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SURFACE TRANSPORTATION BOARD

FLETCHER & SIPPEL LLC

ATTORNEYS AT LAW

29 North Wacker Drive
Suite 920
Chicago, Illinois 60606-2832

Phone: (312) 252-1500
Fax: (312) 252-2400
www.fletcher-sippel.com

December 1, 2006

JAMES D. HELENHOUSE
(312) 252-1501
jhelenhouse@fletcher-sippel.com

Via Overnight (Next Business Day) Delivery

Surface Transportation Board
1925 K Street, N.W., Room 700
Washington, DC 20006
Attn: Ms. Barbara Saddler/Office of Recordations



Dear Ms. Saddler:

Enclosed please find documents for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a). These were previously sent to your office on November 6, 2006, but apparently have gotten lost in the mail. I am enclosing three (3) copies of a Memorandum of Loan and Security Agreement, dated as of October 31, 2006, a primary document as defined in the Board's Rules for the Recordation of Documents.

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

Primary: Memorandum of Loan and Security Agreement

Secured Party:	Premier Bank 1875 Highway 36 W Roseville, Minnesota 55113
Debtor:	Progressive Rail Incorporated 21778 Highview Avenue Lakeville, Minnesota 55044-7541

A description of the railroad equipment is attached to the memorandum and includes three (3) 2001 Built Kasgro Heavy Capacity locomotives with the reporting numbers KRL 370372-KRL 370374, inclusive and one (1) 2001 Built Kasgro Heavy Capacity locomotive with the reporting number KRL 127002.

A short summary of the schedule to appear in the index follows:

Memorandum of Loan and Security Agreement

FLETCHER & SIPPEL LLC

Ms. Barbara Saddler
December 1, 2006
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Also enclosed is a check in the amount of \$34.00 payable to the order of the Surface Transportation Board covering the required recordation fee.

Kindly return one stamped copy of each of the enclosed documents to the undersigned.

Respectfully submitted,



James D. Helenhouse
Attorney for Secured Party

Enclosures

**MEMORANDUM OF
LOAN AND SECURITY AGREEMENT**

SURFACE TRANSPORTATION BOARD

THIS MEMORANDUM OF LOAN AND SECURITY AGREEMENT (the "Memorandum") dated as of October 31, 2006, is made by and between PREMIER BANK, a Minnesota corporation (the "Bank"), and PROGRESSIVE RAIL INCORPORATED, a Minnesota corporation with its principal place of business at 21778 Highview Avenue, Lakeville, MN 55044-7541 (the "Borrower").

Borrower and the Bank hereby state the following:

1. Borrower and the Bank are parties to that certain Loan and Security Agreement dated as of October 31, 2006 (the "Loan Agreement") (capitalized terms used herein and not otherwise defined shall have the meaning given in the Loan Agreement), whereby the Bank loaned Borrower certain funds to facilitate the purchase or financing of the Rolling Stock more specifically identified on Exhibit A attached hereto and made a part hereof (the "Rolling Stock").
2. Borrower's obligations under the Loan Agreement and other loan documents are evidenced by and payable in accordance with the Loan Agreement.
3. Pursuant to the terms of the Loan Agreement and to secure the payment and performance of any and all of Borrower's obligations to the Bank, Borrower grants to the Bank a continuing, first priority security interest in and to, and chattel mortgage lien on, all of the Borrower's right, title and interest in and to the Rolling Stock, to have and to hold all and every part of the Rolling Stock unto the Bank, its successors and assigns, for its and their own use and benefit forever.

IN WITNESS WHEREOF, the parties have caused this Memorandum to be executed as of the date first above written.

WITNESS:

[Signature]

PROGRESSIVE RAIL INCORPORATED, a Minnesota Corporation

By: *[Signature]*

Title: President

WITNESS:

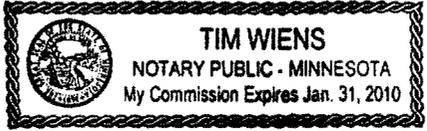
[Signature]

PREMIER BANK, a Minnesota Corporation

By: *[Signature]*

Title: President - Reserve Office

STATE OF MN)
) SS
COUNTY OF DAKOTA)



On this 31st day of OCTOBER, 2006, before me, a Notary Public of the County and State aforesaid, personally appeared DAVID FULLER to me personally known, who being by me duly sworn, says that (s)he is the PRESIDENT of Progressive Rail Incorporated, a Minnesota corporation, that said instrument was signed on behalf of said corporation by authority of its Board of Directors, and (s)he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

AS WITNESS my hand and notarial seal.

A handwritten signature in black ink, appearing to read "Tim Wiens".

Notary Public

My Commission Expires:

01-31-10

STATE OF MN)
) SS
COUNTY OF DAKOTA)



On this 31st day of OCTOBER, 2006, before me, a Notary Public of the County and State aforesaid, personally appeared JEAN REGAN to me personally known, who being by me duly sworn, says that (s)he is ~~PRESIDENT~~ MANAGER of Premier Bank, a Minnesota corporation, that said instrument was signed on behalf of said corporation by authority of its Board of Directors, and (s)he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

AS WITNESS my hand and notarial seal.

A handwritten signature in black ink, appearing to read "Tim Wiens".

Notary Public

My Commission Expires:

01-31-10

EXHIBIT A

Three (3) 2001 Built Kasgro Heavy Capacity
370 Ton, 12-Axle Flat Cars with 48' Decks
Car Reporting Marks and Numbers
KRL 370372 – KRL 370374, Inclusive

One (1) 2001 Built Kasgro Heavy Capacity
245 Ton, 12-Axle Flat Car with 70' Deck
Car Reporting Mark and Number
KRL 127002