for the use of Lessee's reporting marks and numbers on the Cars described in the GTW Assignment Agreement. Lessor shall pay the initial Rental Fee to Lessee within 120 days from the first day of the month following the month in which the Initial Term

commences, and shall thereafter pay the Rental Fee to Lessee annually throughout the duration of the term of the GTW Assignment Agreement.

- B. If any Car(s) returns to Lessee's lines prior to the expiration or termination of the GTW Assignment Agreement, Lessor shall be responsible for all costs associated with such Car(s) being entered into and removed from a storage facility ("Storage") by Lessee, including but not limited to a switching fee of _____ per car per occurrence and a storage charge of _____ per car per day, and for all costs associated with returning such Car(s) to the Assignee's lines. Lessee shall notify Lessor upon the placement of any Car(s) into Storage. Lessee shall use its best efforts to prevent any Car from being interchanged onto its lines during the term of the GTW Assignment Agreement, including advising Lessee's connecting carrier that the Cars have been placed into an assignment pool on Assignee's lines and that the connecting carrier should not return such Cars to Lessee during the term of the GTW Assignment Agreement.
5. Lessor consents to Lessee's entering into the GTW Assignment Agreement; provided, that Lessor shall perform Lessee's duties under the GTW Assignment Agreement, that Lessee shall, only upon Lessor's instructions or consent, exercise its option to terminate, extend, renegotiate or request free storage under the GTW Assignment Agreement, and that Lessee shall, if directed by Lessor, assign Lessee's interest in the GTW Assignment Agreement to any party designated by Lessor.
6. Lessor shall perform or cause to be performed and shall pay all costs and expenses associated with the maintenance of the Cars described in this Schedule, except those delegated to Lessee in Subsection 5.B. of the Agreement. With respect to the Cars listed in this Schedule, Exhibit A attached hereto is hereby added to the Agreement. Subsection 5.A. of the Agreement shall not apply with respect to such Cars.
7. Lessor agrees to reimburse Lessee, within 30 days of Lessor's receipt of the receipted copy of the paid tax bill, for all taxes actually paid in cash by Lessee resulting from: a) ad valorem tax assessments on the Cars; and b) any assessment, levy or impost relating to any Car, the Agreement, or the delivery of the Cars, which remained unpaid as of the date of the delivery of the Cars to Lessee or which is assessed, levied or imposed during the term of the Agreement, except taxes on income or gross receipts imposed on Lessee or sales or use tax imposed on mileage charges, car hire revenue, or the proceeds of the sale or lease of the Cars. Lessor and Lessee will comply with all state and local laws requiring filing of ad valorem returns associated with the Cars. Notwithstanding any portion of this Section, Lessor shall not be responsible for penalty or interest assessments resulting from Lessee's failure to comply with any regulation or statute of any taxing or assessing authority. Lessee shall forward to Lessor upon receipt all correspondence, notifications of proposed tax assessments and tax bills associated with any tax reimbursable by Lessor. Lessor may, in good faith and by appropriate proceedings, contest any assessment, notification of assessment or tax bill. Lessor shall assume full responsibility for all expenses, including legal fees, resulting from such contest.

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8. Rent

A. Definitions

(i) "Eligible Lines" is defined as the railroad lines owned and operated by Lessee as of the date this Schedule is executed by the parties. Any lines purchased by Lessee or added to the Eligible Lines or any Eligible Lines sold by Lessee to another party during the Initial Term or any Extended Term, effective on the date of such sale, are deemed to be the lines of another railroad company (a foreign road) for the purposes of determining Revenues (as defined in Subsection 8.A.(iii) hereinbelow).

(ii) "Revenues Rates" is defined as the hourly and mileage car hire rates prescribed by the ICC in any applicable time period for each Car.

(iii) "Revenues" is defined as the total revenues, calculated at the Revenue Rates, that are earned or due for the use and handling of the Cars on all railroad lines other than the Eligible Lines, including, but not limited to, hours and mileage, whether or not collected and received by Lessor, and undiminished by any claimed abatement, reduction or offset caused by any action or failure of Lessee.

B.

C. Upon the expiration or early termination of the GTW Assignment Agreement, by each Car while such Car is off the Eligible Lines.

