

FEB 10 2016 -10 :40 AM

SURFACE TRANSPORTATION BOARD

Julie E. Dickens
Direct: (206) 676-7506
E-mail: jdickens@gth-law.com

February 3, 2016

Chief, Section of Administration
Office of Proceedings
Surface Transportation Board
Attn: Documents for Recordation
395 E. Street SW
Washington, D.C. 20423

RE: Request to Record Security Agreement

Dear Section Chief:

I have enclosed an original and one copy/counterpart of the document described below, to be recorded pursuant to Section 11301 of Title 49 of the U.S. Code.

This document is a Security Agreement, a primary document, dated February 1, 2016.

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

Debtor: Mt. Rainier Railroad and Logging Museum, LLC
c/o Wayne Rankin, Managing Member
PO Box 250
Mineral, WA 98322

and

c/o Allen Harper
479 Main Avenue
Durango, OR 81301

Secured Party: Lowell T. Murray, Jr.
1201 Pacific Avenue, Suite 1750

Reply to:
Seattle Office
600 University, Suite 2100
Seattle, WA 98101
(206) 676-7500
(206) 676-7575 (fax)

Tacoma Office
1201 Pacific Ave., Suite 2100
Tacoma, WA 98402
(253) 620-6500
(253) 620-6565 (fax)

Tacoma, WA 98402

A description of the equipment covered by the document is on the attached Exhibit "A".

A check in the amount of \$43,000 made payable to the Surface Transportation Board is enclosed. Please return the original and any extra copies not needed by the Board for recordation to:

Julie Dickens
Gordon Thomas Honeywell, LLP
600 University Street, Ste. 2100
Seattle, WA 98101.

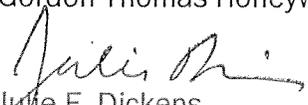
A short summary of the document to appear on the index follows:

Security Agreement between Mt. Rainier Railroad and Logging Museum, LLC, address at c/o Wayne Rankin, Managing Member PO Box 250, Mineral, WA 98322, and L.T. Murray, Jr. address at as 1201 Pacific Avenue, Suite 1750, Tacoma, WA 98402, Secured Party, and conveying:

- Six (6) Rod Engine Locomotives;
- Twelve (12) Geared Engines Locomotives;
- Five (5) Diesel Engine Locomotives; and
- Two (2) Donkey Engine Locomotives.

Very truly yours,

Gordon Thomas Honeywell, LLP


Julie E. Dickens
Attorney for Secured Party

JED:bc

Enclosures: Original Security Agreement plus copy
Exhibit "A"

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SURFACE TRANSPORTATION BOARD

SECURITY AGREEMENT

Mt. Rainier Railroad and Logging Museum, LLC, a Washington limited liability company (Debtor), whose address is set forth below, hereby grants to L.T. Murray, Jr., (Secured Party), whose address is 1201 Pacific Avenue, Suite 1750, Tacoma, Washington, 98402, a security interest in the following described property (Collateral):

- A. The assets described in Exhibit A hereto.

Secured Party and Debtor further agree as follows:

1. INDEBTEDNESS SECURED. The security interest granted above shall secure indebtedness arising from the Promissory Note dated February 1, 2016 in the principal amount of \$1,500,000, advances, overdrafts, discounts, acceptances, suretyships, guaranties, endorsements or for funds advanced by Secured Party to pay insurance premiums, interest, taxes, repairs, care, storage or similar costs and expenses, together with any and all extensions, renewals or modifications of such indebtedness (Indebtedness).

2. COVENANT. As additional consideration for the loan hereunder, Debtor agrees not to sell or encumber, either directly or through transfer of interests in Debtor, any of the Collateral at any time prior to January 31, 2019, without the prior written agreement of Secured Party.

3. PERFORMANCE. Debtor agrees to perform all of its obligations under this Security Agreement and under all other agreements or instruments executed and delivered to Secured Party.

4. OWNERSHIP. Debtor warrants that all Collateral is owned by Debtor free and clear of any other lien, security interest or encumbrance created by the Debtor except as previously disclosed to Secured Party in writing. Except for the security interest granted to Secured Party herein, Debtor will not grant any other security interest in any of the Collateral to any other party.

5. FINANCING STATEMENTS. Debtor authorizes Secured Party to file such financing statements, continuation statements, amendments, termination statements, application for registration and like documents related to the Collateral as Secured Party may deem appropriate.

