

October 7, 2016

RECORDATION NO. 32376
FILED OCTOBER 7, 2016 5:00 PM
SURFACE TRANSPORTATION BOARD

VIA ELECTRONIC FILING

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

Re: Memorandum of Security Agreement/Primary Document

Dear Section Chief:

Enclosed for recordation pursuant to Section 11301 of Title 49 of the U.S. Code is a Memorandum of Security Agreement, dated as of October 7, 2016, a primary document as defined in the Board's Rules for Recordation of Documents, 49 C.F.R. Section 1177.

The names and addresses of the parties to the Memorandum of Lease Agreement are:

Secured Party: KeyBank National Association, acting through its division
Key Equipment Finance
1000 South McCaslin Boulevard
Superior, CO 80027

Borrower: Frontier Rail Corporation
398 Grain Terminal Road
Burbank, WA 99323

FRB, LLC
Rail Loop Drive
Boardman, OR 97818

FER LLC
396 Grain Terminal Road
Burbank, WA 99323

FR99 Rail Corporation
499 Railex Road
Burbank, WA 99323

DWT 30438124v3 0046569-000787

LRY LLC
1410 S. 3rd St.
Lakeview, OR 97630

FN Logistics LLC
12710 Thunderbolt Drive
Reno, NV 89511

FR LLC
396 Grain Terminal Road
Burbank, WA 99323

CCET LLC
396 Grain Terminal Road
Burbank, WA 99323

KET LLC
396 Grain Terminal Road
Burbank, WA 99323

CWW LLC
1106 Dell Ave.
Walla Walla, WA 99362

WRL LLC
396 Grain Terminal Road
Burbank, WA 99323

MOR LLC
490 NE Olson Road
Boardman, OR 97818

A description of the equipment covered by the Memorandum of Security consists of:

Twenty (20) locomotives with marks and numbers as follows:
ARR (USRP) 803, ARR (USRP) 807, ARR (USRP) 2806,
CBR 1203, LRY 700, LRY 1011, MRL 318, MRL 330, MRL 332,
NREX 207, NREX 1284, NREX 2802, NREX 2809, NS 2414,
NS 5052, NS 5082, UPY 1299, UPY 1323, UPY 1374 and
WRIX 23.

Chief Section of Administration
October 7, 2016
Page 3

A recording fee of \$45.00 is being remitted. Please return recorded document to:

Richard J. Schroeder
Davis Wright Tremaine LLP
1201 3rd Avenue, Suite 2200
Seattle, WA 98101

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

Primary Document: Memorandum of Security Agreement, dated October 7, 2016, between KeyBank National Association, acting through its division Key Equipment Finance, as Secured Party, and Frontier Rail Corporation, et al., as Borrower, covering Twenty (20) locomotives with marks and numbers as follows: ARR (USRP) 803, ARR (USRP) 807, ARR (USRP) 2806, CBR 1203, LRY 700, LRY 1011, MRL 318, MRL 330, MRL 332, NREX 207, NREX 1284, NREX 2802, NREX 2809, NS 2414, NS 5052, NS 5082, UPY 1299, UPY 1323, UPY 1374 and WRIX 23.

The document does not contain a hereafter acquired clause.

Very truly yours,

Davis Wright Tremaine LLP



Richard J. Schroeder

Enclosure

MEMORANDUM OF SECURITY AGREEMENT

between

KEYBANK NATIONAL ASSOCIATION,
Acting Through Its Division KEY EQUIPMENT FINANCE
("SECURED PARTY")

and

FRONTIER RAIL CORPORATION

FRB, LLC

FER LLC

FN LOGISTICS LLC

LRV LLC

FR99 RAIL CORPORATION

FR LLC

CCET LLC

KET LLC

CWW LLC

WRL LLC

MOR LLC

("BORROWER")

OCTOBER 7, 2016

Filed with the Surface Transportation Board pursuant to
49 U.S.C. §11301 on _____, 2016, at ___ a.m./p.m.
Recordation Number ____

MEMORANDUM OF SECURITY AGREEMENT

This Memorandum of a Security Agreement is made and entered into as of October 7, 2016, by and between KeyBank National Association, acting through its division Key Equipment Finance, a national banking association (“Secured Party”) and Frontier Rail Corporation, a Washington corporation, FRB, LLC, an Oregon limited liability company, FER LLC, a Washington limited liability company, FN Logistics LLC, a Nevada limited liability company, LRY LLC, an Oregon limited liability company, FR99 Rail Corporation, a California corporation, FR LLC, a Washington limited liability company, CCET LLC, an Ohio limited liability company, KET LLC, Washington limited liability company, CWW LLC, a Washington limited liability company, WRL LLC, a Washington limited liability company and MOR LLC, an Oregon limited liability company, jointly and severally (individually and collectively, “Borrower”).

