

RECORDATION NO 31010 FILED  
December 18, 2013 03:35 PM  
SURFACE TRANSPORTATION BOARD

ALVORD AND ALVORD  
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FAX (202) 393-2156  
E-MAIL alvordlaw@aol.com

ELIAS C. ALVORD (1942)  
ELLSWORTH C. ALVORD (1964)  
ROBERT W. ALVORD (2011)

December 18, 2013

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

Dear Section Chief:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are two (2) copies of a Memorandum of Security Agreement, dated as of December 9, 2013, a primary document as defined in the Board's Rules for the Recordation of Documents.

The document covers all rail equipment and leasehold interests therein of the Obligors now owned or hereafter acquired.

The names and addresses of the parties to the enclosed document are:

Administrative  
Agent:

U.S. Bank, National Association  
300 Delaware Avenue, 9<sup>th</sup> Floor  
Wilmington, DE 19801

Obligors:

Iowa Pacific Holdings, LLC,  
Permian Basin Railways, Inc.,  
Austin & Northwestern Railroad Company, Inc.,  
West Texas and Lubbock Railroad Company, Inc.,  
San Luis & Rio Grande Railroad, Inc.,  
Saratoga and North Creek Railway, LLC,  
Massachusetts Coastal Railroad LLC,  
Chicago Terminal Railroad Company,  
Mt. Hood Railroad Company,

Chief, Section of Administration  
December 18, 2013  
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Santa Cruz and Monterey Bay Railway Company,  
Cape Rail, Inc.,  
Isla Largo, LLC,  
Key Tours International,  
Rusk, Palestine & Pacific Railroad, LLC,  
The Pullman Sleeping Car Company, LLC,  
Cape Cod Central Railroad, Inc.,  
Heritage Rail Leasing, LLC,  
High Iron Travel Corporation,  
Central Car Repair, LLC,  
British American Railway Services (U.S.),  
118 South Clinton Street, Suite 400  
Chicago, IL 60661

A description of the railroad equipment covered by the enclosed document  
is:

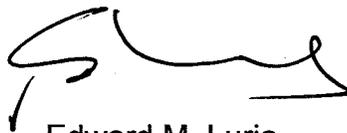
All locomotives, railcars and other rolling stock of Oblgors, including any  
lease and sublease interests relating thereto, whether now owned or hereafter  
acquired, effective as of December 6, 2013.

Memorandum of Security Agreement.

Also enclosed is a check in the amount of \$44.00 payable to the order of  
the Surface Transportation Board covering the required recordation fee.

Kindly return stamped copies of the enclosed document to the  
undersigned.

Very truly yours,



Edward M. Luria

EML/sem  
Enclosures

**MEMORANDUM OF SECURITY AGREEMENT**

This Memorandum of Security Agreement is made and entered into as of December 9, 2013, by and among IOWA PACIFIC HOLDINGS, LLC (the "Borrower"), PERMIAN BASIN RAILWAYS, INC., AUSTIN & NORTHWESTERN RAILROAD COMPANY, INC., WEST TEXAS AND LUBBOCK RAILROAD COMPANY, INC., WEST TEXAS AND LUBBOCK RAILWAY COMPANY, INC., SAN LUIS & RIO GRANDE RAILROAD, INC., SARATOGA AND NORTH CREEK RAILWAY, LLC, MASSACHUSETTS COASTAL RAILROAD LLC, CHICAGO TERMINAL RAILROAD COMPANY, MT. HOOD RAILROAD COMPANY, SANTA CRUZ AND MONTEREY BAY RAILWAY COMPANY, CAPE RAIL, INC., ISLA LARGO, LLC, KEY TOURS INTERNATIONAL, RUSK, PALESTINE & PACIFIC RAILROAD, LLC, THE PULLMAN SLEEPING CAR COMPANY, LLC, CAPE COD CENTRAL RAILROAD, INC., HERITAGE RAIL LEASING, LLC, HIGH IRON TRAVEL CORPORATION, CENTRAL CAR REPAIR, LLC and BRITISH AMERICAN RAILWAY SERVICES (U.S.), LLC (hereinafter each individually a "Subsidiary Guarantor" and collectively with the Borrower, the "Obligors") and U.S. BANK NATIONAL ASSOCIATION (the "Administrative Agent"), respecting that certain Security Agreement dated as of December 9, 2013 among Obligors and the Administrative Agent entered into pursuant to and subject to the credit agreement referenced therein (hereinafter referred to as the "Credit Agreement").

