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January 13, 2005

RECORDATION NO. 25427 FILED

JAN 25 '05

4-41 PM



VIA FEDERAL EXPRESS

SURFACE TRANSPORTATION BOARD

Mr. Vernon Williams
Secretary
Surface Transportation Board
Washington, DC 20423

Re: Document Recording
Our File No. 455367.0007

Dear Mr. Secretary:

Please find enclosed for recordation an original and one counterpart of the document described below, to be recorded pursuant to Section 11303 of Title 4 of the U.S. Code:

Security Agreement, a "primary document" dated November 29, 2004 by and among Progressive Rail Incorporated, (the "Borrower") 21778 Highview Avenue, Lakeville, MN 55044, and Convergent Capital Partners I, L.P. (the "Agent").

All assets of the company, including but not limited to the equipment described on the attached Exhibit A

A short summary of the enclosed "primary document" to appear in the index follows:

Security Agreement by and among Progressive Rail Incorporated, Great Western Supply Company, LLC, 3-D Trucking, LLC, Rail Retrievers Logistics, LLC and PGR Services, LLC ("Debtors") 21778 Highview Avenue, Lakeville, MN 55044 and Convergetn Capital Partners I, L.P. ("Agent") dated November 29, 2004 covers all assets of the company, including but not limited to the equipment more fully described on Exhibit A attached hereto.

Also enclosed is our check in the amount of \$32 in payment of the recordation fee.

Doc# 19591561

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Mr. Vernon Williams
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Page 2

Please return stamped copies of the enclosed document to my attention using the envelope provided.

If you have any questions or problems in connection with the filing, please call me at (612) 371-3274.

Thank you for your kind assistance.

Very truly yours,


Suzette M. McNally
Paralegal

/smm
Enclosures

RECORDATION NO: 25427 FILED

JAN 25 05

4-41 PM

MEMORANDUM OF SECURITY AGREEMENT SURFACE TRANSPORTATION BOARD

The Memorandum of Security Agreement dated as of November 29, 2004 ("Agreement") by and among **PROGRESSIVE RAIL INCORPORATED, a Minnesota corporation (the "Company")**, **GREAT WESTERN SUPPLY COMPANY, LLC, a Minnesota limited liability company ("Great Western")**, **3-D TRUCKING, LLC, a Minnesota limited liability company ("3-D")**, **RAIL RETRIEVERS LOGISTICS, LLC, a Minnesota limited liability company ("Rail Retrievers")**, and **PGR SERVICES, LLC, a Minnesota limited liability company ("PGR")**, and together with the Company, Great Western, 3-D and Rail Retrievers, the "Borrowers") and **CONVERGENT CAPITAL PARTNERS I, L.P., a Delaware limited partnership (the "Agent")**.

The addresses of the Borrowers are as follows:

Borrower: Progressive Rail Incorporated
Great Western Supply Company, LLC
3-D Trucking, LLC
Rail Retrievers Logistics, LLC
PGR Services, LLC
21778 Highview Avenue
Lakeville, Minnesota 55044

Agent: Convergent Capital Partners I, L.P.
5353 Wayzata Blvd., Suite 205
Minneapolis, Minnesota 55416

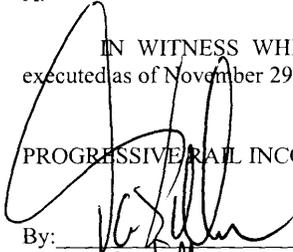
1. Agent and Commerce Financial Group, Inc., a Minnesota corporation ("CFG", and together with Agent, the "Lenders"), have made loans to the Borrowers pursuant to that certain Loan Agreement dated as of November 29, 2004 (the "Loan Agreement").

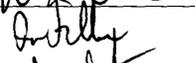
2. Pursuant to the Loan Agreement, the Lenders have named the Agent to serve as collateral agent for the Lenders.

3. Pursuant to the Loan Agreement, the Borrowers executed a Security Agreement with the Lenders dated as of November 29, 2004, under which Borrowers granted to the Lenders a security interest in all of the Borrowers assets, as more fully described in the attached Exhibit A.

IN WITNESS WHEREOF, the parties hereto have caused this Memorandum to be executed as of November 29, 2004.

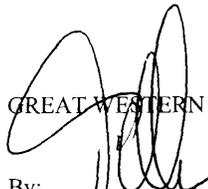
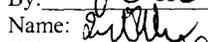
PROGRESSIVE RAIL INCORPORATED

By: 

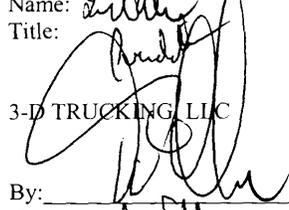
Name: 

Title: 

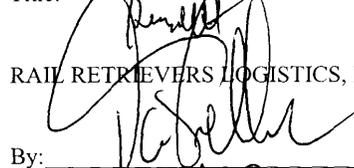
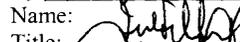
GREAT WESTERN SUPPLY COMPANY, LLC