WITNESSETH:

1. Security Agreement. Pursuant to a Loan and Security Agreement dated October 7, 2016 (“Security Agreement”), Secured Party agreed to make a loan to Borrower secured by twenty (20) locomotives.
2. Definitions. Except as otherwise defined in this Memorandum, terms defined in the Security Agreement or by reference therein are used herein as defined therein.
3. Security Interest. Subject to the terms, conditions, covenants and agreements set forth in the Security Agreement and pursuant thereto, the Borrower assigned, mortgaged, pledged, hypothecated, transferred and set over the Secured Party and granted to the Secured Party a first priority lien on and security interest in all of the Borrower’s right, title and interest in and to the equipment more fully described on Schedule 1 hereto and to the Security Agreement and agreed that such equipment shall constitute Collateral subject to the grant of security by the Borrower set forth in the Security Agreement.
4. Conflict. This Memorandum is not a summary of the Security Agreement, nor a complete recitation of the terms and provisions thereof. The Borrower and the Secured Party 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.
5. Counterparts. This Memorandum may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument and any of the parties hereto may execute this Memorandum by signing any such counterpart.
6. The Security Agreement does not contain a “hereafter acquired” clause.

[Signature Page Follows]

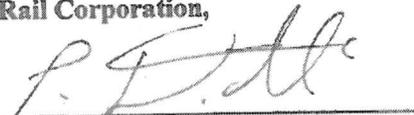
IN WITNESS WHEREOF, the parties hereto have caused this instrument to be signed and sealed by their respective corporate officers as of the date and year first above written.

SECURED PARTY:

KEYBANK NATIONAL ASSOCIATION,
acting through its division KEY EQUIPMENT FINANCE

By: 
Name: MICHAEL O'HERN
Title: Vice President or Vice President

BORROWER:

Frontier Rail Corporation,
Grantor
By: 
Name: Paul Didelius
Title: President

FER LLC
By: 
Name: Paul Didelius
Title: Member

FRB, LLC
Grantor
By: 
Name: Paul Didelius
Title: Member

FN Logistics LLC
By: 
Name: Paul Didelius
Title: Member

FR99 Rail Corporation
Grantor
By: 
Name: Paul Didelius
Title: President

CCET LLC
By: 
Name: Paul Didelius
Title: Member

LRY LLC

Grantor

By: 
Name: Paul Didelius
Title: Member

KET LLC

By: 
Name: Paul Didelius
Title: Member

FR LLC

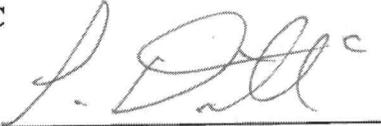
Grantor

By: 
Name: Paul Didelius
Title: Member

CWW LLC

By: 
Name: Paul Didelius
Title: Member

WRL LLC

By: 
Name: Paul Didelius
Title: Member

MOR LLC

By: 
Name: Paul Didelius
Title: Member

STATE OF COLORADO)
) ss.
COUNTY OF BOULDER)

On this 5th day of October, 2016, before me personally appeared Michael O'Hern to me personally known, who being by me duly sworn, says that he is the Senior Vice President of KEYBANK NATIONAL ASSOCIATION, acting through its division KEY EQUIPMENT FINANCE, a national banking association, that the foregoing instrument was signed on behalf of said association, and he acknowledged that the execution of the said instrument was the free act and deed of said association.



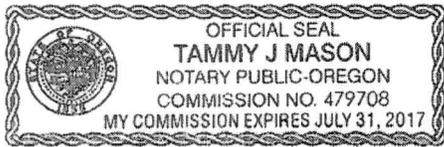
NOTARY PUBLIC

My commission expires: 8/7/17

DAISY WEIDEL
NOTARY PUBLIC
STATE OF COLORADO
NOTARY ID 20024019997
MY COMMISSION EXPIRES AUGUST 7, 2017

STATE OF Oregon)
COUNTY OF Multnomah) ss.

