

WHEN RECORDED, MAIL TO:

SANDY FRANGER
The Salt Lake City Southern
Railroad Co., Inc.
C/O RailTex
4040 Broadway, Suite 200
San Antonio, Texas 78209

No Fee

5479818
19 APRIL 93 08:53 AM
KATIE L. DIXON
RECORDER, SALT LAKE COUNTY, UTAH
TITLE INSURANCE AGENCY
REC BY: DIANE KILPACK, DEPUTY

PERMANENT FREIGHT RAILROAD OPERATING EASEMENT

FREIGHT RAILROAD OPERATING EASEMENT ("Freight Easement")

granted as of March 31, 1993, by the UNION PACIFIC RAILROAD COMPANY, a Utah corporation (hereinafter referred to as "UPRR") to THE SALT LAKE CITY SOUTHERN RAILROAD CO., INC., a Texas corporation (hereinafter "SLS").

WHEREAS, pursuant to that certain Assignment, Assumption and Indemnity Agreement between UPRR, as Assignor, and SLS, as Assignee, dated as of March 31, 1993 (the "Assignment Agreement"), UPRR has assigned and conveyed to SLS assets necessary for certain freight railroad operations on certain railroad line generally referred to as UPRR's Provo Subdivision Line and Lovendahl Spur (which is more specifically described below and referred to herein as the "Right-of-Way");

WHEREAS, UPRR and Utah Transit Authority (hereinafter "UTA") have heretofore entered into a Purchase and Sale Agreement dated as of October 30, 1992, covering UPRR's sale to UTA of the Right-of-Way described in Section 1.1 hereof;

WHEREAS, pursuant to the terms of the aforesaid Purchase Agreement UPRR's deed to UTA conveying the Right-of-Way to UTA,

5479818

BK6641PG1641

UPRR reserved unto itself a Retained Freight Operating Easement over the Right-of-Way described in Section 1.1 hereof.

WHEREAS, pursuant to the terms of the Purchase Agreement between UPRR and UTA, UPRR has agreed to grant to SLS a freight railroad operating easement on the Right-of-Way, in order to enable SLS to provide common carrier rail freight service on the Right-of-Way.

NOW, THEREFORE, in consideration of the premises, reservations, covenants and undertakings contained in the Purchase Agreement, UPRR hereby grants the following easement to SLS:

1. GRANT OF FREIGHT EASEMENT

1.1 Subject to the terms and conditions hereof, UPRR hereby grants to SLS a rail freight easement for the purpose of providing common carrier rail freight service to all freight customers on the following Right-of-Way:

UP's freight railroad line located between Ninth Street Junction, on the north side of NINTH (900) SOUTH STREET, Salt Lake City, Utah (approximately milepost 798.74) and the Salt Lake County/Utah County boundary line (approximately milepost 775.19) consisting of approximately 23.55 miles, as shown on the UP's Chief Engineer's Alignment Maps of the Union Pacific Provo Subdivision Line and as shown on the Oregon Shortline Railroad Station Maps - Lands aka Property Accounting Valuation Maps;

UP's spur freight railroad line which departs in a southwesterly direction from the Provo Subdivision Line at approximately 6400 South in Murray, Utah (approximately milepost 790.52) crossing under both the

I-15 freeway and the D&RGW Railroad main line, and then heading south to approximately 7400 South, to the point of intersection with the D&RGW right of way (approximately milepost 1.402), a distance of about 1.4 miles, as shown on the UP's Chief Engineer's Alignment Maps of the Union Pacific Provo Subdivision Line and as shown on the Oregon Shortline Railroad Station Maps - Jands aka Property Accounting Valuation Maps.

That portion of the Property sold by Seller to UTA located in the center of historic Sandy (Old Town) which extends from approximately 8600 South to 9000 South along the UPRR Right-Of-Way and running from approximately 150 East to 190 East; the east-west width of this property is approximately 260 feet, more or less, with the exception of a small portion on the north end which is narrower, and its length from north to south is approximately 2560 feet;

That portion of the Property sold by Seller to UTA situated between 5410 and 5830 South Streets at 300 West and which is approximately 2500 feet long and 125 feet wide;

BUT LESS AND EXCEPTING THEREFROM THE PARCELS OF PROPERTY DESCRIBED IN EXHIBIT "A" HERETO AS TO WHICH NO FREIGHT EASEMENT WAS RESERVED AND AS TO WHICH NO EASEMENT IS GRANTED HEREBY .

1.2 This Freight Easement is for common carrier rail freight service on the Right-of-Way. The Freight Easement shall grant SLS the exclusive right to conduct freight railroad operations on the Right-of-Way, but shall not be construed to prohibit or limit non-freight uses by other parties, which shall not unreasonably interfere with SLS's permitted use. Said easement includes the right to operate with SLS's trains, locomotives, rail cars and rail equipment with SLS's own crews over the Right-of-Way for the purposes the set forth in this Freight Easement; provided, however, that said right to operate trains, locomotives, rail cars and rail equipment over the Right-

of-way shall be an exclusive right to the occupancy and use of the Right-of-Way only with respect to rail freight operations and SLS acknowledges and agrees that Utah Transit Authority ("UTA") or its designee shall have the right to the occupancy and all other uses of the Right-of-Way.