By: 
Name: 
Title:

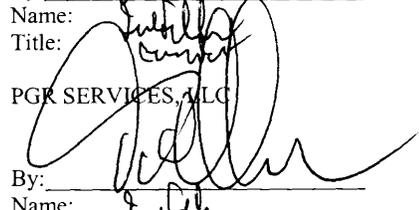
3-D TRUCKING, LLC

By: 
Name: 
Title:

RAIL RETRIEVERS LOGISTICS, LLC

By: 
Name: 
Title:

PGR SERVICES, LLC

By: 
Name: 
Title:

CONVERGENT CAPITAL PARTNERS I, L.P.
By: Convergent Capital, LLC, its General Partner

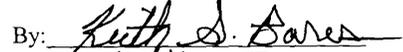
By: 
Name: Keith S. Bares
Title: EVP

Exhibit A

Description of Locomotive Equipment

<u>Unit No.</u>	<u>Description</u>
PGR 36	Electromotive Model SW 1500 Locomotive
PGR 37	Electromotive Model SW 1500 Locomotive
PGR 40	Electromotive Model SD39 Locomotive
PGR 67	Electromotive Model SW 1500 Locomotive
PGR 74	Electromotive Model SW 1500 Locomotive
PGR 2347	Electromotive Model SW 1500 Locomotive

Description of Boxcars

Sixteen (16) R#10 60' 100-Ton Insulated Boxcars

Count	Old Car #	New Car #	Count	Old Car #	New Car #
1	HCGX1315	PGR 1315	9	HCGX1331	PGR 1331
2	HCGX1316	PGR 1316	10	HCGX1333	PGR 1333
3	HCGX1317	PGR 1317	11	HCGX1337	PGR 1337
4	HCGX1320	PGR 1320	12	HCGX1339	PGR 1339
5	HCGX1321	PGR 1321	13	HCGX1340	PGR 1340
6	HCGX1323	PGR 1323	14	HCGX1341	PGR 1341
7	HCGX1325	PGR 1325	15	HCGX1345	PGR 1345
8	HCGX1329	PGR 1329	16	HCGX1346	PGR 1346

Description of Boxcars

Fifty-nine (59) Reconditioned R#10 60' 100-Ton Insulated Boxcars

Count	Old Car #	New Car #	Count	Old Car #	New Car #		
Supplement #1	1	TPDX002723	PGR 2723	Supplement #5	31	TPDX002670	PGR 2670
	2	TPDX002726	PGR 2726		32	TPDX002686	PGR 2686
	3	TPDX002682	PGR 2682		33	TPDX002724	PGR 2724
	4	TPDX002731	PGR 2731		34	TPDX002728	PGR 2728
	5	TPDX002717	PGR 2717		35	TPDX002710	PGR 2710
	6	TPDX002702	PGR 2702		36	TPDX002747	PGR 2747
					37	TPDX002713	PGR 2713
Supplement #2	7	TPDX002741	PGR 2741		38	TPDX002715	PGR 2715
	8	TPDX002676	PGR 2676	Supplement #6	39	TPDX002735	PGR 2735
	9	TPDX002678	PGR 2678		40	TPDX002718	PGR 2718
	10	TPDX002686	PGR 2686		41	TPDX002749	PGR 2749
	11	TPDX002690	PGR 2690		42	TPDX002682	PGR 2682
	12	TPDX002689	PGR 2689		43	TPDX002690	PGR 2690
	13	TPDX002719	PGR 2719		44	TPDX002697	PGR 2697
	14	TPDX002720	PGR 2720		45	TPDX002745	PGR 2745
	15	TPDX002739	PGR 2739	Supplement #7	46	TPDX002694	PGR 2694
	16	TPDX002740	PGR 2740		47	TPDX002696	PGR 2696
	17	TPDX002748	PGR 2748		48	TPDX002695	PGR 2695
Supplement #3	18	TPDX002701	PGR 2701		49	TPDX002711	PGR 2711
	19	TPDX002746	PGR 2746	Supplement #8	50	TPDX002703	PGR 2703
	20	TPDX002699	PGR 2699		51	TPDX002673	PGR 2673
	21	TPDX002693	PGR 2693		52	TPDX002691	PGR 2691
	22	TPDX002700	PGR 2700		53	TPDX002729	PGR 2729
	23	TPDX002712	PGR 2712		54	TPDX002736	PGR 2736
Supplement #4	24	TPDX002742	PGR 2742	Supplement #9	55	TPDX002681	PGR 2681
	25	TPDX002733	PGR 2733		56	TPDX002744	PGR 2744
	26	TPDX002674	PGR 2674		57	TPDX002694	PGR 2694
	27	TPDX002679	PGR 2679		58	TPDX002730	PGR 2730
	28	TPDX002705	PGR 2705		59	TPDX002736	PGR 2736
	29	TPDX002709	PGR 2709				
	30	TPDX002725	PGR 2725				