D. (i) In the event that as a result of any action or inaction by Lessee, Lessor shall receive or earn for the use of any Cars, Revenues calculated at hourly or mileage car hire rates that are lower in amount than those specified in Subsection 8.A.(ii), Lessee shall pay to Lessor, within 10 days of Lessor's request, an amount equal to the difference between the Revenues such Cars would have earned at the Revenue Rates and the amount of revenues actually received or earned for such Cars.

(ii) Should any abatement, reduction or offset occur as a result of any action or inaction of Lessee, Lessee shall, within 10 days of Lessor's request, reimburse Lessor the amount of such abatement, reduction or offset.

(iii) If, at any time during the Agreement, Lessee operates lines other than the Eligible Lines, Lessee shall supply Lessor with records which distinguish the movement of each Car on the Eligible Lines from the movement of such Car on any other lines operated by Lessee.

E. Except as provided in this Schedule, any agreement between Lessee and any other party with respect to the Cars ("Third Party Agreement(s)") shall be null and void without Lessor's prior written approval if such Third Party Agreement affects the revenues earned by the Cars.

9. Except as expressly modified by this or any other Schedule, all terms and provisions of the Agreement shall remain in full force and effect with respect to all Cars subject to the Agreement.

10. This Schedule may be executed by the parties hereto in any number of counterparts, and all counterparts taken together shall be deemed to constitute one instrument.

Each party, pursuant to due corporate authority, has caused this Schedule to be executed by its authorized officer, and each of the undersigned 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

HARTFORD AND SLOCOMB RAILROAD COMPANY

By: *Shirley Hanger*
Title: *Manager Contract Administration*
Date: *February 1, 1991*

By: *C. J. Jackson III*
Title: *Pres.*
Date: *4 Feb. 1991*

EXHIBIT A

RUNNING REPAIRS

COVERED HOPPERS

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	Outlet Gate Repair (Not Gate Replacement)
Hand Brakes	Hatch Cover Repair (Not Replacement of Hatch Cover)
Brake Beams and Levers	
Truck Springs	

EXHIBIT B

ASSIGNMENT AGREEMENT

THIS ASSIGNMENT AGREEMENT ("Assignment Agreement") is made and entered into as of this _____ day of _____, 1991 between HARTFORD AND SLOCOMB RAILROAD COMPANY ("Assignor") and GRAND TRUNK WESTERN RAILROAD COMPANY ("Assignee").

Assignor and Assignee agree as follows:

1. Assignor shall supply Assignee with the following railroad car(s) (the "Cars") subject to the terms and conditions of this Assignment Agreement:

AAR Mech Desig.	Description	Reporting Marks and Numbers	Capacity	No. of Cars
LO	Covered Hoppers	HS 1708-1782	4750 c.f.	75

2. Upon Assignor's instruction, and not without Assignor's instruction, Assignee shall place the Cars into an assignment pool on Assignee's railroad lines as provided for in Car Service Rule 16 and under the provisions of Car Service Directive 435 of the Code of Car Service Rules, AAR Circular No. OT-10.
3. Assignor shall, at Assignee's expense, deliver each Car to an interchange point located on the railroad lines of Assignee ("Delivery"), and upon such Delivery, Assignee shall, at its expense, remark each Car to bear the reporting marks and numbers designated by Assignor in compliance with AAR regulations.
4. This Assignment Agreement shall become effective with respect to each Car on Delivery, as defined in Section 3 above. The term ("Term") of this Assignment Agreement, with respect to all Cars, shall be deemed to have commenced on December 1, 1990 shall continue through and include May 31, 1991.
5. Assignee shall comply with the handling carrier's obligations under AAR Interchange Rules while the Cars are in Assignee's possession.
6. If any Car returns to Assignor's line as a result of Assignee not filing the assignment pool code properly, Assignee shall be responsible for all costs associated with returning such Car to Assignee. Assignor shall use its best efforts to prevent any Car from being interchanged onto its lines during the term of the Assignment Agreement, including advising Assignor's connecting carrier that the Cars have been placed into an assignment pool on Assignee's lines and that the connecting carrier should not return such Cars to Assignor during the term of the Assignment Agreement.

