

**BALL JANIK LLP**

A T T O R N E Y S

1455 F STREET, NW, SUITE 225  
WASHINGTON, D.C. 20005

www.balljanik.com

TELEPHONE 202-638-3307  
FACSIMILE 202-783-6947

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APR 20 '05 4-10 PM

SURFACE TRANSPORTATION BOARD

lgitomer@dc.bjllp.com

LOUIS E. GITOMER  
OF COUNSEL  
(202) 466-6532

April 20, 2005

Honorable Vernon A. Williams  
Secretary  
Surface Transportation Board  
Washington, DC 20423

Dear Secretary Williams:

I have enclosed two certified copies of the document described below, to be recorded pursuant to 49 U.S.C. § 11301.

The document is a Memorandum of Security Agreement, a primary document, dated as of April 20, 2005. We request that this document be given the next available recordation number.

The names and addresses of the parties to the Memorandum of Security Agreement are:

Lender:

SunTrust Leasing Corporation  
29 West Susquehanna Avenue, 4<sup>th</sup> Floor  
Towson, MD 21204

Borrower:

Ace Cogeneration Company, LP  
7827 Convoy Court, Suite 412  
San Diego, CA 92111

A description of the equipment covered by the Memorandum of Security Agreement consists of 37 new aluminum auto flood III cars numbered ACEX 4192-4228, inclusive.

BALL JANIK LLP

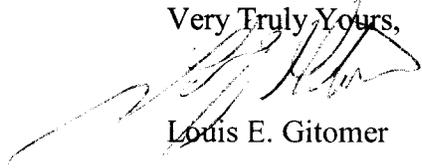
Honorable Vernon A. Williams  
April 20, 2005  
Page 2

A fee of \$32.00 is enclosed. Please return one copy to:

Louis E. Gitomer  
Of Counsel  
Ball Janik LLP  
Suite 225  
1455 F Street, N.W.  
Washington, DC 20005

A short summary of the document to appear in the index follows: a Memorandum of Security Agreement between SunTrust Leasing Corporation, 29 West Susquehanna Avenue, 4<sup>th</sup> Floor, Towson, MD 21204, and Ace Cogeneration Company, LP, 7827 Convoy Court, Suite 412, San Diego, CA 92111, covering 37 New Aluminum Auto Flood III Cars numbered ACEX 4192-4228, inclusive.

Very Truly Yours,



Louis E. Gitomer

Enclosures

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**MEMORANDUM OF SECURITY AGREEMENT**

dated as of April 10, 2005

between

**ACE COGENERATION COMPANY, A CALIFORNIA  
LIMITED PARTNERSHIP,  
as Borrower**

and

**SUNTRUST LEASING CORPORATION,  
as Lender**

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**FILED WITH THE SURFACE TRANSPORTATION BOARD  
PURSUANT TO 49 U.S.C. § 11301  
on April \_\_, 2005 at \_\_:\_\_.m.**

APR 20 '05 4-10 PM

SURFACE TRANSPORTATION BOARD

## MEMORANDUM OF SECURITY AGREEMENT

THIS MEMORANDUM OF SECURITY AGREEMENT is made and entered into as of April 20, 2005, by and between SUNTRUST LEASING CORPORATION ("**Lender**") and ACE COGENERATION COMPANY, A CALIFORNIA LIMITED PARTNERSHIP ("**Borrower**"), with reference to the following:

1. The Lender has made a loan (the "**Loan**") to the Borrower pursuant to a Loan and Rail Security Agreement, dated as of April 20, 2005 (the "**Security Agreement**").
2. Pursuant to the Security Agreement, Borrower grants to Lender a security interest in all of Borrower's right, title and interest in and to (among other things), (a) the railcars, including any property, records or rights relating thereto (the "**Railcars**") as more fully described in attached Exhibit A, and any part thereof, (b) all present and future interchange or utilization agreements, leases, subleases, repair agreements and any other similar agreements or arrangements of any kind whatsoever relating to any Railcar or any related part, (c) any and all substitutions, replacements or exchanges for any of the collateral, in each such case in which Borrower shall from time to time acquire an interest, and (d) all proceeds of any of the foregoing, including, without limitation, any and all rents, insurance, settlement, indemnity, warranty, governmental or other payments, and other amounts of any kind whatsoever due or payable under or in connection with any Railcar.
3. FreightCar America, Inc. (as successor in interest to or formerly known as Johnstown America Corporation, as the case may be) has sold the Units to Borrower in the ordinary course of business.

