

FLETCHER & SIPPEL LLC

ATTORNEYS AT LAW

29 North Wacker Drive
Suite 920
Chicago, Illinois 60606-2832

STEPHEN J. RYNN
(312) 252-1539
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RECORDATION NO. 32366
FILED SEPTEMBER 30, 2016 4:44 PM
SURFACE TRANSPORTATION BOARD

Phone: (312) 252-1500
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www.fletcher-sippel.com

September 30, 2016

Chief
Section of Administration
Office of Proceedings
Surface Transportation Board (the "Board")
395 E Street, S.W.
Washington, D.C. 20423-0001

Re: Progressive Rail Incorporated
Memorandum of Railcar Mortgage and Security Agreement

Dear Chief:

Enclosed for recordation pursuant to Section 11301 of Title 49 of the United States Code, is a Memorandum of Mortgage and Security Agreement, dated as of September 30, 2016, a primary document as defined in the Board's Rules for the Recordation of Documents.

The Memorandum of Mortgage and Security Agreement covers all rail equipment now owned **and hereafter acquired** by the Borrowers. The names and addresses of the parties to the enclosed document are:

Borrowers:

Progressive Rail Incorporated
Wisconsin Northern Railroad LLC
Central Midland Railway Company
Iowa Traction Railway Company
Iowa Southern Railway Company
Empire Builder Investments Inc.
Rail Retrievers Logistics, LLC
Airlake Railway Terminal Company, LLC
21778 High View Avenue
Lakeville, MN 55044

Secured Party:

Anchor Bank, N.A.
1360 Duckwood Drive
Eagan, MN 55123

A short summary of the document to appear in the index is: Memorandum of Mortgage and Security Agreement.

A check in the amount of forty-five dollars (\$45.00) payable to the order of the Surface Transportation Board covering the required recordation fee is being sent separately with an original copy. Kindly return stamped copies of the enclosed document to the undersigned. If you

FLETCHER & SIPPEL LLC

Chief, Section of Administration
Office of Proceedings
Surface Transportation Board
September 30, 2016
Page 2

have any questions or need further information, please do not hesitate to contact the undersigned
(312) 252-1539.

Sincerely,

FLETCHER & SIPPEL LLC

By



Stephen J. Rynn

Enclosure

FLETCHER & SIPPEL LLC

ATTORNEYS AT LAW

29 North Wacker Drive
Suite 920
Chicago, Illinois 60606-2832

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STEPHEN J. RYNN
(312) 252-1539
srynn@fletcher-sippel.com

September 30, 2016

Via Overnight (Next Business Day) Delivery

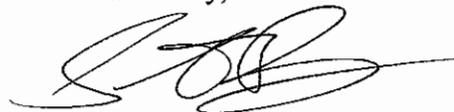
Chief, Section of Administration
Office of Proceedings
Surface Transportation Board
395 E. Street, S.W.
Washington, D.C. 20423
Attn: Office of Recordations

Dear Ms. Brown:

Enclosed please find a check in the amount of \$45.00 payable to the order of the Surface Transportation Board covering the required recordation fee for a Memorandum of Railcar Mortgage and Security Agreement submitted for electronic filing on September 30, 2016. A copy of the filing is enclosed for your reference.

Please feel free to contact me if you have any questions.

