

ALVORD AND ALVORD

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

RECORDATION NO. W/46 FILED 1425 COUNSEL
URBAN A. LESTER

FEB 18 1994 -2 10 PM

INTERSTATE COMMERCE COMMISSION

RECORDATION NO. W/46-A x B FILED 1425

FEB 18 1994 -2 10 PM

INTERSTATE COMMERCE COMMISSION

February 18, 1994

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

Dear Mr. Strickland:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11303(a) are two (2) copies of each of the following documents: (1) a General Security Agreement, dated January 24, 1994, a primary document as defined in the Commission's Rules for the Recordation of Documents under 49 C.F.R. Section 1177; (2) a Memorandum of Rail Equipment Usage Agreement, dated as of January 24, 1994; and (3) a Memorandum of Assignment of Rail Equipment Usage Agreement, dated as of January 24, 1994, both secondary documents related to the aforesaid primary document.

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

Security Agreement

Debtor: New York Cross Harbor Railroad Terminal Corp.
4302 First Avenue
Brooklyn, New York 11232

Secured Party: MERCO Joint Venture
157 Albany Avenue
Freeport, New York 11520

Handwritten signatures:
Gordon
C. Dudley

Mr. Sidney L. Strickland, Jr.
February 18, 1994
Page 2

Memorandum of Rail Equipment Usage Agreement

**Lessor: CH Partners, Inc.
1280 Wall Street West
Lyndhurst, New Jersey 07071**

**Lessee: New York Cross Harbor Terminal Corp.
4302 First Avenue
Brooklyn, New York 11232**

Memorandum of Assignment of Rail Equipment Usage Agreement

**Assignor: New York Cross Harbor Terminal Corp.
4302 First Avenue
Brooklyn, New York 11232**

**Assignee: MERCO Joint Venture
157 Albany Avenue
Freeport, New York 11520**

A description of the vessel covered by the enclosed document is: one 360-foot barge built in 1953 known as Car float number 29.

Also enclosed is a check in the amount of \$54.00 payable to the order of the Interstate Commerce Commission covering the required recordation fee.

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

Very truly yours,

Robert W. Alvord

RWA/bg
Enclosures

Interstate Commerce Commission
Washington, D.C. 20423

2/18/94

OFFICE OF THE SECRETARY

Roberts ; Alvord

Alvord & Alvord

918 16th St N.W. Suite 200

Washington, D.C. 20006

Dear sir:

The enclosed document(s) was recorded pursuant to the provisions
of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303,

on 2/18/94 at 2:10pm, and assigned
recordation number(s). W-46, W46-A & W-46-B, W45

Sincerely yours,

Secretary
SIDNEY L. STRICKLAND, JR.

Enclosure(s)

RECORDATION NO. W46 FILED 1425
FEB 18 1994 - 2 10 PM
INTERSTATE COMMERCE COMMISSION

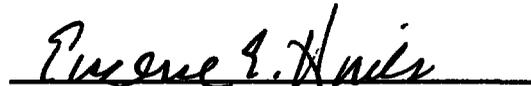
District of Columbia : SS

I, ROBERT W. ALVORD, being duly sworn do hereby certify that the attached "General Security Agreement" dated as of January 24, 1994 between Merco Joint Venture and New York Cross Harbor Railroad Terminal Corp. consisting of eight pages (including the acknowledgement page), is a true and complete copy of the original thereof.



ROBERT W. ALVORD

Subscribed and sworn to before me this 16th day of February, 1994.



NOTARY PUBLIC

My Commission expires:

August 14, 1997



RECORDATION NO. W/4R FILED 1425

FEB 18 1994 - 2 10 PM

GENERAL SECURITY AGREEMENT

INTERSTATE COMMERCE COMMISSION

AGREEMENT made as of the 24th day of January, 1994, by the undersigned to MERCJO JOINT VENTURE, having an office at 157 Albany Avenue, Freeport, New York 11520 (the "Lender").

1. Definitions.

The term "Obligations" shall include all indebtedness, obligations, liabilities, and guarantees of any kind of the undersigned to the Lender (and also to others to the extent of participations or interests therein of the Lender), now existing or hereafter arising, and whether direct or indirect.

