

RECORDATION NO. 26043-B FILED

JUN 11 '07 -11 20 AM

ALVORD AND ALVORD  
ATTORNEYS AT LAW  
1050 SEVENTEENTH STREET, N.W.  
SUITE 301  
WASHINGTON, D.C.  
20036  
\_\_\_\_\_  
(202) 393-2266  
FAX (202) 393-2156  
E-MAIL [alvordlaw@aol.com](mailto:alvordlaw@aol.com)

SURFACE TRANSPORTATION BOARD

OF COUNSEL  
URBAN A LESTER

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

June 11, 2007

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

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 Net Railcar Lease, dated as of April 30, 2007, a secondary document as defined in the Board's Rules for the Recordation of Documents.

The enclosed document relates to the documents previously filed with the Board under Recordation Number 26043.

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

Lessor: Babcock & Brown Rail Funding LLC  
1 Dag Hammarskjold Plaza  
885 Second Avenue, 49<sup>th</sup> Floor  
New York, NY 10017

Lessee: Lower Colorado River Authority  
3700 Lake Austin Boulevard  
Austin, TX 78703

Mr. Vernon A. Williams  
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A description of the railroad equipment covered by the enclosed document is:

135 railcars: BNBX 120770 – BNBX 120894 and within the series BNBX 120407 – BNBX 120496 as more particularly set forth in the equipment schedule attached to the document.

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

Memorandum of Net Railcar Lease.

Also enclosed is a check in the amount of \$35.00 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,

A handwritten signature in black ink, appearing to read 'Alvord', with a long horizontal flourish extending to the right.

Robert W. Alvord

RWA/sem  
Enclosures

JUN 11 '07 -11 20 AM

MEMORANDUM OF NET RAILCAR LEASE

SURFACE TRANSPORTATION BOARD

THIS MEMORANDUM OF NET RAILCAR LEASE dated as of this 30<sup>th</sup> day of APRIL, 2007, to that certain Master Net Railcar Lease effective as of August 15, 2005, between BABCOCK & BROWN RAIL FUNDING LLC, a Delaware limited liability company (the "Lessor") and LOWER COLORADO RIVER AUTHORITY a conservation and reclamation district of the State of Texas (the "Lessee" and together with the Lessor, the "Parties").

KNOW ALL PERSONS BY THESE PRESENTS THAT:

WHEREAS, the Lessor and the Lessee entered into that certain Master Net Railcar Lease dated August 15, 2005 and Schedule No. 01 thereto effective as of December 8, 2005;

WHEREAS, the Parties have entered into an additional Schedule covering the equipment listed on Exhibit A hereto (the "Cars") and wish to show for the public record the existence of Schedule No. 02, and the respective interests therein of the Parties and accordingly the Parties have caused this memorandum to be executed by their respective duly authorized officers, as of the date first above written.

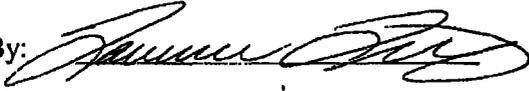
NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each of the Parties hereto, by this instrument the Lessor hereby leases and confirms the lease of the Cars to the Lessee in accordance with the terms and conditions of the Agreement, and the Lessee confirms and accepts such terms and conditions, which are incorporated by reference as if fully set forth herein.

This Memorandum of Net Railcar Lease may be executed by the Parties in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the undersigned has caused this Memorandum of Net Railcar Lease to be executed by a duly authorized officer as of the day and year first above written.

BABCOCK & BROWN RAIL FUNDING LLC, as Lessor

By: 

Name: LAWRENCE LITTLEFIELD

Title: VICE PRESIDENT

Date: 5/2/07

LOWER COLORADO RIVER AUTHORITY, as Lessee

By: Ingmar Sterling

Name: Ingmar Sterling

Title: Manager, Fuels

Date: 4/30/07

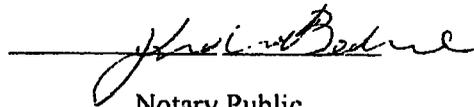


STATE OF )  
 ) SS:  
COUNTY OF )

On this 2nd day of May, 2007 before me personally appears Lawrence Littlefield who by me duly sworn, says that he/she is the Vice President of Babcock & Brown Rail Funding LLC (the "Company"), that the foregoing instrument was signed on behalf of the said Company by authority of its Officers, and he acknowledged that the execution of the foregoing instrument was the free act and deed of the said Company.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

INDRA BEDASIE  
Notary Public, State of New York  
No. 01BE6014602  
Qualified in Queens County  
Certificate Filed in New York County  
Commission Expires October 19, 2010

  
Notary Public

[SEAL]

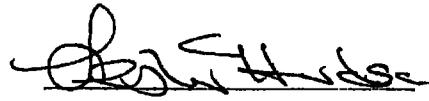
My Commission expires:

STATE OF Texas )  
 ) SS:  
COUNTY OF Tarrant )

On this 30 day of April, 2007 before me personally appears, Ingram Steering, who by me duly sworn, says that he/she is the Manager of Sales of Lower Colorado River Authority (the "Company"), that the foregoing instrument was signed on behalf of the said Company by authority of its Board of Directors, and he/she acknowledged that the execution of the foregoing instrument was the free act and deed of the said Company.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.



  
Notary Public

[SEAL]

My Commission expires: Feb. 14, 2011

**EXHIBIT A**

**TO MEMORANDUM OF NET RAILCAR LEASE**

<u>Quantity</u>	<u>Car Description</u>	<u>Reporting Marks and Numbers</u>
One Hundred Thirty-Five (135)	Aluminum body AutoFlood III Open Top Hoppers, with a 4200 CF. 286,000 lbs. gross rail load capacity, AAR Car Type Code K341, built by Freight Car America in 2006	BNBX 120770 – 120894; and 120407, 120409, 120410, 120465, 120472, 120474, 120491, 120493, 120494, 120496.

**CERTIFICATION**

I, Robert W. Alvord, attorney licensed to practice in the State of New York and the District of Columbia, do hereby certify under penalty of perjury that I have compared the attached copy with the original thereof and have found the copy to be complete and identical in all respects to the original document.

Dated:

6/11/07



\_\_\_\_\_  
Robert W. Alvord