6. FINANCIAL STATEMENTS. Debtor warrants to Secured Party that, to the best of its knowledge, all financial statements, balance sheets, and any and all other financial data furnished to Secured Party thoroughly represent the financial condition of Debtor as of

the periods for which they are furnished, and all other information furnished to Secured Party is accurate and correct in all material respects.

7. CHANGE IN NAME OR LOCATION OF COLLATERAL. Debtor agrees that if its business name is ever changed or if Debtor otherwise substantially changes its identity or business organization, Debtor will immediately give written notice to Secured Party of such change. Debtor also agrees to immediately give Secured Party written notice if the location of the Collateral securing Debtor's Indebtedness to Secured Party changes or if Debtor's books and records change from the locations established at the execution of this Security Agreement. Debtor further agrees that it will not remove any Collateral or its books and records from the State of Washington for any reason without the prior express written consent of Secured Party.

8. INSURANCE. Debtor agrees to insure the Collateral against all hazards in form and amount satisfactory to Secured Party. If Debtor fails to obtain such insurance, Secured Party shall have the right, but not the obligation, to obtain such insurance at Debtor's expense. Debtor hereby assigns to Secured Party all right to receive the proceeds of such insurance to the full amount of all Indebtedness secured hereunder and hereby directs any insurer to pay all proceeds directly to Secured Party and authorizes Secured Party to endorse any draft for the proceeds.

9. INSPECTION OF RECORDS. Debtor shall, at all reasonable times, allow Secured Party, acting through any of its officers, agents, attorneys or accountants, to examine, inspect and make copies of all of Debtor's books and records.

10. RELEASE OF COLLATERAL. Debtor acknowledges that Secured Party is taking a security interest in the Collateral for Secured Party's sole benefit and that Secured Party shall have the absolute right, in its sole discretion, to release any items of Collateral at any time without affecting or diminishing the liability of Debtor to Secured Party for any remaining or future Indebtedness. Secured Party shall also have the right, in its sole discretion, to release, settle or compromise the liability of any guarantor of Debtor's Indebtedness to Secured Party without affecting or diminishing the liability of Debtor to Secured Party for all remaining or future Indebtedness.

11. EVENTS OF DEFAULT. The following shall be, after applicable cure periods, events of default under the terms of this Security Agreement: (a) default in the payment or performance, when due or payable, of any Indebtedness of Debtor, or of any endorser, guarantor or surety for any Indebtedness of Debtor to Secured Party; (b) breach by Debtor of any representation, covenant or warranty contained in this Security Agreement or in any other instrument or agreement delivered to Secured Party; (c) failure of Debtor to pay when due any tax; (d) the making by Debtor of any material misrepresentation to Secured Party for the purpose of obtaining credit or an extension of credit; (e) the failure of Debtor after request by Secured Party to furnish financial information or permit the inspection of books

or records of Debtor; (f) the issuance of any injunction, attachment, garnishment or levy against any property of Debtor; (g) the insolvency of Debtor, an admission in writing of its inability to pay debts as they mature, the institution by or against Debtor of any Bankruptcy, reorganization, debt arrangement, or other proceeding under any Bankruptcy or insolvency law or dissolution, receivership, or liquidation proceeding; (h) any event which has a material adverse effect upon the business or the financial condition of Debtor or of any guarantor or which impairs Secured Party's Collateral or increases its risk.

12. REMEDIES UPON DEFAULT. Upon the occurrence of any of the above events of default, Secured Party shall have, in addition to all of the rights and remedies at law or in equity, the remedies of a secured party under the Uniform Commercial Code of Washington. Regardless of where any Collateral or the books and records are located, Secured Party may require Debtor to assemble all Collateral and the books and records in one or more locations and make such collateral and the books and records available to Secured Party. Upon default, Secured Party shall have the right to declare immediately due and payable any and all Indebtedness owed by Debtor to Secured Party and to terminate any commitments to make any loans or to otherwise extend credit to Debtor. Secured Party, in its sole discretion, may, with or without notice, upon filing suit to enforce or preserve its right under this Security Agreement or at any time while such a suit is pending, apply for and secure the appointment of a receiver to take possession of Debtor's business or the Collateral and the income, rents and proceeds therefrom. Debtor hereby expressly waives any requirement that Secured Party or the receiver post a bond upon the appointment of such receiver. All the rights, privileges, powers and remedies of Secured Party shall be cumulative. In addition, in the event of a breach of covenant under Section 2 above, Secured Party shall have the right to specific performance, damages or any other remedy in equity or law