The term "Collateral" shall include all property of the undersigned as set forth on Schedule "A" annexed hereto. All products of Collateral and all additions and accessions to, replacements of, insurance or condemnation proceeds of, and documents covering Collateral, all property received wholly or partly in trade or exchange for Collateral, all leases of Collateral and all rents, revenues, issues, profits and proceeds arising from the sale, lease, license, encumbrance, collection or any other temporary or permanent disposition of the Collateral or any interest therein.

All other terms used herein which are defined in the Uniform Commercial Code of the State of New York, and the United States Code and the Code of Federal Regulations shall have the meanings therein stated.

2. Grant of Security Interest.

In consideration of the modification and extension of the outstanding loan obligation to New York Cross Harbor Railroad Terminal Corp. in the outstanding principal amount of Two Hundred Thirty Four Thousand Eight and 10/100 (\$234,008.10) Dollars, and the obligation of CH PARTNERS, INC. to the Lender under the terms of that certain non-revolving grid note in the principal amount of Ninety Thousand (\$90,000) Dollars dated of even date herewith, and of one or more loans, advances, or other financial accommodations at any time made or extended by the Lender to CH PARTNERS, INC. or NEW YORK CROSS HARBOR RAILROAD TERMINAL CORP., the undersigned hereby grants to the Lender a valid and binding first security interest in the Collateral.

3. Further Documentation. The undersigned shall, at its sole cost and expense, simultaneously herewith and upon the request of the Lender, at any time and from time to time, execute and deliver to the Lender one or more financing statements, credit and security documents, pursuant to the Uniform Commercial Code, Federal Statutes and Interstate Commerce Commission Rules and Regulations, and any other papers, documents or instruments required by the Lender in connection herewith. The undersigned

hereby authorizes the Lender to execute and file, at any time and from time to time, on behalf of the undersigned, one or more financing statements with respect to all or any part of the collateral, the filing of which is advisable, in the sole judgment of the Lender, pursuant to Federal law and the law of the State of New York, although the same may have been executed only by the Lender as secured party. The undersigned also irrevocably appoints the Lender, its agents, representatives and designees, as the undersigned's agent and attorney-in-fact, to execute and file, from time to time, on behalf of the undersigned, one or more financing statements with respect to all or any part of the Collateral.

4. Defaults.

The occurrence of any one or more of the following events shall constitute an event of default by the undersigned under this Agreement:

(a) if at any time the Lender shall, in its discretion, consider the Collateral or any part thereof unsatisfactory or insufficient, and the undersigned shall on demand furnish other Collateral or make payment on account, satisfactory to the Lender;

(b) if the undersigned or any obligor, maker, endorser, acceptor, surety or guarantor of, or any other party to any of the Obligations or the Collateral (the same, including the undersigned, being collectively referred to herein as "Obligors") shall default in the timely payment of any sum payable with respect to, or in the performance of any of the terms and conditions of, any of the Obligations (or of any instruments evidencing the same) or of any terms or conditions of this Agreement or the Collateral;

(c) in the event of loss, theft, substantial damage or destruction of any of the Collateral, or the making of any levy on, seizure or attachment of any of the Collateral;

(d) if any of the Obligors shall default in the observance or performance of any term, covenant or agreement contained herein or in any instrument, document or agreement delivered by any of the Obligors to the Lender;

(e) if there shall be filed by or against any of the Obligors any petition for any relief under the bankruptcy laws of the United States as now or hereafter in effect or under any insolvency, readjustment of debt, dissolution or liquidation law or statute now or hereafter in effect (and whether any such action or proceeding shall be at law, in equity or under any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, receivership, liquidation or dissolution law or statute);

(f) if any governmental authority or any court or other tribunal shall take possession or jurisdiction of any substantial part of the property of, or assume control over the affairs or operations of, or a receiver shall be appointed of, any substantial part of the property of any of the Obligors;

5. Remedies on Default.

Upon the occurrence of any one or more of the aforementioned events of default or at any time thereafter, the Lender may, without notice to or demand upon the undersigned, declare any or all of the Obligations immediately due and payable and the Lender shall have the following rights and remedies in addition to all rights and remedies of a secured party under the Uniform Commercial Code or other applicable statute or rule, in any jurisdiction in which enforcement is sought, all such rights and remedies being cumulative and not exclusive:

