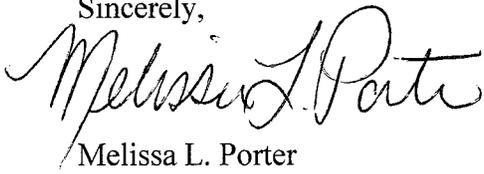




Please return the original and any extra stamped copies not needed by the Board for recordation to the undersigned.

Sincerely,

A handwritten signature in cursive script that reads "Melissa L. Porter". The signature is written in black ink and is positioned above the printed name.

Melissa L. Porter  
Chief Counsel

Enclosures

**MEMORANDUM OF SECURITY AGREEMENT**

THIS MEMORANDUM OF SECURITY AGREEMENT is made and entered on as of June 16, 2014 (the "Memorandum") by and between the UNITED STATES OF AMERICA, represented by the SECRETARY OF TRANSPORTATION acting through the ADMINISTRATOR of the FEDERAL RAILROAD ADMINISTRATION ("Lender"), and NORTH COAST RAILROAD AUTHORITY, an authority existing under the laws of the state of California ("NCRA").

Lender, NCRA and Northwestern Pacific Railroad Company ("NWP") are parties to that certain Financing Agreement, dated as of November 8, 2011, pursuant to which NCRA and NWP received a loan in the amount of \$3,180,000 pursuant to Title V of the Railroad Revitalization and Regulatory Reform Act of 1976, as amended, 45 U.S.C. § 821 *et seq.* NCRA and NWP are each a Borrower as defined in the Financing Agreement.

Lender and NCRA entered into that certain Security Agreement (the "Security Agreement"), dated as of November 8, 2011, pursuant to which NCRA granted Lender a security interest in the Collateral, as defined in the Security Agreement.

NCRA has agreed to grant the Lender, its successor and assigns, a security interest in certain railroad equipment bearing reporting marks and road numbers as listed on Exhibit A attached hereto in order to secure NCRA's performance of its obligations as described in the Security Agreement.

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EXHIBIT A  
TO MEMORANDUM OF SECURITY AGREEMENT

List of Freight Equipment (Railcars)

Total Number	Item	Markers	Description
34	Railcars	NCXX 1000, NCXX 1001, NCXX 1002, NCXX 1003, NCXX 1004, NCXX 1005, NCXX 1006, NCXX 1007, NCXX 1008, NCXX 1009, NCXX 1010, NCXX 1012, NCXX 1013, NCXX 1014, NCXX 1015, NCXX 1016, NCXX 1017, NCXX 1018, NCXX 1019, NCXX 1020, NCXX 1021, NCXX 1022, NCXX 1023, NCXX 1024, NCXX 1025, NCXX 1026, NCXX 1027, NCXX 1028, NCXX 1029, NCXX 1030, NCXX 1031, NCXX 1032, NCXX 1033, NCXX 1034	50 foot plate F, 100 ton boxcars with 12 foot plug doors bearing marks and numbers AOK 1000 – NCXX 1011 and AOK 1013 – AOK.