1.3 The conveyance of this Freight Easement by UPRR to SLS includes any and all rights and obligations of UPRR under federal law to conduct common carrier rail freight service.

1.4 This Freight Easement granted by UPRR in the Right-of-Way includes a right of entry over the Right-of-Way for any and all SLS employees, agents or representatives, machinery, vehicles or equipment which SLS reasonably may deem necessary or convenient for the purposes of inspecting the Right-of-Way, clearing any derailments or wrecks of SLS trains on the Right-of-Way or otherwise conducting SLS rail freight service over the Right-of-Way in accordance with this Freight Easement.

1.5 This Freight Easement is subject to the terms, conditions and limitations of the separate Administration and Coordination Agreement between SLS and UTA and also the following terms and conditions:

At any time after the fifth anniversary of the closing of UPRR's sale to UTA, UPRR has the right, upon thirty (30) days advance written notice, to repurchase the Freight Easement described herein, or to designate a third party to purchase the Freight Easement described herein, for the amount of \$5,000 payable to SLS. Similarly, after the fifth anniversary of the closing, SLS shall have the right, after ninety (90) days advance written notice, to elect to terminate its operations under the Freight Easement, either by abandonment/discontinuance of service, or through a

sale of SLS's rights and obligations under the Freight Easement, provided however, that such sale or abandonment/discontinuance of SLS's operations under the Freight Easement shall be subject to ICC approval. UPRR and any UPRR assignee shall use its/their best efforts to assist SLS in locating a successor reasonably acceptable to UPRR or any UPRR assignee, and in supporting any application or petition for exemption for abandonment/discontinuance of service.

1.5 UPRR has the right to assign its interests in this Freight Easement, including without limitation, the rights in Section 1.5.

2. TERM AND TERMINATION

This Freight Easement shall terminate and be extinguished and all real property rights granted to SLS hereunder shall vest in the owner of the Right-of-Way upon the termination, pursuant to an order of the Interstate Commerce Commission (I.C.C.), of common carrier rail freight service on the Right-of-Way or any part thereof; provided, however, that a termination of this Freight Easement pursuant to such an order shall apply only to those sections of the Right-of-Way subject to such I.C.C. order. The termination provisions of this Section 2.2 shall not apply to a termination of rail freight service by SLS done as part of a transfer of its common carrier freight rights and obligations to a successor or assign.

IN WITNESS WHEREOF, the parties hereto have caused this Freight Easement to be executed as a sealed instrument as of the date first set forth above by their duly authorized representatives.

Attest:

UNION PACIFIC RAILROAD COMPANY

x C. W. Saylor
Assistant Secretary

By: x R. B. Schultze
Title: EXECUTIVE ASSISTANT

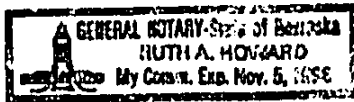
Acknowledged:

The Balt Lake City Southern Railroad Co., Inc.,

By: R. P. Valentine
Title: Vice President

STATE OF NEBRASKA)
) SS:
COUNTY OF DOUGLAS)

On the 30 day of March, 1993, personally appeared before me C. W. Saylor and R. B. Schultze, who being by me duly sworn did say, each for himself, that he, the said C. W. Saylor is the Assistant Secretary of Union Pacific Railroad Company, and that he, the said R. B. Schultze is the EX ASST TO EVPO of Union Pacific Railroad Company, and that the within and foregoing instrument was signed in behalf of said corporation by authority of a resolution of its Board of Directors and said C. W. Saylor and R. B. Schultze each duly acknowledged to me that said corporation executed the same and that the seal affixed is the seal of said corporation.



x Ruth A. Howard
NOTARY PUBLIC

My Commission Expires 11/5/98. My residence is Douglas County, 6188 Hickory St, Omaha, NE 68116

STATE OF UTAH)
) SS:
COUNTY OF SALT LAKE)

On the 15th day of April, 1993, personally appeared before me David P. Valentine who being by me duly sworn did say, that he is the Vice-President of The Salt Lake City Southern Railroad Co., Inc., and that the within and foregoing instrument was signed in behalf of The Salt Lake City Southern Railroad Co., Inc. by authority of a resolution of its Board of Directors and said David P. Valentine duly acknowledged to me that The Salt Lake City Southern Railroad Co., Inc. executed the same.

William J. Donald
NOTARY PUBLIC

My Commission Expires March 5, 1995. My residence is Salt Lake City, Utah.