13. WAIVERS. Except as provided in the Note, Debtor hereby waives demand, notice, protest, notice of acceptance of this Security Agreement, notice of credit extended, or other action taken in reliance hereon and all of the demands and notices of any description. This Security Agreement shall not be qualified or supplemented by course of dealing. No waiver or modification by Secured Party of any of the terms or conditions of this Security Agreement shall be effective unless in writing and signed by the Secured Party. No waiver or indulgence by Secured Party as to any required performance or other obligation of Debtor shall be construed as a waiver of any right on any future occasion. Secured Party shall have no obligation to marshal Collateral or to proceed in reverse order of alienation.

14. NOTICES. Any demand, notice or other communication required to be given to either party shall be effective if served personally or deposited in the mails addressed to such party as set forth herein or at such other address as to which a party may hereafter provide in writing. When notice is required, but where the period of notice is not specified, reasonable notice shall be deemed to be (5) days.

15. ATTORNEY'S FEES AND COSTS. Debtor agrees to pay to Secured Party any and all costs and expenses, including attorney's fees, incurred by Secured Party in protecting or enforcing its rights under the terms of this Security Agreement or the Collateral whether or not a lawsuit is commenced. Attorney fees shall include services rendered at both the trial and appellate levels, as well as services rendered subsequent to judgment and obtaining execution thereon. The award of such fees, costs and expenses shall bear interest at the highest lawful rate until paid in full. Payment of costs and expenses, including attorney's fees, shall be secured by the security interest herein granted.

16. CONSTRUCTION. This Agreement and all rights and obligations hereunder, including matters of construction, validity and performance, shall be governed by the laws of the State of Washington.

17. EFFECTIVE DATE, ACCEPTANCE. This Agreement shall be effective upon its execution by Debtor and delivery to Secured Party, and it shall not be necessary to Secured Party to execute or otherwise signify or express its acceptance.

18. GOVERNING LAW/VENUE. This Agreement and all acts and transactions pursuant hereto and the rights and obligations of the parties hereto shall be governed, construed, and interpreted in accordance with the laws of the State of Washington, without giving effect to principles of conflicts of law. Venue shall be in Pierce County, Washington.

19. TRANSFER; SUCCESSORS AND ASSIGNS. The terms and conditions of this Agreement shall be binding upon the Debtor and its successors and assigns, as well as all Persons who become bound as debtor to this Agreement and inure to the benefit of the Secured Party and its successors and assigns. Nothing in this Agreement, express or implied, is intended to confer upon any party other than the parties hereto or their respective successors and assigns any rights, remedies, obligations or liabilities under or by reason of this Agreement, except as expressly provided in this Agreement.

20. DUPLICATE ORIGINALS; DELIVERY TO SECURED PARTY. *This Agreement shall be executed in duplicate originals and Debtor agrees to furnish an original to Secured Party or Secured Party's agent within two business days after signing.*

DATED effective the 1st day of February, 2016

DEBTOR:

MT. RAINIER RAILROAD AND LOGGING
MUSEUM, LLC, a Washington limited liability
company

By: Wayne Rankin
Wayne Rankin, President

Address:
PO Box 250
Mineral, WA 98355

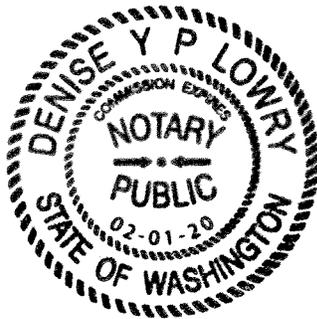
And

479 Maine Ave.
Durango, CO 81301
Attn: Allen Harper

STATE OF WASHINGTON)
) ss.
County of Pierce)

On this 2nd day of February, 2016, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared Wayne Rankin to me known to be the President of Mt. Rainier Railroad and Logging Museum, LLC, the limited liability company that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said limited liability company, for the uses and purposes therein mentioned, and on oath stated that Wayne Rankin is authorized to execute the said instrument.

Witness my hand and official seal hereto affixed the day and year first above written.



