

RECORDATION NO. 23891-B FILED

MAR 8 '02 12-57 PM

TS
SURFACE TRANSPORTATION BOARD

OF COUNSEL
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ELIAS C. ALVORD (1942)
ELLSWORTH C. ALVORD (1964)

March 8, 2002

Mr. Vernon A. Williams
Secretary
Surface Transportation Board
Washington, D.C. 20423

Re: PCJPB-BA-2002

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are two (2) copies of a Memorandum of Loan and Security Agreement (PCJPB-BA-2002), dated as of February 7, 2002, a secondary document as defined in the Board's Rules for the Recordation of Documents.

The enclosed document relates to the Memorandum of Head Lease Agreement which is being with the Board under Recordation Number 23891.

The names and addresses of the parties to the enclosed document are:

Trustee: State Street Bank and Trust Company of
California
633 West Fifth Street
Los Angeles, California 90071

Series A Lender: FSA Global Funding Limited
c/o OSPV Liited
P O Box 1093 CT
113 South Church Street
GeorgeTown Grand Cayman Cayman Islands

Mr. Vernon A. Williams
March 8, 2002
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Series B Lender
and Agent: Dexia Credit Local, New York Agency
445 Park Avenue 8th Floor
New York NY 10022

A description of the railroad equipment covered by the enclosed document is:

Thirteen (13) locomotives with road marks 905 – 917; thirty-eight (38) trailer cars with road marks 3800 – 3807 and 3822 – 3851; and fourteen (14) cab-control cars with road marks 4007 – 4020.

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

Memorandum of Loan and Security Agreement (PCJPB-BA-2002).

Also enclosed is a check in the amount of \$28.00 payable to the order of the Surface Transportation Board covering the required recordation fee.

Kindly return stamped copies of the enclosed document to the undersigned.

Very truly yours,



Robert W. Alvord

RWA/anr
Enclosures

REGISTRATION NO. 23891-B

MAR 8 '02 12:57 PM

SURFACE TRANSPORTATION BOARD

MEMORANDUM OF LOAN AND SECURITY AGREEMENT (PCJPB-BA-2002) dated as of February 7, 2002, between STATE STREET BANK AND TRUST COMPANY OF CALIFORNIA, NATIONAL ASSOCIATION, not in its individual capacity, except as otherwise expressly set forth herein, but solely as Trustee (the "Trustee"), FSA GLOBAL FUNDING LIMITED, as the Series A Lender and DEXIA CRÉDIT LOCAL, NEW YORK AGENCY, as Series B Lender and Agent. Capitalized terms used herein and not otherwise defined shall have the respective meanings set forth in Appendix A to the Participation Agreement (PCJPB-BA-2002) dated as of February 7, 2002 among Peninsula Corridor Joint Powers Board, as Head Lessor and Sublessee, Bank of America Leasing & Capital, LLC, as Equity Investor, FSA Global Funding Limited, as Series A Lender, Dexia Crédit Local, New York Agency, as Series B Lender and Agent, Premier International Funding Co., as Series A Debt Payment Undertaker, Swiss Re Financial Products Corporation, as Series B Debt Payment Undertaker, and State Street Bank and Trust Company of California, National Association, not in its individual capacity, except as otherwise expressly set forth therein, but solely as Trustee.

WHEREAS, the Trustee, the Lenders and the Agent have entered into that certain Loan and Security Agreement (PCJPB-BA-2002) dated as of February 7, 2002 (the "Loan Agreement") (the terms of which are incorporated herein by reference), whereby the Trustee granted, bargained, sold, assigned, transferred, conveyed, mortgaged, warranted, pledged and confirmed (i) unto the Agent for its benefit and for the benefit of the Lenders from time to time a first priority security interest in, mortgage Lien on, and pledge of, all right, title and interest of the Trustee in, to and under, and granted the Agent for its benefit and for the benefit of the Lenders from time to time a first priority security interest in, the Trustee's right, title and interest in the following described property, rights and privileges described in clauses (A) - (H) below, whether now held or hereafter acquired, other than Excepted Property and (ii) unto the Series A Lender, a first priority security interest in, Lien on, and pledge of, all right, title and interest of the Trustee in, to and under, the property, rights and privileges described in clause (I) below, whether now held or hereafter acquired, other than Excepted Property (such property, rights and privileges as are conveyed pursuant to clauses (A) - (I) below, but in any event and always excluding Excepted Property and subject to Excepted Rights, being hereinafter referred to as the "Collateral"):