Sincerely,



Stephen J. Rynn
Attorney for Borrower

SJR:mr
Enclosure

**MEMORANDUM
OF
RAILCAR MORTGAGE AND SECURITY AGREEMENT**

THIS MEMORANDUM OF RAILCAR MORTGAGE AND SECURITY AGREEMENT (this "*Memorandum*") dated as of September 30, 2016, is made by and between ANCHOR BANK, N.A., a national banking association, having an office and place of business at 1360 Duckwood Drive, Eagan, Minnesota 55123 (the "*Bank*"), and PROGRESSIVE RAIL INCORPORATED, a Minnesota corporation ("*Progressive*"), WISCONSIN NORTHERN RAILROAD LLC, a Minnesota limited liability company ("*Wisconsin Northern*"), CENTRAL MIDLAND RAILWAY COMPANY, a Minnesota corporation ("*Central Midland*"), IOWA TRACTION RAILWAY COMPANY, an Iowa corporation ("*Iowa Traction*"), EMPIRE BUILDER INVESTMENTS INC., a Minnesota corporation ("*Empire*"), RAIL RETRIEVERS LOGISTICS, LLC, a Minnesota limited liability company ("*Rail Retrievers*"), AIRLAKE TERMINAL RAILWAY COMPANY, LLC, a Minnesota limited liability company ("*Airlake*") and IOWA SOUTHERN RAILWAY COMPANY, an Iowa corporation ("*Iowa Southern*", together with Progressive, Wisconsin Northern, Central Midland, Iowa Traction, Empire, Rail Retrievers, Airlake and Iowa Southern, each, a "*Borrower*" and collectively, the "*Borrowers*"), each having its principal address at 21778 High View Avenue, Lakeville, Minnesota 55044.

Borrowers and the Bank hereby state the following:

1. The Borrowers and the Bank are parties to a certain Loan and Security Agreement, dated as of September 30, 2016 (as the same may be amended, supplemented, restated or otherwise modified from time to time, the "*Loan Agreement*"), pursuant to which the Bank made certain loans and other financial accommodations to or for the benefit of the Borrowers.

2. Pursuant to the Loan Agreement and that certain Railcar Mortgage and Security Agreement dated as of September 30, 2016, made by the Borrowers in favor of the Bank (as the same may amended, supplemented, restated or otherwise modified from time to time, the "*Railcar Security Agreement*"), the Borrowers granted to the Bank a first-priority lien against and security interest in all now owned or hereafter acquired railroad cars, locomotives and other rolling stock (including stack-train), and accessories used on such railroad cars, locomotives and other rolling stock (including superstructures and racks) (collectively, "*Rail Equipment*"), including without limitation the railroad cars, locomotives and other rolling stock specifically identified on Schedule 1 hereto and incorporated herein by reference.

3. The purpose of this Memorandum is to give record notice of the existence of the security interest of the Bank in the Rail Equipment, and all terms and conditions of the Loan Agreement and the Railcar Security Agreement are incorporated by reference herein.

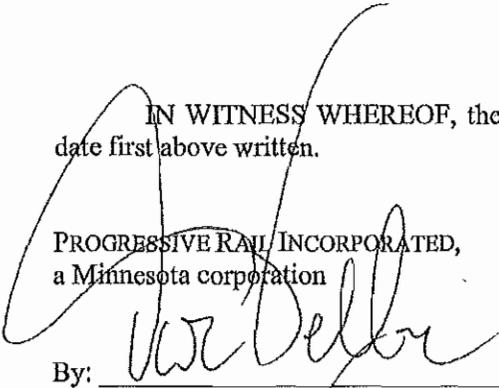
4. This Memorandum may be executed in any number of identical counterparts, and each executed counterpart shall constitute an original, but all together shall constitute only one and the same instrument.

5. This Memorandum may be filed with the Surface Transportation Board pursuant to 49 U.S.C. 11301(a).

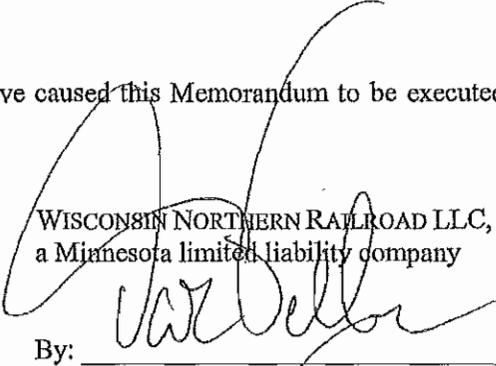
*[Remainder of page left blank;
signature page follows]*

IN WITNESS WHEREOF, the parties have caused this Memorandum to be executed as of the date first above written.