The Obligors and the Administrative Agent hereby affirm and acknowledge that the Obligors have agreed to grant the Administrative Agent, on behalf of the Lenders, a first priority security interest in all locomotives, railcars and other rolling stock of Obligors, including any lease and sublease interests relating thereto, whether now owned or hereafter acquired, effective as of December 9, 2013 and subject to the terms defined in the Credit Agreement.

IN WITNESS WHEREOF, each of the parties hereto, pursuant to due corporate authority, has caused this Memorandum of Security Agreement to be duly executed in its corporate name by its officers, thereunto duly authorized, all as of the date first above written.

ADMINISTRATIVE AGENT:

U.S. BANK NATIONAL ASSOCIATION

By: [Signature]

Name: James A. Hanley  
Vice President

Title: \_\_\_\_\_

STATE OF Delaware )  
COUNTY OF New Castle )

SS:

On this 18<sup>th</sup> of December, 2011, before me personally appeared James A. Hanley, to me personally known, who being duly sworn, stated that he/she is Vice President of U.S. BANK NATIONAL ASSOCIATION, that said instrument was signed on behalf of said corporation by all necessary authority, and he/she acknowledged that the execution of the foregoing instrument was the free act and deed of said bank.

[Signature]  
Notary Public  
My Commission Expires  
NOV. 9, 2015  
NOTARY PUBLIC  
STATE OF DELAWARE

BORROWER:

IOWA PACIFIC HOLDINGS, LLC

By: \_\_\_\_\_

Name: Edwin E. Ellis

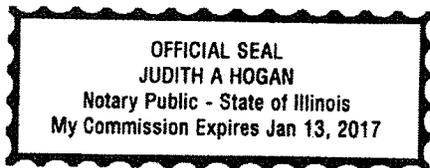
Title: President or Manager

STATE OF ILLINOIS                    )  
  )     SS:  
COUNTY OF COOK                    )

On this 18<sup>th</sup> of December, 2013, before me personally appeared Edwin E. Ellis, to me personally known, who being duly sworn, stated that he/she is the President or Manager of IOWA PACIFIC HOLDINGS, LLC, that said instrument was signed on behalf of said limited liability company by authority of its board of managers, and he/she acknowledged that the execution of the foregoing instrument was the free act and deed of said limited liability company.

Judith A Hogan  
Notary Public

My Commission Expires Jan 13 2017



SUBSIDIARY GUARANTORS:

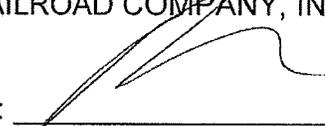
PERMIAN BASIN RAILWAYS, INC.

By:   
Name: Edwin E. Ellis  
Title: President or Manager or  
Authorized Officer

AUSTIN & NORTHWESTERN  
RAILROAD COMPANY, INC.

By:   
Name: Edwin E. Ellis  
Title: President or Manager or  
Authorized Officer

WEST TEXAS AND LUBBOCK  
RAILROAD COMPANY, INC.

By:   
Name: Edwin E. Ellis  
Title: President or Authorized Officer

WEST TEXAS AND LUBBOCK  
RAILWAY COMPANY, INC.

By:   
Name: Edwin E. Ellis  
Title: President or Authorized Officer

SAN LUIS & RIO GRANDE  
RAILROAD, INC.

By:   
Name: Edwin E. Ellis  
Title: President or Authorized Officer

SARATOGA AND NORTH CREEK  
RAILWAY, LLC

By:   
Name: Edwin E. Ellis  
Title: Manager or Authorized Officer

MASSACHUSETTS COASTAL  
RAILROAD LLC

By:   
Name: Edwin E. Ellis  
Title: Manager or Authorized Officer

CHICAGO TERMINAL RAILROAD  
COMPANY

By:   
Name: Edwin E. Ellis  
Title: President or Manager or  
Authorized Officer

MT. HOOD RAILROAD COMPANY

By:   
Name: Edwin E. Ellis  
Title: President or Authorized Officer

SANTA CRUZ AND MONTEREY  
BAY RAILWAY COMPANY

By:   
Name: Edwin E. Ellis  
Title: President or Authorized Officer

SUBSIDIARY GUARANTORS:

CAPE RAIL, INC.

