



1100 Shawnee Street  
Mount Vernon, Illinois  
(P) 618.241.9270

RECORDATION NO. 32372  
FILED OCTOBER 5, 2016 11:28 AM  
SURFACE TRANSPORTATION BOARD

September 29, 2016

Chief  
Section of Administration  
Office of Proceedings  
Surface Transportation Board  
Washington DC 20423-0001

Re: Rail Equipment Recordation; E-Filing

Dear Section Chief,

I have attached for recordation, pursuant to 49 U.S.C. 11301, one original of a Locomotive Lease Agreement, dated September 22, 2016, a primary document.

The names and addresses of the parties to the enclosed Locomotive Lease Agreement are as follows:

Lessor: National Railway Equipment Co.  
1100 Shawnee Street  
Mt. Vernon, IL 62864

Lessee: Savage Services  
2815 Indianapolis Blvd.  
Whiting, IN 46394

The equipment covered by the Locomotive Lease Agreement is as follows:

One 1GS7B Locomotive, bearing road # NREX 7004.

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

Locomotive Lease Agreement between National Railway Equipment Co. (Lessor) and Savage Services (Lessee), dated September 22, 2016, for the lease of one 1GS7B Locomotive, bearing road # NREX 7004.

Attached please find a credit card authorization form in the amount of \$45.00 to cover the E-Filing fees for recordation of the attached Locomotive Lease.



1100 Shawnee Street  
Mount Vernon, Illinois  
(P) 618.241.9270

Please return a date-stamped copy of the Locomotive Lease Agreement to:

Becky Burton  
National Railway Equipment Co.  
1101 Broadway  
P.O. Box 1416  
Mt. Vernon, Illinois 62864

Thank you.

Sincerely,

A handwritten signature in black ink, appearing to read 'Hal Burgan'. The signature is fluid and cursive, with a large initial 'H' and 'B'.

Hal Burgan  
General Counsel



## LOCOMOTIVE LEASE AGREEMENT

THIS LOCOMOTIVE LEASE AGREEMENT ("Lease") is entered into as of this ~~22nd~~ day of September 2016, between National Railway Equipment Co., an Illinois corporation, ("Lessor"), and Savage Services, 2815 Indianapolis Blvd., Whiting IN 46394 ("Lessee")(collectively the "Parties").

### LESSOR AND LESSEE HEREBY AGREE AS FOLLOWS:

1. **LEASE AND LEASED PROPERTY.** Lessee hereby leases from Lessor, the locomotive(s), ("Locomotive", or "Locomotives"), together with the parts, accessories, attachments and devices, if any, now or hereafter affixed thereto, as described in Schedule "A" attached to and made part hereof.

2. **TERM.** The term of this Lease for each Locomotive shall be the fixed term set forth in Schedule "A", commencing on the date such Locomotive is delivered to Lessee ("Commencement Date").

### 3. RENTAL

A. The rent payable shall be the sum identified in Schedule "A." Rent shall be payable in advance monthly installments, without demand. The first month's rent shall be paid upon Lessee's execution of this Lease. Lessee shall operate such Locomotive(s) in service only on its railroad.

B. Payments past due for more than thirty (30) days shall bear interest at the rate of one and one-half percent (1.5%) per month.

C. All rentals shall be paid to Lessor at:

The Private Bank  
Bank Address: 120 South LaSalle, Chicago, Illinois 60603  
ABA No.: 071006486  
Account No.: 2270651  
Account Name: NRE

or at such other address as Lessor may direct in writing.

4. **TAXES.** Lessor shall pay all sales, use, excise, ad valorem, stamp, documentary and similar taxes on or relating to this lease of the Locomotive(s), or the use, registration, rental, possession or operation thereof, and shall file any returns required therefore.