- (A) the Head Lease Interest and all property now owned or hereafter acquired by the Trustee and subjected to the Sublease;
- (B) the Head Lease, any Head Lease Supplement, the Sublease, any Sublease Supplement, any subsublease referred to in Section 6 of the Sublease, the Participation Agreement and any Service Agreement (collectively, the "Collateral Documents"), including (i) all amounts of Sublease Rent and

Supplemental Rent and payments of any kind thereunder including all ancillary rights thereto, including without limitation, Termination Value, Fair Market Sales Value of the Head Lease Interest, Stipulated Loss Value, all other amounts payable under the Collateral Documents; and (ii) insurance proceeds and condemnation, requisition and other awards and payments of any kind for or with respect to the Equipment (including proceeds and payments received pursuant to any sale of the Head Lease Interest in any Item of Equipment under Section 14 or 15 of the Sublease or pursuant to the exercise of any of the remedies provided in Section 17 of the Sublease);

- (C) all rights of the Trustee with respect to or arising out of any Collateral Document to exercise any election or option or to give or receive any notice, consent, waiver or approval or to take any other action under any Collateral Document or to accept any surrender or redelivery of any Item of Equipment or any Part thereof, as well as all rights, powers and remedies of the Trustee whether acting under any Collateral Document or by statute or at law or in equity, or otherwise, arising out of any Event of Default;
- (D) all moneys and securities relating to or arising out of the Collateral Documents that are now or hereafter paid to, or deposited with, or required to be paid to or deposited with, the Agent or any Lender by or for the account of the Trustee or the Sublessee pursuant to the terms of any Collateral Document;
- (E) all rents, issues, profits, revenues and other income of the property subject or required to be subjected to the Lien of the Loan Agreement, including, without limitation, all payments or proceeds payable to the Trustee after termination of the Sublease with respect to Equipment as a result of the sale, lease or other disposition of either thereof, and all estate, right, title and interest of every nature whatsoever of the Trustee in and to the same and every part thereof;
- (F) all Acceptable Credit Support that is now or hereafter provided to the Trustee;
- (G) all other property of every kind and description and interests therein now held or hereafter acquired by the Trustee pursuant to any term of any Collateral Document, wherever located and subjected to the Lien of the Loan Agreement by a supplement thereto, and the Agent for its benefit and for the benefit of the Lenders is hereby authorized to receive any such property subject to and in accordance with the terms of the Loan Agreement as then supplemented;
- (H) all proceeds of the foregoing of whatever kind or nature, including all claims against third parties for destruction, loss or damage to any of the foregoing or otherwise; and
- (I) with respect to the Series A Loan Certificates only, all estate, right, title and interest now held or hereafter acquired by the Trustee in, to and under the Series A Debt Payment Agreement, the Debt Payment Undertaker Guaranty and any Acceptable Substitute Credit Protection substituted therefor, including, without limitation, (a) the right of the Trustee to receive payment of any and all amounts or other sums of any kind payable thereunder or in respect thereof as well as all

rights of the Trustee to enforce payment of any such amounts or sums, (b) the right of the Trustee to exercise any election or option or to make any decision or determination or to give or receive any notice, consent, waiver or approval under the Series A Debt Payment Agreement or any Acceptable Substitute Credit Protection substituted therefor, (c) the right of the Trustee to take any other action under or in respect of the Series A Debt Payment Agreement or any Acceptable Substitute Credit Protection substituted therefor as well as all rights, powers and remedies of the Trustee whether acting under the Series A Debt Payment Agreement or any Acceptable Substitute Credit Protection substituted therefor or by statute or at law or in equity or otherwise arising out of any default under the Series A Debt Payment Agreement or any Acceptable Substitute Credit Protection substituted therefor, (d) all other property of every kind and description and interests therein now held or hereafter acquired by the Trustee pursuant to any term of the Series A Debt Payment Agreement or any Acceptable Substitute Credit Protection substituted therefor wherever located and subjected to the Lien of the Loan Agreement by a supplement thereto, and the Series A Lender is hereby authorized to receive any such property subject to and in accordance with the terms of the Loan Agreement as then supplemented and (e) all proceeds of the foregoing of whatever kind or nature, including without limitation all claims against third parties for destruction, loss or damage to any of the foregoing or otherwise (such property, rights and privileges described in this clause (I) being hereinafter referred to as the "**Special Series A Collateral**").