By:   
Name: Edwin E. Ellis  
Title: President or Authorized Officer

ISLA LARGO, LLC

By:   
Name: Edwin E. Ellis  
Title: Manager or Authorized Officer

KEY TOURS INTERNATIONAL

By:   
Name: Edwin E. Ellis  
Title: President or Manager or Authorized Officer

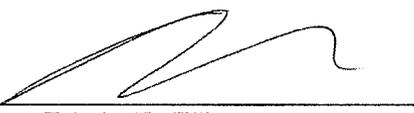
RUSK, PALESTINE & PACIFIC RAILROAD, LLC

By:   
Name: Edwin E. Ellis  
Title: Manager or Authorized Officer

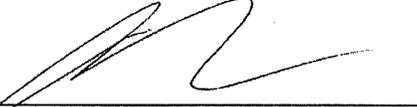
THE PULLMAN SLEEPING CAR COMPANY, LLC

By:   
Name: Edwin E. Ellis  
Title: Manager or Authorized Officer

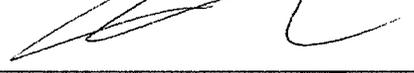
CAPE COD CENTRAL RAILROAD, INC.

By:   
Name: Edwin E. Ellis  
Title: President or Authorized Officer

HERITAGE RAIL LEASING, LLC

By:   
Name: Edwin E. Ellis  
Title: Manager or Authorized Officer

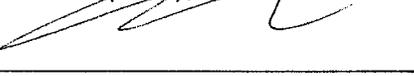
HIGH IRON TRAVEL CORPORATION

By:   
Name: Edwin E. Ellis  
Title: President or Authorized Officer

CENTRAL CAR REPAIR, LLC

By:   
Name: Edwin E. Ellis  
Title: Manager or Authorized Officer

BRITISH AMERICAN RAILWAY SERVICES (U.S.), LLC

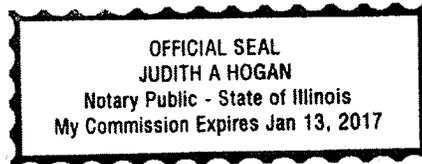
By:   
Name: Edwin E. Ellis  
Title: Manager or Authorized Officer

STATE OF ILLINOIS                    )  
  )  
COUNTY OF COOK                    )       SS:

On this 18<sup>th</sup> of December, 2013, before me personally appeared Edwin Ellis, to me personally known, who being duly sworn, stated that he/she is the President or Manager or other Authorized Officer of and for each of PERMIAN BASIN RAILWAYS, INC., AUSTIN & NORTHWESTERN RAILROAD COMPANY, INC., WEST TEXAS AND LUBBOCK RAILROAD COMPANY, INC., WEST TEXAS AND LUBBOCK RAILWAY COMPANY, INC., SAN LUIS & RIO GRANDE RAILROAD, INC., SARATOGA AND NORTH CREEK RAILWAY, LLC, MASSACHUSETTS COASTAL RAILROAD LLC, CHICAGO TERMINAL RAILROAD COMPANY, MT. HOOD RAILROAD COMPANY, SANTA CRUZ AND MONTEREY BAY RAILWAY COMPANY, CAPE RAIL, INC., ISLA LARGO, LLC, KEY TOURS INTERNATIONAL, RUSK, PALESTINE & PACIFIC RAILROAD, LLC, THE PULLMAN SLEEPING CAR COMPANY, LLC, CAPE COD CENTRAL RAILROAD, INC., HERITAGE RAIL LEASING, LLC, HIGH IRON TRAVEL CORPORATION, CENTRAL CAR REPAIR, LLC and BRITISH AMERICAN RAILWAY SERVICES (U.S.), LLC., that said instrument was signed on behalf of each said corporation or limited liability company by authority of its board of directors or board of managers, as applicable, and he/she acknowledged that the execution of the foregoing instrument by each corporation or limited liability company, as applicable, was the free act and deed of said corporation or limited liability company, as applicable.

Judith A Hogan  
Notary Public

My Commission Expires Jan 13 2017



CERTIFICATION

I, Edward M. Luria, an attorney licensed to practice in the District of Columbia, the State of Delaware and the Commonwealth of Pennsylvania, do hereby certify under penalty of perjury that I have compared the attached copy with the original thereof and have found the copy to be complete and identical in all respects to the original document.

Dated: 12/18/13

Edward M Luria  
Edward M. Luria