5. **OWNERSHIP AND INSPECTION.** The Locomotive(s) shall at all times remain the property of Lessor. Upon reasonable notice to Lessee, Lessor or its agents shall have free access to the Locomotive(s) at reasonable times for the purpose of inspections. No accessions, additions, alterations or improvements to the Locomotive(s) of any nature shall be made without Lessor's consent, but if any are made, they immediately shall become part of the Locomotive(s) and shall become Lessor's property. Lessee shall keep the Locomotive(s), at all times, free and clear from all claims, liens and encumbrances. This Lease is intended to be a true lease of the Locomotive(s) and is not, and in no way shall be construed as creating, a sale of the Locomotive(s) to Lessee.

6. **DELIVERY / RETURN.** Lessee shall accept delivery of the Locomotive(s) at Lessor's designated facility. Upon expiration or other termination of this Lease, Lessee shall return such Locomotive(s) to Lessor at Lessor's Mt. Vernon IL facility in good order and condition, reasonable wear and tear excepted. Lessor shall bear freight costs and risk of loss outbound and inbound. Lessee shall pay or reimburse Lessor for any reasonable and ordinary expenses incurred by Lessor in returning the Locomotive(s) to good order and condition, reasonable wear and tear excepted. All obligations of Lessee under this Lease shall continue with respect to any Locomotive not returned by the expiration or earlier termination of this Lease.

7. **WARRANTY AND DISCLAIMER.** Lessee acknowledges that Lessee will have the opportunity to inspect the Locomotive(s) before accepting delivery of same, and that acceptance of delivery of the Locomotive(s) by Lessee constitutes acknowledgement that they have been received in good condition and repair. **LESSOR MAKES NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, WITH RESPECT TO THE CONDITION, MERCHANTABILITY OR FITNESS FOR ANY PURPOSE OF THE LOCOMOTIVE** and Lessor hereby disclaims all such representations and warranties. **LESSOR SHALL NOT BE RESPONSIBLE FOR ANY CONSEQUENTIAL, INCIDENTAL, OR INDIRECT DAMAGES, INCLUDING LOST PROFITS.**

8. **USE AND MAINTENANCE.**

A. Lessee shall be responsible and pay for all registrations, certificates, and permits, and all other similar requirements of governmental authorities required to be obtained in the name of Lessee.

B. The Locomotive(s) shall be used and operated only by properly qualified and trained personnel authorized by Lessee.

C. Lessee shall comply with all federal, state, municipal and local laws, ordinances, and rules, and regulations relating to the lease, possession, use and operation of the Locomotive(s).

D. Lessee shall be solely responsible for the payment of any and all fines,

penalties or forfeitures (including without limitation the confiscation of the Locomotive(s)) levied upon or arising out of the use or operation of the Locomotive(s) in violation of any law, ordinance, rule, or regulation of any governmental authority.

E. Lessee shall pay all costs, expenses and charges incurred in connection with the use and operation of the Locomotive(s), including fuel and consumables.

F. Lessee shall keep and maintain any and all books and records and make any filings required by any governmental authority with respect to the possession, lease, use or operation of the locomotive(s).

#### 9. INSURANCE / INDEMNIFICATION.

A. Lessee, at its sole expense, shall provide general liability insurance and property insurance providing coverage during the Lease Term and until the Locomotive(s) is returned to Lessor, in an amount not less than five million dollars per occurrence and ten million dollars combined in the aggregate. The insurance policy or policies providing the foregoing coverage shall: i.) be written by an insurance company or companies satisfactory to Lessor and authorized to transact business in all of the states in which the Locomotive(s) will be used and operated; ii.) protect the interests of Lessor and Lessee, including Lessee's authorized operators, with respect to liability for injuries to or the death of third party persons and damage to or loss of use of property of third persons resulting from the ownership, maintenance, use or operation of the Locomotive(s); iii.) provide by endorsement or otherwise that the coverage shall be primary coverage as to Lessor and show Lessor as additional insured; and iv.) provide that ~~the insurance company or companies issuing such policy or policies~~ shall notify Lessor of any cancellation thereof at least thirty (30) days prior thereto.