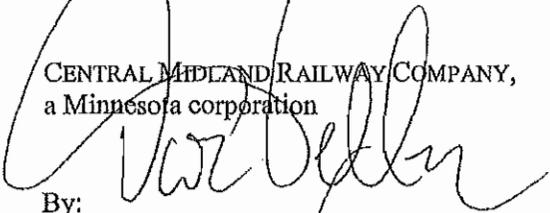
PROGRESSIVE RAIL INCORPORATED,
a Minnesota corporation

By: 
Name: David Fellon
Title: President

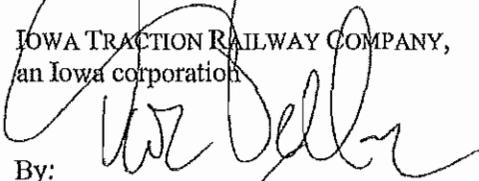
WISCONSIN NORTHERN RAILROAD LLC,
a Minnesota limited liability company

By: 
Name: David Fellon
Title: President & Chief Manager

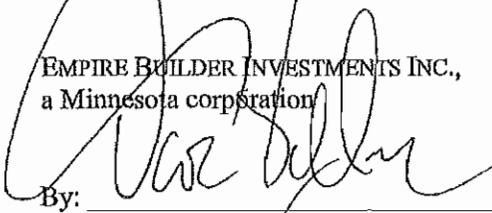
CENTRAL MIDLAND RAILWAY COMPANY,
a Minnesota corporation

By: 
Name: David Fellon
Title: President

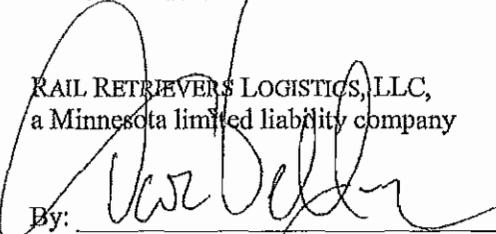
IOWA TRACTION RAILWAY COMPANY,
an Iowa corporation

By: 
Name: David Fellon
Title: President

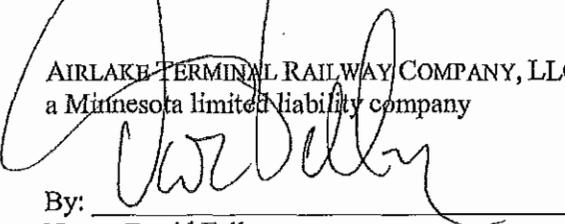
EMPIRE BUILDER INVESTMENTS INC.,
a Minnesota corporation

By: 
Name: David Fellon
Title: President

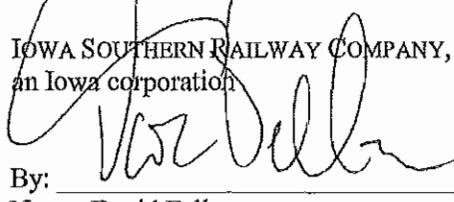
RAIL RETRIEVERS LOGISTICS, LLC,
a Minnesota limited liability company

By: 
Name: David Fellon
Title: President & Chief Manager

AIRLAKE TERMINAL RAILWAY COMPANY, LLC,
a Minnesota limited liability company

By: 
Name: David Fellon
Title: President & Chief Manager

IOWA SOUTHERN RAILWAY COMPANY,
an Iowa corporation

By: 
Name: David Fellon
Title: President

[Signature Page to Memorandum of Railcar Mortgage and Security Agreement]

Accepted and agreed to as of the date first above written.

ANCHOR BANK, N.A.,
a national banking association

By: 
Name: Rob Death
Title: Senior Vice President

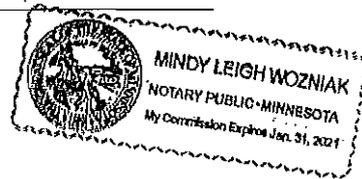
[Signature Page to Memorandum of Railcar Mortgage and Security Agreement]

STATE OF MINNESOTA)
) ss
COUNTY OF DAKOTA)

On this 29 day of September, 2016, before me, a Notary Public of the County and State aforesaid, personally appeared David Felton to me personally known, who being by me duly sworn, says that he is the President of Progressive Rail, Inc., a Minnesota corporation, that said instrument was signed on behalf of said company by authority of its members, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said company.

