

**SHERRARD
GERMAN & KELLY, P.C.**
ATTORNEYS AT LAW

28th Floor, Two PNC Plaza, 620 Liberty Avenue, Pittsburgh, PA 15222
Phone: 412-355-0200 • Fax: 412-261-6221 • www.sgkpc.com

GARY PHILIP NELSON
EMAIL GPN@SGKPC.COM
DIRECT DIAL 412-258-6720

May 12, 2009

VIA OVERNIGHT MAIL

Office of Surface Transportation
395 E Street SW
Washington, DC 20423

Re: Minnesota Zephyr Limited

Ladies and Gentlemen:

On May 12, 2009, we filed by e-filing, a Memorandum of Security Agreement with respect to the security interest granted to my client, Kovalchick Corporation, by Minnesota Zephyr Limited and D.L. Paradeau Marketing, I.L.C. in railcars and locomotives specified in the e-filing. We are enclosing our check made payable to the Office of Surface Transportation, in the amount of \$41.00 to cover the cost of e-filing the Memorandum of Security Agreement.

On May 12, 2009, we filed by e-filing, an Assignment of the Amended and Restated Security Agreement dated February 10, 2009, and recorded on February 25, 2009, as Document No. 27823, in the Office of Surface Transportation Board, which Assignment transferred the Document No. 27823 from Riverview Community Bank to Kovalchick Corporation. We are enclosing a second check made payable to the Office of Surface Transportation, in the amount of \$41.00 to cover the cost of e-filing the Assignment of the Amended and Restated Security Agreement.

Please call with questions or comments. Thank you.

Very truly yours,



RECORDATION NO. 27939 FILED

MAY 12 '09 11-40 PM

SURFACE TRANSPORTATION BOARD

MAY 12 2009

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SURFACE TRANSPORTATION BOARD

MEMORANDUM OF SECURITY AGREEMENT

THIS MEMORANDUM OF SECURITY AGREEMENT is dated as of May __, 2009, is executed by Minnesota Zephyr Limited, a Minnesota corporation and D.L. Paradeau Marketing, LLC, a Florida limited liability company (together, "Debtor"), with chief executive offices at 681 N. Main St., Stillwater, MN 55082, for the benefit of Kovalchick Corporation, a Pennsylvania corporation ("Secured Party"), with offices located at 1060 Wayne Ave., P.O. Box 279, Indiana, PA 15701.

By Forbearance Agreement of even date herewith (as amended, modified, extended, replaced or renewed, the "Agreement"), Debtor, among other things, granted and conveyed a security interest in the property described on Exhibit A. The terms of the Agreement are incorporated herein by reference thereto, it being the understanding of Debtor and Secured Party that this Memorandum of Security Agreement is supplemental to and not in replacement or in limitation of any of the terms or provisions of the Agreement. Any capitalized term used in this Memorandum of Security Agreement shall have the meaning given to it in the Agreement.

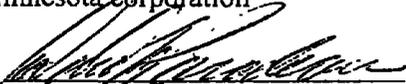
Now therefore, intending to be legally bound hereby and for good and valuable consideration, as security for the full and timely payment of the obligations of Debtor, among others, in accordance with the terms of the Agreement and the performance of the obligations of Debtor, among others, under the Agreement and the Loan Documents, Debtor agrees that Secured Party shall have, and Debtor grants to and creates in favor of Secured Party, and affirms that Secured Party has, a security interest under the Uniform Commercial Code in and to the property described on Exhibit A.

IN WITNESS WHEREOF, Debtor have executed and delivered this Memorandum Of Security Agreement as of the date set forth above.

WITNESS/ATTEST



Minnesota Zephyr Limited,
a Minnesota corporation

By: 
Name: DAVID L. PARADEAU
Title: PRESIDENT & CEO



D.L. Paradeau Marketing, LLC,
a Florida limited liability company

By: 
Name: DAVID L. PARADEAU
Title: CHIEF MANAGER & PRESIDENT

EXHIBIT A

EQUIPMENT:

All equipment of Debtor, whether now owned or hereafter acquired, including but not limited to, all present and future machinery, vehicles, furniture, fixtures, manufacturing equipment, shop equipment, office and record keeping equipment, parts and tools, and the goods described in any equipment schedule or list herewith or hereafter furnished to Secured Party by Debtor (but no such schedule or list need be furnished in order for the Security Interest granted herein to be valid as to all of Debtor's equipment). Equipment shall also include, but not be limited to, those certain pieces of power-driven machinery and equipment, railroad rolling stock, commonly known as the "Minnesota Zephyr", described as follows:

1. 1949 Pullman Coach Car, aka the "Northern Winds Car" with Serial Number 5275;
 2. 1949 Pullman Coach Car, aka the "Stillwater Car" with Serial Number 5257;
 3. 1949 Pullman Coach Car, aka the "Lakewinds Car" with Serial Number 5262;
 4. 1949 Dome Car, aka the "St. Croix Car" with Serial Number 2210;
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5. 1938 Dome Lounge Car ex-Amtrak, aka the "Grand Dome Car" with Serial Number 1289;
 6. 1976 Ex-Maintenance of Way Baggage Car with Serial Number MZPX 1087;
 7. 1950-1951 Model FP-7 16-567BC 1,500 HP EMD Diesel Electric Locomotive with Serial Number 787; and
 8. 1950-1951 Model FP-9 EMD Diesel Electric Locomotive with Serial Number 788

COMMONWEALTH OF PENNSYLVANIA :
 : ss.
COUNTY OF ALLEGHENY :

On this May __, 2009, before me a Notary Public, the undersigned officer, personally appeared David L. Paradeau, who acknowledged himself to be President and Chief Executive Officer of Minnesota Zephyr Limited, a Minnesota corporation, and Chief Manager and President of D.L. Paradeau Marketing, LLC, a Florida limited liability company and that he as such officers of such corporation and limited liability company and duly authorized to do so, executed the foregoing instrument for the purposes therein contained.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.



NOTARY PUBLIC

COMMONWEALTH OF PENNSYLVANIA
Notarial Seal
Jaclyn E. Horwat, Notary Public
City Of Pittsburgh, Allegheny County
My Commission Expires Feb 4, 2010
Member, Pennsylvania Association of Notaries