B. Lessee, at its sole expense, shall provide collision and comprehensive physical damage insurance on each Locomotive in the amount of the Replacement Value. The insurance policy or policies providing the foregoing coverages shall: be written in standard form by an insurance company acceptable to Lessor, and provide for losses to be payable to Lessor and Lessee as their respective interests may appear.

C. Lessee shall furnish Lessor with a certificate(s) of insurance or other evidence of said insurance coverage.

D. Lessee assumes liability for, and shall pay when due, and shall defend, indemnify, reimburse, protect and hold each Indemnified Person (defined below) harmless from and against all Claims (defined below), directly or indirectly arising out of or relating to: i) the use, lease, operation, control, or storage, of the Locomotives, or ii) Lessee's failure to comply with the terms of this Lease. The forgoing indemnity shall cover, without limitation, any Claim for negligence or strict or absolute liability in tort; provided that Lessee shall not indemnify Lessor for any liability incurred by Lessee as a result of Lessor's negligence or willful misconduct.

SMUDGE

"Claim" means all liabilities, losses, damages, actions, suits, demands, and claims of any kind and nature, including without limitation fines, penalties, damage to or loss of use of property, or bodily injury or death of any person (including without limitation any agent or employee of Lessor), and all costs and expenses that are incurred or suffered by an Indemnified Person in connection therewith (including without limitation reasonable attorney's fees and expenses).

"Indemnified Person" means Lessor, and its respective successors, assigns, corporate parent, subsidiaries, affiliates, agents, officers, directors, shareholders, and employees.

Such indemnities shall continue in full force and effect notwithstanding the expiration or termination of this Lease, for a period not to exceed the applicable statute of limitations. Lessee shall give Lessor prompt notice of any occurrence, event, or condition in connection with which Lessor may be entitled to indemnification hereunder.

E. Lessee assumes and agrees to indemnify, protect and hold harmless Lessor, and its respective successors, assigns, corporate parent, subsidiaries, affiliates, agents, officers, directors, shareholders, and employees from any loss, damage, theft or destruction of any Locomotive. In the event of damage to a Locomotive, Lessee shall immediately place the same in good repair (reasonable wear and tear excepted). If Lessor, in the exercise of its reasonable judgment, determines that any Locomotive is lost, stolen, destroyed, damaged beyond repair or rendered permanently unfit for use for any reason, or in the event of condemnation or seizure of a Locomotive, Lessee shall (at Lessor's option) (i) replace such Locomotive with substantially similar equipment of equal or greater value and in good repair and transfer title thereto to Lessor free and clear of any all liens, claims and encumbrances of any kind or nature whatsoever, or (ii) pay Lessor in cash the Replacement Value of such Locomotive, as determined in accordance with Schedule A. Upon payment of such amount to Lessor, such item shall become the property of Lessee, Lessor will transfer to Lessee, without recourse or warranty, all of Lessor's right, title and interest therein, and the rent with respect to such item shall terminate. Lessee shall pay any sales and use taxes due on such transfer or upon any purchase or passage of title to Lessee.

F. If Lessee shall fail to obtain or maintain the insurance coverage required in this Lease, or shall fail to furnish Lessor with evidence thereof, Lessor at its option, may obtain such required insurance coverage on behalf of Lessee at Lessee's expense.

10. ASSIGNMENT. Without lessor's prior written consent, lessee may not assign any of its rights under this lease. All assignment of rights by lessee (unless approved by lessor) are prohibited, whether they are voluntary or involuntary, by merger, consolidation, dissolution, operation of law, or any other manner. Any purported assignment of rights by lessee (unless approved by lessor) under this lease is void.