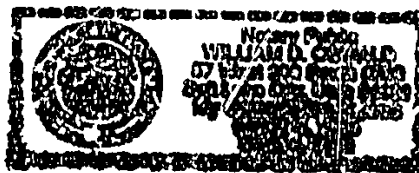


EXHIBIT "A"
DESCRIPTION OF TRACKAGE SUBJECT TO SLS'S FREIGHT EASEMENT

UP's freight railroad line located between Ninth Street Junction, on the north side of NINTH (900) SOUTH STREET, Salt Lake City, Utah (approximately milepost 798.74) and the Salt Lake County/Utah County boundary line (approximately milepost 775.19) consisting of approximately 23.55 miles, as shown on the UP's Chief Engineer's Alignment Maps of the Union Pacific Provo Subdivision Line and as shown on the Oregon Shortline Railroad Station Maps - Lands aka Property Accounting Valuation Maps;

UP's spur freight railroad line which departs in a southwesterly direction from the Provo Subdivision Line at approximately 6400 South in Murray, Utah (approximately milepost 790.52) crossing under both the I-15 freeway and the D&RGW Railroad main line, and then heading south to approximately 7400 South, to the point of intersection with the D&RGW right of way (approximately milepost 1.402), a distance of about 1.4 miles, as shown on the UP's Chief Engineer's Alignment Maps of the Union Pacific Provo Subdivision Line and as shown on the Oregon Shortline Railroad Station Maps - Lands aka Property Accounting Valuation Maps;

The trackage on that portion of the Property sold by Seller to UTA located in the center of historic Sandy (Old Town) which extends from approximately 8600 South to 9000 South along the UPRR Right-Of-Way and running from approximately 150 East to 190 East; the east-west width of this property is approximately 260 feet, more or less, with the exception of a small portion on the north end which is narrower, and its length from north to south is approximately 2560 feet;

The trackage on that portion of the Property sold by Seller to UTA situated between 5410 and 5830 South Streets at 300 West and which is approximately 2500 feet long and 125 feet wide.

BUT LESS AND EXCEPTING THEREFROM THE FOLLOWING DESCRIBED PARCELS OF PROPERTY WHICH ARE NOT INCLUDED IN OR SUBJECT TO THE FREIGHT RAILROAD OPERATING EASEMENT:

SEE THE DESCRIPTIONS ON THE FOLLOWING PAGES

(Exhibit "A" continued)

A piece of land one hundred (100) feet wide, situate in the Southwest quarter of the Northeast quarter, and the Northwest quarter of the Southeast quarter of Section Thirteen (13), Township Two (2) South, Range One (1) West, Salt Lake Meridian, and more fully described as follows, to-wit:

Beginning at a point on the East and West center line of said Section Thirteen (13), seven hundred forty-nine and one tenth (749.1) feet East from the center of said section, said point being fifty (50) feet East along said center line of said section from where it is intersected by the center line of the main track of the Oregon Short Line Railroad; thence North no degrees and thirty minutes ($0^{\circ}30'$) East, on a line parallel with said center line of main track and fifty (50) feet distant therefrom at right angles, six hundred fifteen and twelve-hundredths (615.12) feet, thence North eighty-one degrees and fifty minutes ($81^{\circ}50'$) East, one hundred one and fifteen hundredths (101.15) feet; thence South no degrees and thirty minutes ($0^{\circ}30'$) West, eight hundred sixty-two and seventy-three hundredths (862.73) feet; thence North eighty-nine degrees and thirty minutes ($89^{\circ}30'$) West one hundred (100) feet to a point fifty (50) feet Easterly from aforesaid center line of main track of the Oregon Short Line Railroad; thence North no degrees and thirty minutes ($0^{\circ}30'$) East two hundred thirty-three and sixty-eight hundredths (233.68) feet to the place of beginning.

A strip of land 100 feet wide, in the Northeast 1/4 of Section 13, T.2S., R.1W., Salt Lake Base and Meridian, lying East of and adjacent to the present right of way of the Oregon Short Line Railroad Company. Said strip being more particularly described as follows:

Beginning at a point 1854 feet, more or less, West and 311 feet, more or less, South of the Northeast corner of said Section 13, said point being on the East right of way line of the Oregon Short Line Railroad 50 feet from the center line of its main line, and at the Southwest corner of the American Smelting and Refining Company's property; thence South $0^{\circ}30'$ W., parallel to said center line, 1691.8 feet; thence North 81° E. along the South side of John Berger's land, 101.4 feet; thence North $0^{\circ}30'$ E., parallel to and 150 feet from said center line of Oregon Short Line main line, 1687. feet; thence South $83^{\circ}30'$ W. 100.8 feet to the place of beginning.

(Exhibit "A" continued)

The following described land claim, to wit; Part of Lot three (3), and part of the Southeast quarter of the Northeast quarter of Section Six (6), in Township Three (3) South, of Range One (1) East, Salt Lake Meridian.

Beginning eight $5/10$ ($8 \frac{5}{10}$) rods East from the Northwest corner of said Lot three; thence East nineteen $40/100$ rods; thence South one hundred and sixty (160) rods; thence West nineteen $40/100$ rods; thence West one hundred and sixty (160) rods to the place of beginning.

Less and excepting the following parcels of property, which are included within the Retained Freight Operating Easement:

1. That portion within the bounds of the existing single line through track which is approximately 66 feet in width.

2. That portion of the land lying between the single line through track and 14 feet East and abutting the center line of the Easterly most track of the existing siding track situated in Lots 40, 49, and 62, Sandy Station Plat.