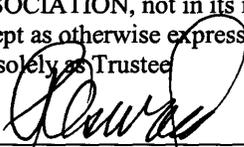
BUT EXCLUDING, HOWEVER, from the Collateral subject to the foregoing (i) all Excepted Property and (ii) any payments or amounts which have been distributed to the Trustee or any other Person in accordance with the provisions of the Loan Agreement, AND SUBJECT TO Sections 2.2, 3.5, 8.1 and the provisions with respect to Excepted Rights set forth in Section 5.5 of the Loan Agreement;

WHEREAS, concurrently with the delivery hereof, the Trustee is delivering to the Agent, in the State of New York, the originally executed counterparts of the Sublease and the Sublease Supplement and to the Series A Lender, in the State of New York, the originally executed counterpart of the Series A Debt Payment Agreement to each of which documents a chattel paper receipt is attached; and

WHEREAS, this memorandum may be executed in any number of counterparts, each executed counterpart constituting an original but all together only one such memorandum.

IN WITNESS WHEREOF, the parties wish to show for the public record the assignment and mortgage of and security interest in the aforesaid property in favor of the Agent and the Series A Lender, and accordingly have caused this memorandum to be executed by their officers thereunto authorized, as of the date first above written.

STATE STREET BANK AND TRUST
COMPANY OF CALIFORNIA, NATIONAL
ASSOCIATION, not in its individual capacity,
except as otherwise expressly set forth herein,
but solely as Trustee

By: 
Name: Paula Oswald
Title: Vice President

FSA GLOBAL FUNDING LIMITED,
as Series A Lender

By: _____
Name:
Title:

DEXIA CRÉDIT LOCAL, NEW YORK
AGENCY, as Series B Lender and Agent

By: _____
Name:
Title:

IN WITNESS WHEREOF, the parties wish to show for the public record the assignment and mortgage of and security interest in the aforesaid property in favor of the Agent and the Series A Lender, and accordingly have caused this memorandum to be executed by their officers thereunto authorized, as of the date first above written.

STATE STREET BANK AND TRUST
COMPANY OF CALIFORNIA, NATIONAL
ASSOCIATION, not in its individual capacity,
except as otherwise expressly set forth herein,
but solely as Trustee

By: _____
Name:
Title:

FSA GLOBAL FUNDING LIMITED,
as Series A Lender

By:  _____
Name: Helen Allen
Title: Director

DEXIA CRÉDIT LOCAL, NEW YORK
AGENCY, as Series B Lender and Agent

By: _____
Name:
Title:

IN WITNESS WHEREOF, the parties wish to show for the public record the assignment and mortgage of and security interest in the aforesaid property in favor of the Agent and the Series A Lender, and accordingly have caused this memorandum to be executed by their officers thereunto authorized, as of the date first above written.

STATE STREET BANK AND TRUST
COMPANY OF CALIFORNIA, NATIONAL
ASSOCIATION, not in its individual capacity,
except as otherwise expressly set forth herein,
but solely as Trustee

By: _____
Name:
Title:

FSA GLOBAL FUNDING LIMITED,
as Series A Lender

By: _____
Name:
Title:

DEXIA CRÉDIT LOCAL, NEW YORK
AGENCY, as Series B Lender and Agent

By:  _____
Name: **MARC BRUGIERE**
Title: **GENERAL MANAGER**

STATE OF CALIFORNIA)
) ss.
COUNTY OF LOS ANGELES)

On February 20, 2002, before me, Madeliena Janese Hall, personally appeared Paula Oswald, personally known to me ~~or proved to me on the basis of satisfactory evidence~~ to be the person(s) whose name(s) is subscribed to the within instrument and acknowledged to me that she executed the same in her authorized capacity(ies) and that by her signature(s) on the instrument, the person(s) or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.