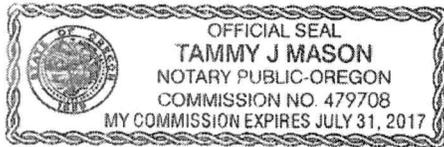
On this 4th day of October 2016, before me personally appeared Paul Didelius, to me personally known, who being by me duly sworn, says that he is the President of FRONTIER RAIL CORPORATION, a Washington corporation, that the foregoing instrument was signed on behalf of said corporation, he acknowledged that the execution of the said instrument was the free act and deed of said corporation.



[Signature]
NOTARY PUBLIC
My commission expires: 7-31-17

STATE OF Oreg)
COUNTY OF Multnomah) ss.

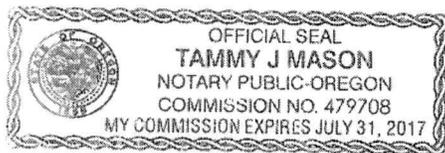
On this 4th day of October 2016, before me personally appeared Paul Didelius, to me personally known, who being by me duly sworn, says that he is the Member of FRB, LLC, an Oregon limited liability company, that the foregoing instrument was signed on behalf of said company, he acknowledged that the execution of the said instrument was the free act and deed of said company.



[Signature]
NOTARY PUBLIC
My commission expires: 7-31-17

STATE OF Oreg)
COUNTY OF Multnomah) ss.

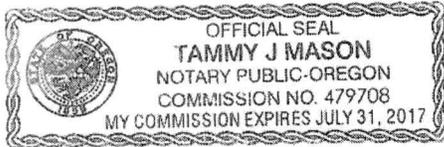
On this 4th day of October 2016, before me personally appeared Paul Didelius, to me personally known, who being by me duly sworn, says that he is the Member of FER LLC, a Washington limited liability company, that the foregoing instrument was signed on behalf of said company, he acknowledged that the execution of the said instrument was the free act and deed of said company.



[Signature]
NOTARY PUBLIC
My commission expires: 7-31-17

STATE OF Oregon)
COUNTY OF Multnomah) ss.

On this 17th day of October 2016, before me personally appeared Paul Didelius, to me personally known, who being by me duly sworn, says that he is the Member of FN LOGISTICS LLC, a Nevada limited liability company, that the foregoing instrument was signed on behalf of said company, he acknowledged that the execution of the said instrument was the free act and deed of said company.



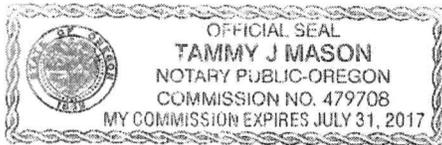


NOTARY PUBLIC

My commission expires: 7-31-17

STATE OF Oregon)
COUNTY OF Multnomah) ss.

On this 17th day of October 2016, before me personally appeared Paul Didelius, to me personally known, who being by me duly sworn, says that he is the Member of LRY LLC, an Oregon limited liability company, that the foregoing instrument was signed on behalf of said company, he acknowledged that the execution of the said instrument was the free act and deed of said company.



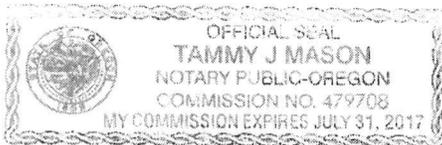


NOTARY PUBLIC

My commission expires: 7-31-17

STATE OF Oregon)
COUNTY OF Multnomah) ss.

On this 17th day of October 2016, before me personally appeared Paul Didelius, to me personally known, who being by me duly sworn, says that he is the President of FR99 RAIL CORPORATION, a California corporation, that the foregoing instrument was signed on behalf of said corporation, he acknowledged that the execution of the said instrument was the free act and deed of said corporation.



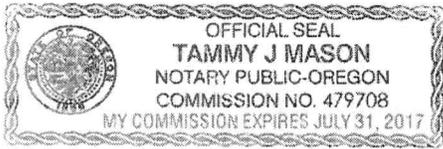


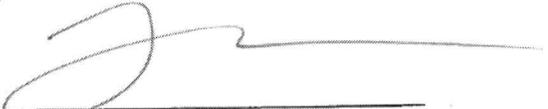
NOTARY PUBLIC

My commission expires: 7-31-17

STATE OF Oregon)
COUNTY OF Multnomah) ss.

On this 14th day of October 2016, before me personally appeared Paul Didelius, to me personally known, who being by me duly sworn, says that he is the Member of FR : LLC, a Washington limited liability company, that the foregoing instrument was signed on behalf of said company, he acknowledged that the execution of the said instrument was the free act and deed of said company.