AS WITNESS my hand and notarial seal.

Mindy Wozniak
Notary Public



STATE OF MINNESOTA)
) ss
COUNTY OF DAKOTA)

On this 29 day of September, 2016, before me, a Notary Public of the County and State aforesaid, personally appeared David Felton to me personally known, who being by me duly sworn, says that (s)he is the President of Empire Builder Investments, Inc., a Minnesota corporation, that said instrument was signed on behalf of said company by authority of its members, and (s)he acknowledged that the execution of the foregoing instrument was the free act and deed of said company.

AS WITNESS my hand and notarial seal.

Mindy Wozniak
Notary Public



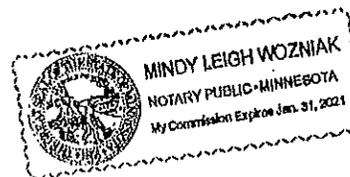
[Signature Page to Memorandum of Railcar Mortgage and Security Agreement]

STATE OF MINNESOTA)
) ss
COUNTY OF DAKOTA)

On this 29 day of September, 2016, before me, a Notary Public of the County and State aforesaid, personally appeared David Fellon to me personally known, who being by me duly sworn, says that (s)he is the President of Wisconsin Northern Railroad, LLC, a Minnesota limited liability company, that said instrument was signed on behalf of said company by authority of its members, and (s)he acknowledged that the execution of the foregoing instrument was the free act and deed of said company.

AS WITNESS my hand and notarial seal.

Mindy Wozniak
Notary Public

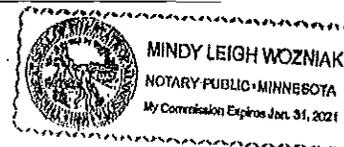


STATE OF MINNESOTA)
) ss
COUNTY OF DAKOTA)

On this 29 day of September, 2016, before me, a Notary Public of the County and State aforesaid, personally appeared David Fellon to me personally known, who being by me duly sworn, says that (s)he is the President of Central Midland Railway Company, a Minnesota corporation, that said instrument was signed on behalf of said company by authority of its members, and (s)he acknowledged that the execution of the foregoing instrument was the free act and deed of said company.

AS WITNESS my hand and notarial seal.

Mindy Wozniak
Notary Public



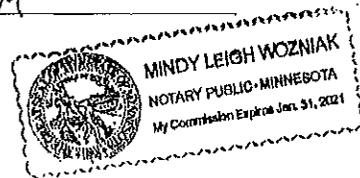
[Signature Page to Memorandum of Railcar Mortgage and Security Agreement]

STATE OF MINNESOTA)
) ss
COUNTY OF DAKOTA)

On this 29 day of September, 2016, before me, a Notary Public of the County and State aforesaid, personally appeared David Fallon to me personally known, who being by me duly sworn, says that (s)he is the President of Rail Retrievers Logistics, LLC, a Minnesota limited liability company, that said instrument was signed on behalf of said company by authority of its members, and (s)he acknowledged that the execution of the foregoing instrument was the free act and deed of said company.

AS WITNESS my hand and notarial seal.

Mindy Wozniak
Notary Public



STATE OF MINNESOTA)
) ss
COUNTY OF DAKOTA)

On this 29 day of September, 2016, before me, a Notary Public of the County and State aforesaid, personally appeared David Fallon to me personally known, who being by me duly sworn, says that (s)he is the President of Iowa Traction Railway Company, an Iowa corporation, that said instrument was signed on behalf of said company by authority of its members, and (s)he acknowledged that the execution of the foregoing instrument was the free act and deed of said company.

AS WITNESS my hand and notarial seal.

Mindy Wozniak
Notary Public



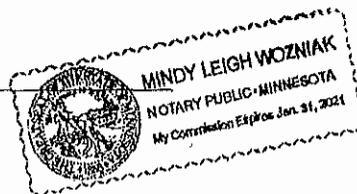
[Signature Page to Memorandum of Railcar Mortgage and Security Agreement]

STATE OF MINNESOTA)
) ss
COUNTY OF DAKOTA)

On this 29 day of September, 2016, before me, a Notary Public of the County and State aforesaid, personally appeared David Fellon to me personally known, who being by me duly sworn, says that (s)he is the President of Airlake Terminal Railway Company, a Minnesota limited liability company, that said instrument was signed on behalf of said company by authority of its members, and (s)he acknowledged that the execution of the foregoing instrument was the free act and deed of said company.