(a) *Collateral.* The Lender may, at any time and from time to time, with or without process of law and with or without the aid and assistance of others, enter upon any premises in which the Collateral or any part thereof may be located and, without resistance or interference by the undersigned, take possession of the Collateral; and/or dispose of all or any part of the Collateral on any premises of the undersigned; and/or require the undersigned to assemble and make available to the Lender all or any part of the Collateral at any place and time designated by the Lender which is reasonably convenient to the Lender and the undersigned; and/or remove all or any part of the Collateral from any premises on which any part thereof may be located for the purpose of effecting preservation or sale or other disposition thereof; and/or sell, resell, lease, assign and deliver, or otherwise dispose of, the Collateral or any part thereof in its existing condition or following any commercially reasonable preparation or processing, at public or private proceedings, in one or more parcels at the same or different times with or without having the Collateral at the place of sale or other disposition for cash, upon credit or for future delivery, and in connection therewith the Lender may grant options, at such place or places and time or times and to such persons, firms or corporations as the Lender deems best, and without demand for performance or any notice or advertisement to the undersigned of the place and time of any public sale or of the place and time after which any private sale or other disposition may be made, and/or liquidate or dispose of the Collateral or any part thereof in any other commercially reasonable manner.

If any of the Collateral is sold by the Lender upon credit or for future delivery, the Lender shall not be liable for the failure of the purchaser to purchase or pay for the same and, in the event of any such failure, the Lender may resell such Collateral. The undersigned hereby waives all equity and right of

redemption. The Lender may buy any part or all of the Collateral at any public sale and if any part of all of the Collateral is of a type which is the subject of widely distributed standard price quotations the Lender may buy at private sale, all free from any equity or right of redemption which is hereby waived and released by the undersigned, and the Lender may make payment therefor (by endorsement without recourse) in notes of the undersigned to the order of the Lender in lieu of cash to the amount then due thereon which the undersigned hereby agrees to accept.

The Lender may apply the cash proceeds actually received from any sale or other disposition to the reasonable expenses of retaking, holding, preparing for sale, selling, leasing and the like, to reasonable attorney's fees (not less than 15 percent of the outstanding Obligations where permitted by law) if this Agreement or any of the Obligations is referred to an attorney for enforcement, to all legal expenses, court costs, collection charges, travel and other expenses which may be incurred by the Lender in attempting to collect the Obligations or to enforce this Agreement and realize upon the Collateral, or in the prosecution or defense of any action or proceeding related to the subject matter of this Agreement; and then to the Obligations in such order and as to principal or interest as the Lender may in its sole discretion determine; and the undersigned shall at all times be and remain liable and, after crediting the net proceeds of sale or other disposition as aforesaid, will pay the Lender on demand any deficiency remaining, including interest thereon and the balance of any expenses at any time unpaid, with any surplus to be paid to the undersigned, subject to any duty of the Lender imposed by law to the holder of any subordinate security interest in the Collateral known to the Lender.

(b) *Proceeds.* Any of the proceeds of the Collateral received by the undersigned shall not be commingled with other property of the undersigned, but shall be segregated, held by the undersigned in trust for the Lender as the exclusive property of the Lender, and the undersigned will immediately deliver to the Lender the identical checks, moneys or other proceeds of Collateral received, and the Lender shall have the right to endorse the name of the undersigned on any and all checks, or other forms of remittance received, where such endorsement is required to effect collection. The undersigned hereby designates, constitutes and appoints the Lender and any designee or agent of the Lender as attorney-in-fact of the undersigned, irrevocably and with power of substitution, with authority to receive, open and dispose of all mail addressed to the undersigned, to notify the Post Office authorities to change the address for delivery of mail addressed to the undersigned, to such address as the Lender may designate; to endorse the name of the undersigned on any notes, acceptances, checks, drafts, money orders or other evidences of payment or proceeds of the Collateral that may come into the Lender's possession; to sign the name of the undersigned on any invoices,

documents, drafts against account debtors of the undersigned, assignments, requests for verification of accounts and notices to debtors of the undersigned; to execute any endorsements, assignments, or other instruments of conveyance or transfer; and to do all other acts and things necessary and advisable in the sole discretion of the Lender to carry out and enforce this Agreement. All acts of said attorney or designee shall not be liable for any acts of commission or omission nor for any error of judgment or mistake of fact or law. This power of attorney being coupled with an interest is irrevocable while any of the Obligations shall remain unpaid.