7. When used in this Assignment Agreement, each of the following terms shall have the definitions indicated:

- A. "Eligible Lines" means the railroad lines owned and operated by Assignee as of the date this Assignment Agreement is executed by the parties. If Assignee's lines expand through purchase, Assignee's merger with another railroad or otherwise or if Assignee's lines are sold to and become lines of another railroad, then lines other than the Eligible Lines shall be deemed to be lines of a foreign road for purposes of determining Revenues and for purposes of distinguishing the movement of each Car on the Eligible Lines from the movement of such Car on any other lines operated by Assignee ("Distinction"), Assignee shall provide Assignor with car movement records which effect such Distinction. If Assignee sells or otherwise disposes of a part but not all of the railroad lines owned and operated by Assignee as of the date this Assignment Agreement is executed by the parties, "Eligible Lines" shall mean only that part retained by Assignee.
- B. "Revenue Rates" means the hourly and mileage car hire rates prescribed by the ICC in any applicable time period of each Car.
- C. "Revenues" means the total revenues, calculated at the Revenue Rates, that are earned or due in any applicable time period for the use or handling of the Cars on all railroad lines other than the Eligible Lines, including, but not limited to hours ("Hourly Revenues") and mileage ("Mileage Revenues"), whether or not collected and received by Assignor, and undiminished by any claimed abatement, reduction or offset caused by any action or failure of Assignee.
- D. "Initial Loading" of a Car shall be the date such Car is loaded off Assignee's railroad lines with the first load of freight.
- E. "Guaranteed Rent" The
Guaranteed Rent for any Car that is not subject to this Assignment Agreement for an entire Quarter shall be prorated accordingly.

8. shall furnish interchange
records to Assignor as requested.

9. A. Assignee shall pay rent to Assignor for each Car after its Initial Loading calculated as follows:

- (i) In the event the Revenues earned in any calendar quarter or applicable portion thereof are less than the Guaranteed Rent, Assignor shall retain a sum equal to and Assignee shall, within
10 days of receiving an invoice from Assignor, pay to Assignor the difference ("Difference") between the total Guaranteed Rent due and the actual Revenues for said calendar quarter or applicable portion thereof. The Difference shall be due and payable regardless of any claimed abatement, reduction or offset.

- (ii) In the event Revenues earned in any calendar quarter or applicable portion thereof are equal to or exceed the Guaranteed Rent,
to the Guaranteed Rent
of the Guaranteed Rent and
of all Revenues received in excess of the Guaranteed Rent.
- B. Assignor shall retain the Revenues and other payments received by it on behalf of Assignee. Assignor shall within 3 months after the end of each calendar quarter calculate on a quarterly basis the approximate amount due both parties pursuant to this Section. Any amount payable pursuant to the preceding sentence shall be paid promptly following such calculation; provided, however, that within 20 days following the final calculations, any amount paid to either party in excess of the amounts required shall be refunded to the appropriate party.
10. During the Term, Assignor may, at its expense, replace any or all of the Cars with similar cars upon not less than ten (10) days' prior written notice to Assignee.
11. Assignor is responsible for normal maintenance and repair expenses except as provided below and except for any transportation costs incurred pursuant to this paragraph, which shall be at Assignee's sole expense. Assignee shall be responsible for and shall pay all costs and expenses of all repair work or other work or materials required because of (a) damage or other conditions caused by Assignee's negligence or misuse in loading or unloading, or by use other than as permitted under this Assignment Agreement; (b) damage for which Assignee is responsible under applicable AAR Rules; (c) Assignee's failure to note any damage to any Car that returns to its lines, the repair of which is the responsibility under AAR Rules of any third party railroad. Assignee shall promptly notify Assignor of any damage to, defect in, need of repair to, or destruction of any Car. For any damaged Car that requires repairs other than running repairs as provided in Exhibit A, car hire (hours and mileage) shall be governed by applicable Car Hire and Car Service Rules. In no event shall Assignee place any Car for repair at a private contract repair facility, or allow repair by a private contractor on the property of Assignee without Assignor's prior approval. Any such repair must be performed under the direction and control of Assignor.
12. If any Car is out of service for repairs for which Assignor is responsible under this Assignment Agreement and such Car is, at Assignor's request, moved into a repair facility ("Facility") for repair, then rental shall abate on the date Assignor receives notification that such Car is in need of repair and shall be reinstated on the date such Car is released from such Facility.
13. Upon expiration or termination of this Assignment Agreement with respect to any Car(s), Assignee shall surrender possession of such Car(s) to Assignor. Assignee shall insure that each Car returned to Assignor upon the expiration or termination of the Assignment Agreement shall be (a) in the same condition, order and repair as when delivered to Assignee, normal wear excepted, (b) in interchange condition in accordance with AAR and FRA