Madeliena Janese Hall

My commission expires on
July 20, 2003

OPTIONAL

Though the data below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent reattachment of this form.

DESCRIPTION OF ATTACHED DOCUMENT

Title or Type of Document _____

Date of Document: _____ Number of Pages: _____

Signer(s) Other Than Named Above _____

CAPACITY CLAIMED BY SIGNER

Signer's Name _____

- INDIVIDUAL
- CORPORATE OFFICER--TITLE _____
- PARTNER -- Limited General
- ATTORNEY-IN-FACT
- TRUSTEE
- GUARDIAN/CONSERVATOR
- OTHER _____

SIGNER IS REPRESENTING: _____

GRAND CAYMAN)
)ss.:
CAYMAN ISLANDS)

On this 1st day of March, 2002, before me personally appeared Helen Allen, to me personally known, who, by me being duly sworn, says that she is a Director of FSA Global Funding Limited, that the foregoing instrument was signed on behalf of said FSA Global Funding Limited by authority of its Board of Directors, and she acknowledges that the execution of the foregoing instrument was the free act and deed of said FSA Global Funding Limited.


Phillip Hinds Notary Public

My Commission Expires: 31 January 2003

Lot 1

Trailer Car

Serial No.	Delivery Date	Appraised Value
3843	1986	\$2,600,000
3844	1986	\$2,600,000
3845	1986	\$2,600,000
3847	1986	\$2,600,000
3848	1986	\$2,600,000
3849	1986	\$2,600,000
3850	1986	\$2,600,000
3851	1986	\$2,600,000

Lot 2

Locomotive

Serial No.	Delivery Date	Appraised Value
905	1985	\$3,100,000
906	1985	\$3,100,000
907	1985	\$3,100,000
908	1985	\$3,100,000
909	1985	\$3,100,000
910	1985	\$3,100,000
911	1985	\$3,100,000
912	1985	\$3,100,000
913	1985	\$3,100,000
914	1985	\$3,100,000
915	1985	\$3,100,000
916	1985	\$3,100,000
917	1985	\$3,100,000

Lot 3

Trailer Car

Serial No.	Delivery Date	Appraised Value
3800	1985	\$2,500,000
3801	1985	\$2,500,000
3802	1985	\$2,500,000
3803	1985	\$2,500,000
3804	1985	\$2,500,000
3805	1985	\$2,500,000
3806	1985	\$2,500,000
3807	1985	\$2,500,000
3822	1985	\$2,500,000
3823	1985	\$2,500,000
3824	1985	\$2,500,000
3825	1985	\$2,500,000
3826	1985	\$2,500,000
3827	1985	\$2,500,000
3828	1985	\$2,500,000
3829	1985	\$2,500,000
3830	1985	\$2,500,000
3831	1985	\$2,500,000
3832	1985	\$2,500,000
3833	1985	\$2,500,000
3834	1985	\$2,500,000
3835	1985	\$2,500,000
3836	1985	\$2,500,000

Exhibit A to Memorandum
of Loan Agreement
(PCJPB-BA-2002)

3837	1985	\$2,500,000
3838	1985	\$2,500,000
3839	1985	\$2,500,000
3840	1985	\$2,500,000
3841	1985	\$2,500,000

Lot 3

Cab-Control Car

Serial No.	Delivery Date	Appraised Value
4007	1985	\$2,660,000
4008	1985	\$2,660,000
4009	1985	\$2,660,000
4010	1985	\$2,660,000
4011	1985	\$2,660,000
4012	1985	\$2,660,000
4013	1985	\$2,660,000
4014	1985	\$2,660,000
4015	1985	\$2,660,000
4016	1985	\$2,660,000
4017	1985	\$2,660,000
4018	1985	\$2,660,000
4019	1985	\$2,660,000
4020	1985	\$2,660,000

Exhibit A to Memorandum
of Loan Agreement
(PCJPB-BA-2002)

Lot 4

Trailer Car

Serial No.	Delivery Date	Appraised Value
3842	1987	\$2,650,000
3846	1987	\$2,650,000