11. This section intentionally removed.

12. **DEFAULT.** Lessee shall be in default under this Lease upon the happening of any of the following events or conditions, and the failure to cure such event or condition within thirty (30) days after the receipt of written notice of such event or condition ("Event of Default"): default in the payment when due of any installment of rental hereunder, or of any other obligation for the payment of money now or hereafter owed by Lessee to Lessor, or default in the timely performance of any other liability, obligation, covenant or agreement in this Lease.

13. **REMEDIES UPON DEFAULT.**

A. Upon the occurrence of any Event of Default, Lessor, in its sole discretion, may exercise any and all rights and remedies available to Lessor under any applicable law, including without limitation taking one or more of the following actions with respect to the Locomotive(s):

i. Declare all unpaid lease payments to be immediately due and payable.

ii. Terminate the Lease of any or all Locomotives by written notice to Lessee. Termination of this Lease does not terminate, limit, or restrict the rights and remedies of Lessor.

iii. Require that Lessee shall (and Lessee agrees that it shall), upon demand by Lessor and at Lessee's expense, promptly make available to Lessor at Lessee's expense, any or all Locomotive(s) at a place designated by Lessor which is reasonably convenient to both parties.

B. Lessee shall pay Lessor all costs and expenses, including but not limited to reasonable attorney's fees and out of pocket expenses, incurred by Lessor in exercising any of its rights or remedies hereunder or enforcing any of the terms, conditions, of the Lease.

C. None of the rights and remedies under or referred to is intended to be exclusive, but each such right or remedy shall as to each Locomotive be cumulative and may be availed of separately or concurrently with or in addition to any other right or remedy provided or referred to herein or otherwise available to Lessor at law or in equity. Any repossession or subsequent sale or lease by Lessor of any Locomotive(s) shall not bar an action against Lessee for a deficiency. To the extent permitted by applicable law, **LESSEE WAIVES ANY AND ALL RIGHTS TO NOTICE AND TO A JUDICIAL HEARING WITH RESPECT TO THE REPOSSESSION OF LOCOMOTIVE BY LESSOR AS A RESULT OF ANY EVENT OF DEFAULT HEREUNDER BY LESSEE.**

D. Without limitation of any rights of Lessor, it is expressly covenanted and agreed by the Parties that in the event of any assignment of this Lease (by operation of law or for the benefit of Lessee's creditors), or of a bankruptcy of Lessee within the meaning of the Federal Bankruptcy Act, then Lessor may, at Lessor's election,

Immediately terminate this Lease.

14. **RECORDATION OF LESSOR'S INTEREST.** Lessee agrees to execute and notarize all recording documents requested by Lessor to show, create and perfect Lessor's interest in the Locomotive(s). Lessee further authorizes Lessor to execute and file financing statements or other documents evidencing Lessor's interest in the Locomotive(s) without Lessee's signature.

15. **MISCELLANEOUS.**

A. This Lease and all rights and obligations hereunder shall be governed by and construed in accordance with the laws of the State of Illinois, without regard to its conflict of law provisions. Illinois shall be choice of forum for all litigation arising out of or relating to this Lease.

B. Neither this Lease nor any schedule shall be amended, and no provision hereof or of any Schedule shall be waived or varied, unless by a writing signed by Lessor and Lessee.

C. No delay or omission by Lessor in exercising any right hereunder shall operate as a waiver of such right or any other right. A waiver by Lessor of any Event of Default by Lessee shall not be construed as a waiver of any future occasion.

D. In case any provision (or portions thereof) in this Lease shall be held to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions (or portions thereof) hereby shall not in any way be affected or impaired thereby.

E. This Lease shall be binding upon and inure to the benefit of Lessor and Lessee and their respective successors.

F. This Lease shall not transfer to Lessee any interest, right, title, or license in Lessor's trade secrets, trademarks, patents, intellectual property, or confidential and proprietary information. Lessor retains all interest, right, and title to all Lessor's trade secrets, trademarks, patents, intellectual property, and confidential and proprietary information. Lessee shall not analyze, decompile, or reverse engineer, or cause or allow a third party to analyze, decompile, or reverse engineer the Locomotive(s) or any part or component of the Locomotive(s) for any purpose.

