



DLA Piper LLP (US)
203 North LaSalle Street, Suite 1900
Chicago, Illinois 60601-1293
T 312.368.4000
F 312.236.7516
W www.dlapiper.com

SUSAN G. LICHTENFELD
susan.lichtenfeld@dlapiper.com
Direct Phone: 312-368-2125
Direct Fax: 312-630-6338

RECORDATION NO. 31872
FILED AUGUST 20, 2015 3:58 PM
SURFACE TRANSPORTATION BOARD

August 20, 2015

VIA E-FILING

Cynthia T. Brown
Chief, Section of Administration
Office of Proceedings
Surface Transportation Board
395 E Street SW
Washington, DC 20423-0001

Dear Ms. Brown:

Enclosed for electronic filing and recordation pursuant to 49 U.S.C. §11301(a) is one copy of an executed Memorandum of Security Agreement by and among the Debtors and the Administrative Agent, each as identified below, dated as of August 20, 2015 (the "Memorandum"), a primary document as defined in the rules of the Surface Transportation Board ("STB").

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

Debtors:

Regional Rail, LLC
Regional Rail Holdings, LLC
East Penn Railroad, LLC
Middletown & New Jersey Railroad, LLC
Tyburn Railroad LLC
Regional Transload LLC
Diamondback Signal, LLC
c/o Levine Leichtman Capital Partners, Inc.
335 North Maple Drive, Suite 130
Beverly Hills, California 90210
Attention: Matthew Frankel
Telephone: (310) 275-5335
Email: mfrankel@llcp.com

Administrative Agent:

Levine Leichtman Capital Partners SBIC Fund, L.P.
335 North Maple Drive, Suite 130
Beverly Hills, California 90210
Attention: David Wolmer
Telephone: (310) 275-5335
Email: dwolmer@llcp.com

A description of the assets covered by the Memorandum follows:

The collateral covered by the Memorandum includes all locomotives, railcars and other rolling stock and rail assets now owned or hereafter acquired by the Debtors, including the rolling stock and rail assets identified on Schedule 1 to the Memorandum, and the Debtors have granted to the Administrative Agent a security interest in such collateral.



Cynthia T. Brown
August 20, 2015
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The Debtors previously granted a first priority security interest in such collateral to Siemens Financial Services, Inc. ("Siemens") pursuant to that certain Intercreditor and Subordination Agreement, dated as of August 21, 2015 by and between the Administrative Agent and Siemens. Siemens' first priority security interest is evidenced by that certain Memorandum of Security Agreement dated as of August 19, 2015, which was recorded with the Surface Transportation Board on August 19, 2015 and assigned recordation number 31867.

The required recordation fee of \$43.00 is being paid to the Surface Transportation Board by charge to our firm account.

Please return a file-stamped copy of the recorded Memorandum to Levine Leichtman Capital Partners SBIC Fund, L.P. at the address indicated above, with a copy to:

Jacob Drouillard
Honigman Miller Schwartz and Cohn LLP
660 Woodward Avenue
2290 First National Building
Detroit, MI 48226-3506
Telephone: (313) 465-7450
Fax Number: (313) 465-7451
Email: jdrouillard@honigman.com

A short summary of the Memorandum to be recorded and to appear in the index is as follows:

Memorandum of Security Agreement dated as of August 20, 2015 among Regional Rail, LLC, Regional Rail Holdings, LLC, East Penn Railroad, LLC, Middletown & New Jersey Railroad, LLC, Tyburn Railroad LLC, Regional Transload LLC, Diamondback Signal, LLC (collectively, as Loan Parties) and Levine Leichtman Capital Partners SBIC Fund, L.P., as Administrative Agent, in connection with a certain Security Agreement among the Loan Parties and the Administrative Agent dated as of August 21, 2015 encumbering certain collateral indicated therein, including all locomotives, railcars and other rolling stock and rail assets now owned or hereafter acquired by the Debtors, including the rolling stock and rail assets identified on Schedule 1 to the Memorandum.

If you have any questions please feel free to contact me. Thank you for your assistance in this matter.

Sincerely,

DLA PIPER LLP (US)


Susan G. Lichtenfeld

SGL/rg
Enclosure

MEMORANDUM OF SECURITY AGREEMENT

THIS MEMORANDUM OF SECURITY AGREEMENT (“Memorandum”), dated as of August 20, 2015, is made by and among Regional Rail Holdings, LLC, Regional Rail, LLC, East Penn Railroad, LLC, Middletown & New Jersey Railroad, LLC, Tyburn Railroad LLC, Regional Transload LLC and Diamondback Signal, LLC (collectively, “**Debtors**”), and Levine Leichtman Capital Partners SBIC Fund, L.P., as the Administrative Agent (“**Administrative Agent**”).