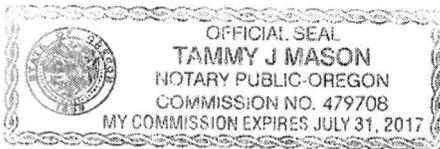




NOTARY PUBLIC
My commission expires: 7-31-17

STATE OF Oregon)
COUNTY OF Multnomah) ss.

On this 14th day of October 2016, before me personally appeared Paul Didelius, to me personally known, who being by me duly sworn, says that he is the Member of CCET LLC, an Ohio limited liability company, that the foregoing instrument was signed on behalf of said company, he acknowledged that the execution of the said instrument was the free act and deed of said company.

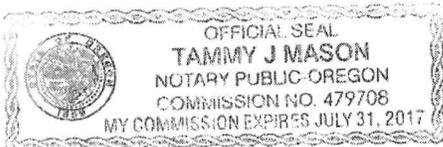


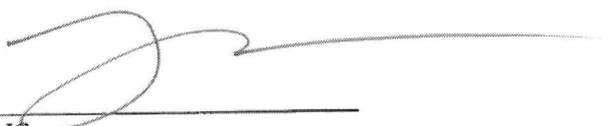


NOTARY PUBLIC
My commission expires: 7-31-17

STATE OF Oregon)
COUNTY OF Multnomah) ss.

On this 14th day of October 2016, before me personally appeared Paul Didelius, to me personally known, who being by me duly sworn, says that he is the Member of KET LLC, a Washington limited liability company, that the foregoing instrument was signed on behalf of said company, he acknowledged that the execution of the said instrument was the free act and deed of said company.



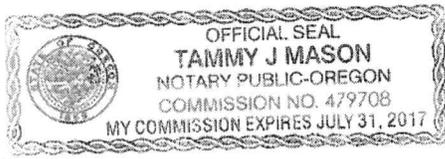


NOTARY PUBLIC

My commission expires: 7-31-17

STATE OF Oregon)
COUNTY OF Multnomah) ss.

On this 10 day of October 2016, before me personally appeared Paul Didelius, to me personally known, who being by me duly sworn, says that he is the Member of CWW LLC, a Washington limited liability company, that the foregoing instrument was signed on behalf of said company, he acknowledged that the execution of the said instrument was the free act and deed of said company.

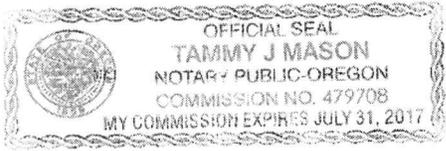


[Signature]
NOTARY PUBLIC

My commission expires: 7-31-17

STATE OF Oregon)
COUNTY OF Multnomah) ss.

On this 10 day of October 2016, before me personally appeared Paul Didelius, to me personally known, who being by me duly sworn, says that he is the Member of WRL LLC, a Washington limited liability company, that the foregoing instrument was signed on behalf of said company, he acknowledged that the execution of the said instrument was the free act and deed of said company.

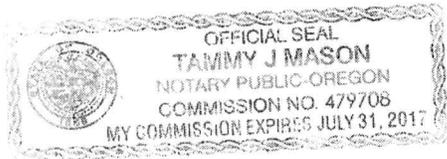


[Signature]
NOTARY PUBLIC

My commission expires: 7-31-17

STATE OF Oregon)
COUNTY OF Multnomah) ss.

On this 10 day of October 2016, before me personally appeared Paul Didelius, to me personally known, who being by me duly sworn, says that he is the Member of MOR LLC, an Oregon limited liability company, that the foregoing instrument was signed on behalf of said company, he acknowledged that the execution of the said instrument was the free act and deed of said company.



[Signature]
NOTARY PUBLIC

My commission expires: 7-31-17

EXHIBIT A

Locomotives

Owner

WRIX 23	FRB LLC
CBR 1203	FR LLC
NREX 207	FR99 RAIL CORPORATION
LRV 1011	FR LLC
LRV 700	LRV LLC
NREX 2809	LRV LLC
NREX 2802	FRONTIER RAIL CORPORATION
NREX 1284	FR99 RAIL CORPORATION
(ARR) USRP 2806	FR LLC
MRL 318	FR LLC
(ARR) USRP 2803	FR LLC
(ARR) USRP 2807	FR LLC
MRL 330	FR LLC
UPY 1374	FR LLC
MRL 332	FR LLC
UPY 1299	FR LLC
NS 2414	FR LLC
NS 5052	FR LLC
NS 5082	FR LLC
UPY 1323	FR LLC