G. All notices permitted or required to be given pursuant to this Lease shall be mailed by Certified or Registered Mail (with return receipt requested), ~~or~~ by email (with delivery confirmation requested) to the parties at the following addresses or at such other addresses as each party may notify each other. Notices shall be considered effective upon the date indicated in the return receipt or delivery confirmation, as appropriate.

To Lessor:

NRE  
Attn: Mike Zerafa  
1100 Shawnee  
Mt. Vernon IL 62864  
m.zerafa@nre.com

With a copy to:

NRE  
Attn: Hal Burgan  
1101 Broadway  
Mt. Vernon IL 62864  
h.burgan@nre.com

To Lessee:

Savage Services  
2815 Indianapolis Blvd.  
Whiting IN 46394

IN WITNESS WHEREOF, the parties have executed this Lease the day and year first mentioned above.

LESSOR:  
National Railway Equipment Co.

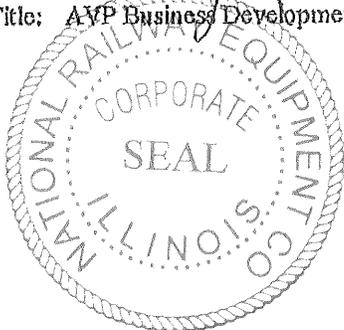
LESSEE:  
Savage Services

BY:

BY:

Name: Mike Zerafa  
Title: AVP Business Development

Name:  
Title:



**SCHEDULE "A"**

Attached to and incorporated into the Locomotive Lease Agreement dated the \_\_\_\_\_ day of September 2016, by and between National Railway Equipment Co. ("Lessor") and Savage Services ("Lessee").

The Type, Description, and Replacement Value of Locomotive(s)(including Marks and Numbers) leased by Lessee are as follows:

<u>Unit No.</u>	<u>Type</u>	<u>Replacement Value</u>	<u>Lease Rate</u>
NREX 107 7004	IGS7B	[REDACTED]	[REDACTED]

Lease Term and Rate:

The Lease Term shall be for a period of <sup>two (2)</sup> months, commencing with the delivery of the above named unit, at a lease rate of \$5 per month per Locomotive. Lessee may terminate this Lease prior to the expiration of the Lease Term by returning the Locomotive to Lessor's facility, in accordance with paragraph 6 of this Lease. The Parties may extend the term of this Lease, in accordance with paragraph 15 (B) of this Lease.

LESSOR:  
National Railway Equipment Co.

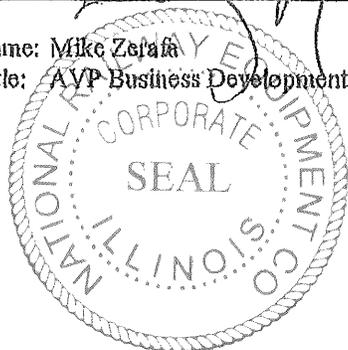
LESSEE:  
Savage Services

BY:

BY:

Name: Mike Zepeda  
Title: AYP Business Development

Name:  
Title:





1100 Shawnee Street  
Mount Vernon, Illinois  
(P) 618.241.9270

I, Hal Burgan, certify that I am the General Counsel of National Railway Equipment Co., that the seal affixed to the forgoing instrument is the corporate seal of said corporation, that the instrument was signed and sealed on behalf of the corporation by the authority of its Board of Directors, and that I acknowledge that the execution of the foregoing instrument was the free act and deed of the corporation. I further state under penalty of perjury that the foregoing is true and correct.

Executed on September 29, 2016

Signature

A handwritten signature in black ink, appearing to read 'Hal Burgan', is written over a horizontal line.

Hal Burgan  
General Counsel  
National Railway Equipment Co.