This Memorandum relates to that certain Security Agreement dated as of August 21, 2015 from the Debtors to the Administrative Agent (“**Security Agreement**”) under which the Debtors granted and transferred to the Administrative Agent a security interest in the Debtors’ Collateral (as defined in the Security Agreement).

The Collateral includes all Rolling Stock and Rail Assets (each as defined in the Security Agreement) **now owned or hereafter acquired** by the Debtors or any of them, and the proceeds and accessions of and to any thereof, including without limitation the locomotives, railcars and other rolling stock and rail assets identified on Schedule 1 hereto (“**Rail Equipment**”).

The Administrative Agent and the Debtors hereby affirm and acknowledge that the Debtors have granted the Administrative Agent a **security interest** in the Collateral comprising Rail Equipment and such other rolling stock and rail assets **now owned or hereafter acquired** by the Debtors or any of them, and that such security interest is subordinate to the security interest in the Rail Equipment granted by the Debtors to Siemens Financial Services, Inc., as Administrative Agent, pursuant to that certain Intercreditor and Subordination Agreement dated as of August 21, 2015 by and between the Administrative Agent and Siemens Financial Services, Inc.

This Memorandum is not a summary of the Security Agreement nor a complete recitation of the terms and provisions thereof. The Administrative Agent and the Debtors agree that in the event of a conflict between this Memorandum and the provisions of the Security Agreement, the provisions of the Security Agreement shall control.

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.

The Administrative Agent may, at its option, file this Memorandum with the Surface Transportation Board pursuant to 49 U.S.C. Section 11301(a).

IN WITNESS WHEREOF, Debtors and Administrative Agent, pursuant to due corporate authority, have caused this Memorandum to be executed by their respective duly authorized officer as of the date first above written.

[Signature Page Follows]

ADMINISTRATIVE AGENT:

I certify that I hold the title set forth below, that this instrument was signed on behalf of Levine Leichtman Capital Partners SBIC Fund, L.P., by authority of its Board of Directors and that I acknowledge that the execution of the foregoing instrument was the free act and deed of Levine Leichtman Capital Partners SBIC Fund, L.P. I further declare under penalty of perjury that the foregoing is true and correct.

LEVINE LEICHTMAN CAPITAL PARTNERS SBIC FUND, L.P.

By: LLCP Partners SBIC GP, LLC,
its General Partner

By: Levine Leichtman Capital Partners, Inc.,
its Managing Member

By: 
Name: David Wolmer
Title: Vice President

DEBTORS:

I certify that I hold the title set forth below, that this instrument was signed on behalf of REGIONAL RAIL HOLDINGS, LLC, by authority of its Board of Directors and that I acknowledge that the execution of the foregoing instrument was the free act and deed of REGIONAL RAIL HOLDINGS, LLC. I further declare under penalty of perjury that the foregoing is true and correct.

I certify that I hold the title set forth below, that this instrument was signed on behalf of REGIONAL RAIL, LLC, by authority of its Board of Directors and that I acknowledge that the execution of the foregoing instrument was the free act and deed of REGIONAL RAIL, LLC. I further declare under penalty of perjury that the foregoing is true and correct.

REGIONAL RAIL HOLDINGS, LLC

By: _____
NAME: ROBERT PARKER
ITS: PRESIDENT AND CHIEF EXECUTIVE
OFFICER

REGIONAL RAIL, LLC

By: _____
NAME: ROBERT PARKER
ITS: PRESIDENT AND CHIEF EXECUTIVE
OFFICER

ADMINISTRATIVE AGENT:

I certify that I hold the title set forth below, that this instrument was signed on behalf of Levine Leichtman Capital Partners SBIC Fund, L.P., by authority of its Board of Directors and that I acknowledge that the execution of the foregoing instrument was the free act and deed of Levine Leichtman Capital Partners SBIC Fund, L.P. I further declare under penalty of perjury that the foregoing is true and correct.

LEVINE LEICHTMAN CAPITAL PARTNERS SBIC FUND, L.P.