6. Liability Disclaimer.

Under no circumstances whatsoever shall the Lender be deemed to assume any responsibility for or obligation or duty with respect to any part or all of the Collateral, of any nature or kind whatsoever, or any matter or proceedings arising out of or relating thereto. The Lender shall not be required to take any action of any kind to collect or protect any interest in the Collateral, including but not limited to any action necessary to preserve its or the undersigned's rights against prior parties to any of the Collateral. The Lender shall not be liable or responsible in any way for the safekeeping, care or custody of any of the Collateral, or for any loss or damage thereto, or for any diminution in the value thereof, or for any act or default of any agent or bailee of the Lender or the undersigned, or of any carrier, forwarding agency or other person whomsoever, or for the collection of any proceeds, but the same shall be at the undersigned's sole risk at all times. The undersigned hereby releases the Lender from any claims, causes of action and demands at any time arising out of or with respect to this Agreement or the Obligations, and any actions taken or omitted to be taken by the Lender with respect thereto, and the undersigned agrees to defend and hold the Lender harmless from and with respect to any and all such claims, causes of action and demands. The Lender's prior recourse to any part of all of the Collateral shall not constitute a condition of any demand for payment of the Obligations or of any suit or other proceeding for the collection of the Obligations.

7. Modification.

No provision hereof shall be modified, altered or limited except by a written instrument expressly referring to this Agreement and to the provision so modified or limited, and executed by the party to be charged.

8. Authorization.

The execution and delivery of this Agreement has been authorized by the Board of Directors of the undersigned and by any necessary vote or consent of stockholders of the undersigned.

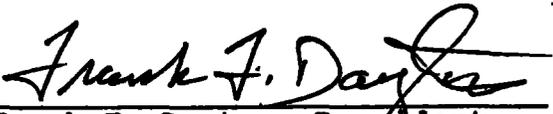
9. Binding Effect.

This Agreement and all Obligations of the undersigned hereunder shall be binding upon the successors or assigns of the undersigned, and shall, together with the rights and remedies of the Lender hereunder, inure to the benefit of the Lender and its successors, endorsees and assigns.

IN WITNESS WHEREOF, the undersigned has executed or caused this Agreement to be executed as of the date set forth above.

NEW YORK CROSS HARBOR RAILROAD
TERMINAL CORP.

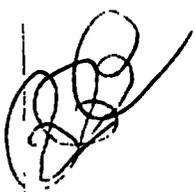
By:


Frank F. Dayton, President

Greenwich Yards

The location of the Collateral is at Atlantic Terminal, (Conrail), Jersey City, New Jersey and/or Bush Terminal, Brooklyn, New York.

BROOKLYN



SCHEDULE "A"

1. One Engine #11 Diesel Locomotive built in 1951 by American Locomotive
2. One Engine #21 Diesel Locomotive built in 1947 by American Locomotive
3. One 360' Barge built in 1953 known as CarFloat #29

2025.10.10
together with ~~all~~ spare parts and related equipment now owned or hereafter acquired by the Debtor/Obligor and any replacements of said Engines and/or Barge.



STATE OF NEW YORK)
 Nassau) ss.:
COUNTY OF KINGS)

On this 24th day of January, 1994 before me personally came FRANK F. DAYTON, to me known, who being by me duly sworn, says that he is the President of NEW YORK CROSS HARBOR RAILROAD TERMINAL CORP., the corporation described in and which executed the foregoing instrument and that he acknowledged that he was authorized to execute and that he had executed the foregoing instrument on behalf of said corporation.



Notary Public

GINA S. GREENHILL
Notary Public, State of New York
No. 4867265
Qualified in Nassau County 94
Commission Expires Aug. 4, 1994

F:\DEBBIE\MERCO\CROSSGEN.AGT