

DEC 03 '14 -4 53 PM

**SURFACE TRANSPORTATION BOARD**

SAN FRANCISCO

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WASHINGTON, D.C.



O'MELVENY & MYERS LLP

Times Square Tower  
7 Times Square  
New York, New York 10036-6524

TELEPHONE (212) 326-2000

FACSIMILE (212) 326-2061

www.omm.com

BEIJING  
BRUSSELS  
CENTURY CITY  
HONG KONG  
LONDON  
LOS ANGELES  
NEWPORT BEACH

WRITER'S DIRECT DIAL

(212) 326-2047

WRITER'S E-MAIL ADDRESS

rshutran@omm.com

December 3, 2014

Chief, Section of Administration  
Office of Proceedings  
Surface Transportation Board  
395 E. Street, S.W.  
Washington, D.C. 20423-0001  
Attn: Office of Recordations

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 November 26, 2014, a primary document as defined in the Board's Rules for the Recordation of Documents.

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

Secured Party: SRC Funding LLC  
One Letterman Drive  
Building C, Fifth Floor  
San Francisco, CA 94129

Grantors: Sierra Railroad Company  
Sierra Northern Railway  
Mendocino Railway  
  
221 1st Street  
Davis, CA 95616

A description of the equipment covered by the Memorandum of Security Agreement is:

The railroad cars, locomotives, and other rolling stock of the Grantors identified on Schedule I to the Memorandum of Security Agreement (the "Equipment").

A short summary of the document to appear in the index is:

Memorandum of Security Agreement, dated as of November 26, 2014, among Sierra Railroad Company, a California corporation, Sierra Northern Railway, a California corporation, Mendocino Railway, a California corporation, and SRC Funding LLC, a Delaware limited liability company.

Also enclosed is the recordation fee in the amount of \$43.00.

Kindly return any unneeded copies to the undersigned. Please let me know if you have any questions regarding this recordation.

Very truly yours,



Richard Shutran  
Attorney for the Secured Party

RS

Enclosure



## O'MELVENY & MYERS LLP

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BRUSSELS  
CENTURY CITY  
HONG KONG  
LONDON  
LOS ANGELES  
NEWPORT BEACH

Two Embarcadero Center, 28th Floor  
San Francisco, California 94111-3823

TELEPHONE (415) 984-8700  
FACSIMILE (415) 984-8701  
www.omm.com

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December 3, 2014

OUR FILE NUMBER  
826,520-008

**VIA FEDEX**

Surface Transportation Board  
395 E Street, SW  
Washington, DC 20024  
Attention: Recordations

WRITER'S DIRECT DIAL  
(415) 984-8888

WRITER'S E-MAIL ADDRESS  
mburke@omm.com

**Re: Memorandum of Security Agreement**

Dear Sir/Madam:

Enclosed please find a check in the amount of \$43, which is to cover filing fees for the enclosed Memorandum of Security Agreement. The Memorandum was submitted for filing electronically on December 3, 2014.

Please file the Memorandum, and send confirmation of filing to my attention via e-mail.

Please contact me if you have any questions.

Thank you.

Very truly yours,

Maureen T. Burke  
Senior Paralegal

Enclosures

DEC 03 '14 -4 53 PM

MEMORANDUM OF SECURITY AGREEMENT

SURFACE TRANSPORTATION BOARD

This **MEMORANDUM OF SECURITY AGREEMENT**, is made and entered into as of November 26, 2014 (the "**Security Agreement**"), among **SIERRA RAILROAD COMPANY**, a California corporation, **SIERRA NORTHERN RAILWAY**, a California corporation, **MENDOCINO RAILWAY**, a California corporation (collectively, the "**Grantors**"), and **SRC FUNDING LLC**, a Delaware limited liability company (the "**Secured Party**").

The Grantors and the Secured Party hereby state the following:

1. Pursuant to a Security Agreement dated as of the date hereof (the "**Security Agreement**") among the Grantors and the Secured Party, the Grantors have granted to the Secured Party a first priority lien on and security interest in the railroad cars, locomotives, and other rolling stock of the Grantors identified on Schedule I hereto (the "**Equipment**").
2. The Security Agreement is effective as of the date hereof, and use of the Equipment by the Grantors shall be subject to the terms and conditions as set forth in the Security Agreement.
3. This Memorandum of Security Agreement is being recorded with the Surface Transportation Board pursuant to 49 U.S.C. Section 11301(a).
4. This Memorandum of Security Agreement may be signed in any number of counterparts, each of which shall be an original and all of which shall be a part of this Memorandum of Security Agreement.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

---

GRANTORS:

SIERRA RAILROAD COMPANY

By:   
Name: Michael Hart  
Title: President and CEO

SIERRA-NORTHERN RAILWAY

By:   
Name: David Magan  
Title: President

MENDOCINO RAILWAY

By:   
Name: Chris Hart  
Title: President

SECURED PARTY:

SRC FUNDING LLC

By:  
Name:  
Title:

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

CIVIL CODE § 1189

State of California

County of Yolo

**BEN FRECHETTE, NOTARY PUBLIC**

On 11/25/14 before me, \_\_\_\_\_

Here Insert Name and Title of the Officer

personally appeared Michael Hart and David Magaw and Christopher Hart

Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies) and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal,

Signature: \_\_\_\_\_

Signature of Notary Public

Place Notary Seal Above

**OPTIONAL**

*Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.*

**Description of Attached Document**

Title or Type of Document: \_\_\_\_\_

Document Date: \_\_\_\_\_ Number of Pages: \_\_\_\_\_

Signer(s) Other Than Named Above: \_\_\_\_\_

**Capacity(ies) Claimed by Signer(s)**

Signer's Name: \_\_\_\_\_

Corporate Officer — Title(s): \_\_\_\_\_

Individual

Partner —  Limited  General

Attorney in Fact

Trustee

Guardian or Conservator

Other: \_\_\_\_\_

Signer Is Representing: \_\_\_\_\_

**RIGHT THUMBPRINT OF SIGNER**

Top of thumb here

Signer's Name: \_\_\_\_\_

Corporate Officer — Title(s): \_\_\_\_\_

Individual

Partner —  Limited  General

Attorney in Fact

Trustee

Guardian or Conservator

Other: \_\_\_\_\_

Signer Is Representing: \_\_\_\_\_

**RIGHT THUMBPRINT OF SIGNER**

Top of thumb here

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

---

**GRANTORS:**

**SIERRA RAILROAD COMPANY**

By: \_\_\_\_\_  
Name: Michael Hart  
Title: President and CEO

**SIERRA NORTHERN RAILWAY**

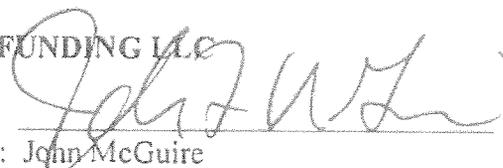
By: \_\_\_\_\_  
Name:  
Title:

**MENDOCINO RAILWAY**

By: \_\_\_\_\_  
Name:  
Title:

**SECURED PARTY:**

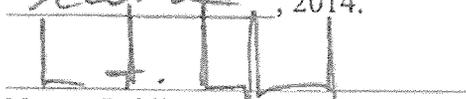
**SRC FUNDING LLC**

By:  \_\_\_\_\_  
Name: John McGuire  
Title: Vice President

STATE OF New York )  
 ) ss:  
COUNTY OF New York )

On this 2d day of December, 2014, before me personally appeared JOHN MCGUIRE, to me personally known, who being by me duly sworn, says that (s)he is the VICE PRESIDENT of SRC Funding LLC, that the seal affixed to the foregoing instrument is the corporate seal of said company, that said instrument was signed and sealed on behalf of said company by authority of its Board of Directors or other managing body, and (s)he acknowledged that the execution of the foregoing instrument was the free act and deed of said company.

IN TESTIMONY WHEREOF, I have hereunto set my hand and official seal this 2d day of December, 2014.

  
\_\_\_\_\_  
Notary Public

My Commission Expires:  
MARKUS A. MARYLAND  
Notary Public, State of New York  
No. 01MA6128536  
Qualified in New York County  
Commission Expires June 13, 2017

**SCHEDULE I**

**Equipment**

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[See attached]

