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RECORDATION NO. 3519 Filed 1425

MAR 4 1988 10 30 AM February 24, 1988

### INTERSTATE COMMERCE COMMISSION

Secretary  
Interstate Commerce Commission  
Washington, D.C. 20423

Re: Minnesota Zephyr Limited

Dear Secretary:

I have enclosed an original and one counterpart of the document described below, to be recorded pursuant to Section 11303 of Title 49 of the U.S. Code.

This document is a Security Agreement, a primary document, dated February 26, 1988.

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

Debtor: Minnesota Zephyr Limited  
601 North Main  
Stillwater, Minnesota 55082

Secured Party: First Bank National Association  
2383 University Avenue  
St. Paul, Minnesota 55114

The following equipment is covered by the Security Agreement:

Coach Car SN 5275  
Coach Car SN 5257  
Coach Car SN 5262  
Dome Car SN 2210  
Dome Lounge Car ex-Amtrak SN 9373  
Ex-Maintenance of Way Baggage Car MZPX 787  
Locomotive Model FP-7 16567BC 1,500 HP SN 787  
Locomotive Model FP-7 SN 788

Date 3/11/88  
Fee 13.00  
ICC Washington, D.C.

LINDQUIST & VENNUM

Secretary  
Page Two

A fee of \$10.00 is enclosed. Please return the original and any extra copies not needed by the Commission for recordation to:

Lindquist & Vennum  
4200 IDS Center  
80 South 8th Street  
Minneapolis, MN 55402  
Attention: Timothy S. McIntee

A short summary to appear in the index follows:

Security Agreement between Minnesota Zephyr Limited as debtor and First Bank National Association as secured party, dated February 26, 1988, covering six rail cards and two locomotives.

Very truly yours,

LINDQUIST & VENNUM

  
Timothy S. McIntee  
Attorneys for First Bank  
National Association

TSM:mmi  
Enclosure  
sec-2/24.CRO

Interstate Commerce Commission  
Washington, D.C. 20423

3/4/88

OFFICE OF THE SECRETARY

Lindquist & Vannum  
4200 Ids Center  
80 South 8th St.  
Minnapolis ,MN.55402

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 3/4/88 at 10:30am , and assigned recordation number(s). 15519

Sincerely yours,

*Narita R. McGee*

Secretary

Enclosure(s)

U. S. Small Business Administration

1 5519  
RECORDATION NO. 5519

SECURITY AGREEMENT

MAR 4 1988 - 10 30 AM

INTERSTATE COMMERCE COMMISSION

1. Minnesota Zephyr Limited (hereinafter called "Debtor"),  
(Name)

601 North Main, Stillwater, Minnesota 55082, for value received,  
(Address)

hereby grants to First Bank National Association,  
(Name)

2383 University Avenue, St. Paul, Minnesota 55114 (hereinafter called  
(Address)

"Secured Party"), a security interest in the property described below (hereinafter collectively called "Collateral") to secure the payment of the principal and interest on and all obligations under a note (hereinafter called the "Note"), dated February 26, 1988, of the Debtor payable to the order of the Secured Party, in the principal amount of Two Hundred Fifty Thousand Dollars (\$250,000), all renewals and extensions of the Note, and all costs, expenses, advances and liabilities which may be made or incurred by Secured Party in the disbursement, administration and collection of the loan evidenced by the Note and in the protection, maintenance and liquidation of the security interest hereby granted with interest at the maximum legal rate on such costs, expenses, advances and liabilities. The note and all other obligations secured hereby are herein collectively called the "Liabilities."

2. The Collateral in which this security interest is granted is all of the Debtor's property described below in reference to which an "X" or checkmark has been placed in the box applicable thereto, together with all the proceeds and products therefrom. If two such boxes are so marked, the security interest so designated secures the purchase money from the loan used by the Debtor to acquire title to the Collateral.

railroad rolling stock including but not limited to that listed on Exhibit A attached hereto,

a. All equipment and machinery, including power-driven machinery and equipment, furniture and fixtures now owned or hereafter acquired, together with all replacements thereof, all attachments, accessories, parts and tools belonging thereto or for use in connection therewith.

b. All passenger and commercial motor vehicles registered for use upon public highways or streets, now owned or hereafter acquired, together with all replacements thereof, all attachments, accessories, parts, equipment and tools belonging thereto or for use in connection therewith.

c. All inventory, raw materials, work in process and supplies now owned or hereafter acquired, including all repossessions and returns.

d. All accounts receivable now outstanding or hereafter arising.

e. All contract rights and general intangibles now in force or hereafter acquired, and all patents and other rights to payment of money now existing or hereafter acquired.

3. Debtor shall not transfer, sell or assign Debtor's interest in the Collateral nor permit any other security interest to be created thereon without Secured Party's prior written approval, except that Debtor may sell the inventory listed in Paragraph 2.c. hereof in the ordinary course of business on customary terms and at usual prices and may collect as Secured Party's agent sums due on accounts receivable and contract rights listed in Paragraphs 2.d. and 2.e. until advised otherwise by Secured Party.

EXHIBIT A  
TO SECURITY AGREEMENT

Railroad Rolling Stock:

Coach Car SN 5275  
Coach Car SN 5257  
Coach Car SN 5262  
Dome Car SN 2210  
Dome Lounge Car ex-Amtrak SN 9373  
Ex-Maintenance of Way Baggage Car MZPX 787  
Locomotive Model FP-7 16-567BC 1,500 HP SN 787  
Locomotive Model FP-7 SN 788

State of Minnesota )  
 ) ss.  
County of Hennepin )

On this 26 day of February, 1988,  
before me personally appeared DAVID L. Paradeau to  
me personally known, who being by me duly sworn, says that  
he is the President & Secretary of Minnesota Zephyr Limited,  
that the seal affixed to the foregoing instrument is the  
corporate seal of said corporation, that said instrument  
was signed and sealed on behalf of said corporation by  
authority of its Board of Directors, and he acknowledged  
that the execution of the foregoing instrument was the  
free act and deed of said corporation.

[ Seal ]

Colleen R. Olszewski  
Notary Public

My Commission expires 3-18-92