Denise YP Lowry
Denise YP Lowry
Notary Public in and for the State of Washington,
residing at Lakewood
My appointment expires: 02/01/2020.

EXHIBIT A

COLLATERAL

A. ROD ENGINES

Porter Locomotive Works 2-6-2 T; Lettered West Fork Logging Company #3**

Baldwin 2-8-2 T labeled Simpson Logging Company**

#5 Porter 2-8-2 71-ton 1924 w/ Vanderbilt Tender

This is a 1924 built 2-8-2 Mikado built by H.K., Porter & Co. This engine has 29,000#s tractive effort with a boiler pressure of 200 psi. The engine burns oil. The engine currently has a replacement tender from a NWP locomotive.

#17 Alco 2-8-2T 85-ton 1929 (steam)

#70 Baldwin 70 ton 2-8-2 Rod Locomotive 1922, Lettered Simpson Logging Company

#1 Porter 14-ton 0-4-2T 1885 ("Satsop Railroad #1)

This is a standard gauge Porter locomotive built in 1885. This locomotive was constructed as a 0-4-2T locomotive and used primarily in the logging industry in the vicinity of Shelton, WA.

B. GEARED ENGINES

3- Truck Climax with Piston Valves, West Fork Logging Company, #5*

3- Truck Climax with Slide Valves, Lettered West Fork Logging Company #3*

3-Truck Shay Locomotive with Slide Valves -#7, Lettered St. Paul and Tacoma Lumber Company*

3- Truck Shay with Slide Valves - #3, Lettered Weyerhaeuser Timber Company*

4-Truck Shay with Piston Valves - #4, Lettered Silver Creek Logging Company*

2- Truck Heisler, lettered #2, patterned after West Side Lumber Company #2**

#10 Climax 70-ton 3-truck 1928

#11 Shay (Pickering) 100-ton 3-truck 1929

This is a 1929 built 3-truck Shay locomotive built by the Lima Locomotive Works of Lima,

Ohio. This is a Pacific Coast type Shay locomotive, weighing approximately 100 tons and operating at 200 psi. The engine has 38,200#s tractive effort and burns oil for fuel.

#91 3-Truck West Coast Special Heisler 90-ton 3-truck 1930, lettered West Fork Logging Company

This is a 1929 built 3-truck Heisler geared locomotive built by the Heisler Locomotive Works, of Erie, Pennsylvania. The engine operates at 180 psi and has 30,000#s tractive effort. This is an oil-burning engine that is superheated with piston valves. The engine was first sold in 1936 to a lumber company and it was retired in 1951. This gave the engine a very short operating career prior to its refurbishment in 1980 by the Mt. Rainier Scenic Railroad.

#2 Willamette SN/34 (NOTE: Donation to WFIM is subject to non-removal from Washington State.)

#10 Heisler (Pickering) 72-ton 3-truck 1912

This is 1912 built 3 truck Heisler logging locomotive constructed by the Heisler Locomotive Works of Erie, Pennsylvania. The engine weighs 72 tons and has 30,000#s tractive effort, The engine currently burns oil for fuel and operates at 180 psi.

C .DIESEL ENGINES

GP 38 Diesel Locomotive, Burlington Northern #3038*

#7012A EMD F-9 1956 (Northern Pacific)

This is a 1956 built F-9A diesel electric locomotive built by the General Motors Corporation Electric-Motive Division in Illinois. The engine weighs 115 tons and has 60,000#s of tractive effort.

General Motors EMD NW-2 1000 HP Diesel Switcher

This is a 1942 NW-2 1,000 horsepower diesel electric locomotive built by EMD in Illinois. The engine has 62,500#2 tractive effort with 40-inch diameter wheels.

#41 Alco RSD-1 1941

This is a 1942 built 1,000-horse power diesel electric locomotive built by the American Locomotive Company of New York. This has 10,000-horse power with six-traction motors on 40-inch diameter drivers.

#42 Alco Model S-1 1942

D. DONKEY ENGINES

Washington Iron Works Steam Donkey 10x12 Cylinder Size Duplex*

Washington Iron Works Steam Donkey 13x14 Cylinder Size Duplex Flyer*

Plus all products and proceeds of the foregoing.

*Live Steam Model 1/8ths scale

**Live Steam Model 1/5th scale, built to run on 7 1/2 inch gauge (1/8th track)