By: LLC Partners SBIC GP, LLC,
its General Partner

By: Levine Leichtman Capital Partners, Inc.,
its Managing Member

By: _____
Name: David Wolmer
Title: Vice President

DEBTORS:

I certify that I hold the title set forth below, that this instrument was signed on behalf of REGIONAL RAIL HOLDINGS, LLC, by authority of its Board of Directors and that I acknowledge that the execution of the foregoing instrument was the free act and deed of REGIONAL RAIL HOLDINGS, LLC. I further declare under penalty of perjury that the foregoing is true and correct.

I certify that I hold the title set forth below, that this instrument was signed on behalf of REGIONAL RAIL, LLC, by authority of its Board of Directors and that I acknowledge that the execution of the foregoing instrument was the free act and deed of REGIONAL RAIL, LLC. I further declare under penalty of perjury that the foregoing is true and correct.

REGIONAL RAIL HOLDINGS, LLC

BY: _____
NAME: ROBERT PARKER
ITS: PRESIDENT AND CHIEF EXECUTIVE OFFICER

REGIONAL RAIL, LLC

BY: _____
NAME: ROBERT PARKER
ITS: PRESIDENT AND CHIEF EXECUTIVE OFFICER

I certify that I hold the title set forth below, that this instrument was signed on behalf of EAST PENN RAILROAD, LLC, by authority of its Board of Directors and that I acknowledge that the execution of the foregoing instrument was the free act and deed of EAST PENN RAILROAD, LLC. I further declare under penalty of perjury that the foregoing is true and correct.

EAST PENN RAILROAD, LLC

BY: _____

NAME: ROBERT PARKER
ITS: PRESIDENT AND CHIEF EXECUTIVE OFFICER

I certify that I hold the title set forth below, that this instrument was signed on behalf of MIDDLETOWN & NEW JERSEY RAILROAD, LLC, by authority of its Board of Directors and that I acknowledge that the execution of the foregoing instrument was the free act and deed of MIDDLETOWN & NEW JERSEY RAILROAD, LLC. I further declare under penalty of perjury that the foregoing is true and correct.

MIDDLETOWN & NEW JERSEY RAILROAD, LLC

BY: _____

NAME: ROBERT PARKER
ITS: PRESIDENT AND CHIEF EXECUTIVE OFFICER

I certify that I hold the title set forth below, that this instrument was signed on behalf of TYBURN RAILROAD LLC, by authority of its Board of Directors and that I acknowledge that the execution of the foregoing instrument was the free act and deed of TYBURN RAILROAD LLC. I further declare under penalty of perjury that the foregoing is true and correct.

TYBURN RAILROAD LLC

BY: _____

NAME: ROBERT PARKER
ITS: PRESIDENT AND CHIEF EXECUTIVE OFFICER

I certify that I hold the title set forth below, that this instrument was signed on behalf of REGIONAL TRANSLOAD LLC, by authority of its Board of Directors and that I acknowledge that the execution of the foregoing instrument was the free act and deed of REGIONAL TRANSLOAD LLC. I further declare under penalty of perjury that the foregoing is true and correct.

REGIONAL TRANSLOAD LLC

BY: _____

NAME: ROBERT PARKER
ITS: PRESIDENT AND CHIEF EXECUTIVE OFFICER

I certify that I hold the title set forth below, that this instrument was signed on behalf of DIAMONDBACK SIGNAL, LLC, by authority of its Board of Directors and that I acknowledge that the execution of the foregoing instrument was the free act and deed of DIAMONDBACK SIGNAL, LLC. I further declare under penalty of perjury that the foregoing is true and correct.

DIAMONDBACK SIGNAL, LLC

BY: 
NAME: JOHN BRUNNER
ITS: PRESIDENT

SCHEDULE 1
TO MEMORANDUM OF SECURITY AGREEMENT

RAIL EQUIPMENT

Locomotives:

Road Mark and Number	Locomotive Type
GMTX 2173	GP-38-2
GMTX 2179	GP-38-2
GMTX 2800	GP-38-3
ESPN 1800	GP-18
ESPN 2202	GP-10
ESPN 81	NW-2
ESPN 3153	B-23-7
ESPN 7554	GP-10
ESPN 1802	GP-18
ESPN 52	SW-900
ESPN 1804	GP-18
GMTX 2801	GP-38-3
ESPN 7874	B-30-7
ESPN 2204	B-23-7
MNJ 2	44 Tonner
ESPN 1701	GP-9
ESPN 5114	B-23-7
ESPN7811	B-30-7
MNJ 77	GP-10
TYBR 400	44 Tonner
TYBR 390	44 Tonner