This Memorandum of Security Agreement may be executed in any number of counterparts, each executed counterpart constituting an original but all together only one Memorandum of Security Agreement.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]



IN WITNESS WHEREOF, the parties hereto have executed or caused this Memorandum of Security Agreement to be executed as of the date first above written.

SUNTRUST LEASING CORPORATION

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

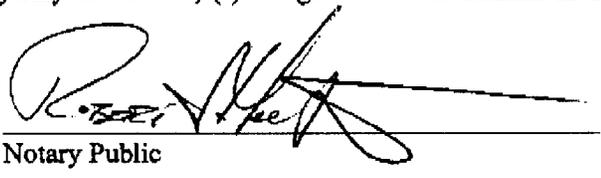
ACE COGENERATION COMPANY, A  
CALIFORNIA LIMITED PARTNERSHIP

By: Robert V. Esposito  
Name: ROBERT V. ESPOSITO  
Title: CO-Gen Manager

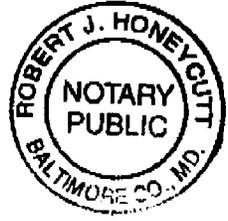
STATE OF Maryland )  
 ) ss.  
COUNTY OF Baltimore )

On this 20<sup>th</sup> day of April, 2005, before me appeared Mark Pounds, the person who signed this instrument, who acknowledged that ~~he~~ is the SECRETARY of SUNTRUST LEASING CORPORATION and that, being duly authorized, (s)he signed such instrument as a free act on behalf of said corporation.

[Seal]

  
Notary Public

My commission expires:  
9/1, 2005



ROBERT J. HONEYCUTT  
Notary Public, State of Maryland  
County of Baltimore

STATE OF Calif )  
 ) ss.  
COUNTY OF Orange )

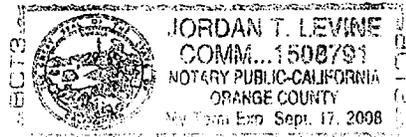
On this 20 day of April, 2005, before me appeared Robert V ESCALANTE, the person who signed this instrument, who acknowledged that (s)he is the CO Gen Mgr. of ACE COGENERATION COMPANY, LP, and that, being duly authorized, (s)he signed such instrument as a free act on behalf of said partnership.

[Seal]

[Signature]  
Notary Public

My commission expires:

Sept 17, 2008



**EXHIBIT A  
TO MEMORANDUM OF SECURITY AGREEMENT**

DESCRIPTION OF CARS AND REPORTING MARKS

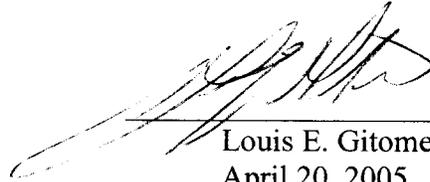
Thirty-Seven (37) New Aluminum Auto Flood III Cars manufactured by FreightCar America Inc.

Marks  
ACEX

Car Numbers  
4192-4228, inclusive

CERTIFICATION

I, Louis E. Gitomer, have compared this copy to the original Memorandum of Security Agreement dated as of April 20, 2005, and found the copy to be complete and identical in all respects to the original document. I declare under penalty of perjury that the foregoing is true and correct.

A handwritten signature in black ink, appearing to read "Louis E. Gitomer", is written over a horizontal line.

Louis E. Gitomer  
April 20, 2005