## Rail Cars, Locomotives and Other Railroad Rolling Stock

### Oakdale Division

Equipment Type	Equipment ID#	Location	Details
SERA 1230	SCRX 1230	Oakdale	Combine
SERA 2790	SCRX 2790	Oakdale	Coach Car
SERA 2845	SCRX 2845	Oakdale	Coach Car
Depot Car	2823	Oakdale	132 Seat Coach
Depot Car	2783	Oakdale	132 Seat Coach
Depot Car	2859	Oakdale	1:32 Seat Coach
Depot Car	2813	Oakdale	132 Seat Coach
Depot Car	2893	Oakdale	132 Seat Coach
Rail Car	SERA 8000	Oakdale	Chip Gondola
Rail Car	SERA 8001	Oakdale	Chip Gondola
Rail Car	SERA 8002	Oakdale	Chip Gondola
Rail Car	SERA 8003	Oakdale	Chip Gondola
Rail Car	106	Oakdale	Flat Car
MotW Car	SERA 104	Oakdale	Side Dump
MotW Car	SERA 106	Oakdale	Ballast Car
MotW Car	SERA 108	Oakdale	Flat Car
MotW Car	SERA 101	Oakdale	Rock Car
MotW Car	SERA 102	Oakdale	Rock Car
MotW Car	SERA 103	Oakdale	Rock Car
MotW Car	SERA 105	Oakdale	Side Dump
Locomotive Baldwin 5-12	SERA 42	Oakdale	117.5 tons
Rebuild Locomotive to CoGen/Gen Set RP20-BD	SERA 135 (Now SERA 52)	Oakdale	RP20BD
Locomotive	SERA 48	Oakdale	GP-20
Locomotive	SERA 50	Oakdale	GP-20
Steam Locomotive Lima 6/22/1905	CWR	Fort Bragg.	139 tons
Passenger Car	7010	Oakdale	Power Car
Passenger Car	7011	Oakdale	Dining Car
Passenger Car	7000	Oakdale	Dining Car 48 Seat
Passenger Car	7001 Mirror Lake	Oakdale	Box/Dance Car
Passenger Car	7005 El Capitan	Oakdale	Dining Car 80 Seat
Passenger Car	2803 open car	Oakdale	132 Seat Coach
Passenger Car	CWR 694	Oakdale	Open Air Car
Rail Car	SNIMX 2054	Oakdale	Tank Car
Rail Car	ATSF 168829	Oakdale	Gondola Car
Rail Car	HPCX 1105	Oakdale	Tank Car
Caboose	CWR		
Flat Car	SERA 107	Oakdale	Flat Car
Flat Car	SERA 108	Oakdale	Flat Car
<b>Total Equipment Pieces = 37</b>			

## Rail Cars, Locomotives and Other Railroad Rolling Stock

### Sacramento Division

Equipment Type	Equipment ID#	Location	Details
Locomotive	SERA 132	W. Sac	GP-9
Rail Car	WP 64525	Woodland	Box Car
Rail Car	YSLR 302	Woodland	Box Car
MotW Car	YSLR 919622	Woodland	Ballast Car
MotW Car	SP 690191	Woodland	Box Car
MotW Car	YSLR 301	Woodland	Box Car
MotW Car	SERA 100	Woodland	Rock Car
MotW Car	SERA 106	Woodland	Flat Car
Locomotive	SERA 134	Woodland	GP-7
Locomotive	SERA 47	Woodland	GP-9
Locomotive	SERA 131	Woodland	GP-9
Rebuilt CoGen Locomotive	SERA 133	Woodland	RP20BD
Locomotive	SERA 136	Woodland	GP-7
Passenger Car	7006	Woodland	Dining Car 80 Seat
Passenger Car	7012	Woodland	Dining Car
Passenger Car	6023	Woodland	Coach Car
Passenger Car	YSLR/SERA 502	Woodland	Open Air Car
Passenger Car	YSLR 601	Woodland	Baggage Car
Passenger Car	YSLR 701	Woodland	Coach Car
Passenger Car	YSLR 702	Woodland	Coach Car
Passenger Car	YSLR 691	Woodland	Open Air Car
Passenger Car	CWR 693	Woodland	Open Air Car
Passenger Car	CWR 695	Woodland	Concession Car
Caboose	CWR		
Locomotive	SERA 132	W. Sac	GP-9
Extra Equipment	SGVY 8934	Sac	Box Car
Extra Equipment	SGVY 8943	Sac	Box Car
			<b>Total Equipment Pieces = 27</b>

## Rail Cars, Locomotives and Other Railroad Rolling Stock

### Mendocino Division

Equipment Type	Equipment ID#	Location	Details
Motor Car American Car and Foundry	M-300	Fort Bragg	
Motor Car Edwards	M-100	Fort Bragg	
Steam Locomotive Baldwin	CWR45	Fort Bragg	2/8/2002
Short Flatcar		Fort Bragg	
Caboose	11	Fort Bragg	
Rail Car	AND 779	Fort Bragg	Bulkhead Flat
Rail Car	SERA 5167	Fort Bragg	Rock Car/Side D
MotW Car	801	Fort Bragg	Side Dump
MotW Car	802	Fort Bragg	Side Dump
Locomotive	CWR 64	Fort Bragg	GP-9
Locomotive	CWR 65	Fort Bragg	GP-9
Locomotive	CWR 66	Fort Bragg	GP-9
Passenger Car SP Harrison	656	Fort Bragg	Concession Car
Passenger Car	657	Fort Bragg	Open Air Car
Passenger Car	658	Fort Bragg	Open Air Car
Passenger Car Harrison	655	Fort Bragg	Coach Car
Passenger Car Harrison	659	Fort Bragg	Coach Car
Passenger Car Reading	696	Fort Bragg	Coach Car
Passenger Car Reading	697	Fort Bragg	Coach Car
Passenger Car Reading	698	Fort Bragg	Coach Car
Passenger Car Reading	699	Fort Bragg	Coach Car
Passenger Car	777	Fort Bragg	Coach Car
Passenger Car	787	Fort Bragg	Ballast Car
Ballast Car	SERA 107	Mendocino	
<b>Total Equipment Pieces = 24</b>			