rules and regulations, (c) suitable for loading, (d) free from all accumulations or deposits from commodities transported in or on it while in the service of Assignee, and (e) free of any and all Rule 95 damage. Assignee shall remove the Cars from the provisions of Car Service Rule 16 and Car Service Directive 435, and deliver the Cars to a point on the Eligible Lines to be designated by Assignor. Assignee shall, at Assignor's option, provide up to 120 days free storage on its lines for any Car which is either on Assignee's lines at expiration or other termination or is subsequently returned to Assignee's lines ("Free Storage"). At Assignor's option, Assignee shall use its best efforts to provide final outbound loads for each Car.

14. A. Effective upon the expiration of the Free Storage period and continuing from calendar month to calendar month for a period not to exceed 12 calendar months, Assignee shall, at Assignor's option provide storage space on its lines for any Car which remains on Assignee's lines at the end of the Free Storage period ("Additional Storage"). During such Additional Storage period, Assignor agrees to pay to Assignee for each Car stored on its lines a storage fee of _____ per day for each stored Car. Assignor may, during the Free Storage period and Additional Storage period, request that certain Car(s) be removed from storage ("Removal") and that all costs associated with such Removal shall be for Assignee's account.
- B. Assignor agrees to pay to Assignee, within 30 days of receipt of Assignee's invoice for the preceding month ("Monthly Invoice"), all amounts due Assignee under Subsection 15.A. above. The Monthly Invoice, in addition to an explanation of the monthly charges, shall include for each stored Car: (i) the reporting marks and numbers and (ii) the departure date.
15. During the Free Storage period and any Additional Storage period, Assignee shall carry suitable public liability, property damage and contractual liability insuring against all claims for loss, damage, injury or death arising from the storage of the Cars and Assignor, may at any time request from Assignee evidence of such insurance.
16. Assignor will protect indemnify, hold and save harmless Assignee from and against all claims demands, damages, suits losses, costs, attorney fees, liability awards, judgments and expenses of whatever nature or loss or damage to property or injury or death of person resulting in any manner directly or indirectly from the storage of the Cars, except that Assignee shall protect, indemnify and save harmless Assignor with respect to all claims demands, damages and costs resulting from the negligence of Assignee or its agents.
17. Assignee's rights shall be subject and subordinate to the rights of Assignor, of any lessor, and of any owner or secured party under any financing agreement with respect to the Cars.
18. All notices hereunder shall be in writing and shall be deemed given when delivered personally or when deposited in the mail, postage prepaid, certified or registered, or when transmitted and received by telex addressed as follows:

If to Assignor:

Hartford & Slocomb Railroad
Company
550 California Street
San Francisco, CA 94104
Attention: Manager, Car Hire
Accounting

If to Assignee:

Grand Trunk Western Railroad Company
1333 Brewery Park Boulevard
Detroit, MI 48207-2699
Attention: Mr. R. A. Johnson, Director
Equipment Management

- 19. This Assignment Agreement may not be modified, altered, or amended, except by an agreement in writing signed by the parties.
- 20. This Assignment Agreement may be executed in two counterparts and such counterparts together shall constitute one and the same contract.

HARTFORD AND SLOCOMB RAILROAD COMPANY

GRAND TRUNK WESTERN RAILROAD COMPANY

By: _____

By: RB Johnson

Title: _____

Title: Director, Equipment Management

Date: _____

Date: January 15, 1991

EXHIBIT A

RUNNING REPAIRS

COVERED HOPPERS

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	Outlet Gate Repair (Not Gate Replacement)
Hand Brakes	Hatch Cover Repair (Not Replacement of Hatch Cover)
Brake Beams and Levers	
Truck Springs	