AS WITNESS my hand and notarial seal.

Mindy Wozniak
Notary Public

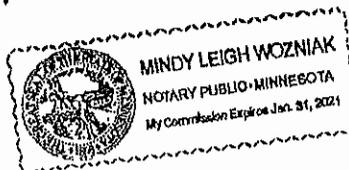


STATE OF MINNESOTA)
) ss
COUNTY OF DAKOTA)

On this 29 day of September, 2016, before me, a Notary Public of the County and State aforesaid, personally appeared David Fellon to me personally known, who being by me duly sworn, says that (s)he is the President of Iowa Southern Railway Company, an Iowa corporation, that said instrument was signed on behalf of said company by authority of its members, and (s)he acknowledged that the execution of the foregoing instrument was the free act and deed of said company.

AS WITNESS my hand and notarial seal.

Mindy Wozniak
Notary Public

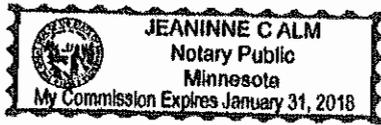


[Signature Page to Memorandum of Railcar Mortgage and Security Agreement]

STATE OF MINNESOTA)
) ss
COUNTY OF Hennepin)

On this 29th day of September, 2016, before me, a Notary Public of the County and State aforesaid, personally appeared Robert Deuth to me personally known, who being by me duly sworn, says that (s)he is the Senior Vice President of Anchor Bank, N.A., a national banking association, that said instrument was signed on behalf of said company by authority of its members, and (s)he acknowledged that the execution of the foregoing instrument was the free act and deed of said company.

AS WITNESS my hand and notarial seal.



Jeaninne C. Alm
Notary Public

[Signature Page to Memorandum of Railcar Mortgage and Security Agreement]

EXHIBIT A

Locomotives and Railcars:

<u>ID</u>	<u>QTY</u>	<u>Description</u>	<u>Serial No.</u>
LOCOMOTIVES:			
PGR - 67	1	GM EMD SW-1500	7869-1
PGR - 74	1	GM EMD SW-1500	7289-3
PGR - 5	1	GE 25 Ton	31000
PGR - 34	1	GM EMD SW-1500	4582-5
PGR - 36	1	GM EMD SW-1500	4506-1
PGR - 37	1	GM EMD SW-1500	4506-2
PGR - 38	1	GM EMD SW-1500	7051-10
PGR - 40	1	GM EMD SD-39	7119-1
PGR - 42	1	GM EMD SD-38-2	

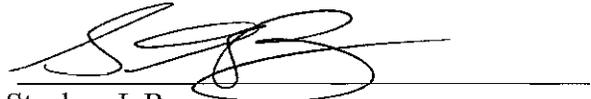
RAILCARS:

PGR 2736	1	60' RBL Boxcars	
PGR 2680	1	60' RBL Boxcars	
Ballast Cars	6	Ballast RR cars - St. Louis	
MN&S Caboose	1	Rebuilt Caboose	

HYRAILS:

2015 Ford Hyrail Pickup Truck	1	Hyrail Equipped Pickup Truck	1FT7W3B62FEB33399
2015 Ford Hyrail Pickup Truck	1	Hyrail Equipped Pickup Truck	1FT7W3B62FEB 33400
2009 Ford F350 Pickup Truck	1	Hyrail Pickup	1FTWW33Y19EB26458
2012 Ford F350 Hyrail Truck	1	Hyrail Truck	1FT7W3B65CEB33960

Under penalty of perjury, I declared that I have compared the foregoing copy of the Memorandum of Railcar Mortgage and Security Agreement with the original and have found the copy to be complete and identical in all respects to the original document.

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

Stephen J. Rynn
Filer for Borrower