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~~SURFACE TRANSPORTATION BOARD~~

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March 21, 2012

Chief, Section of Administration
Office of Proceedings
Surface Transportation Board
395 E. Street, S.W.
Washington, D.C. 20423
Attn: Office of Recordations

Dear Ms. Brown:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) is a Memorandum of Loan and Security Agreement, dated as of March 20, 2012, 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 document are:

BORROWERS:

Progressive Rail Incorporated
Empire Builder Investments Inc.
Wisconsin Northern Railroad LLC
Central Midland Railway Company
Rail Retrievers Logistics, LLC
Scott Land Company, LLC
Airlake Terminal Railway Company, LLC
Iowa Traction Railway Company
21778 High View Avenue
Lakeville, Minnesota 55044

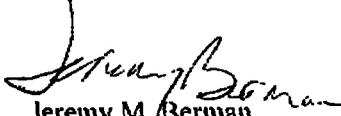
SECURED PARTY:

Fifth Third Bank
222 South Riverside Place, 32nd Floor
Chicago, IL 60606

Included in the property covered by the aforesaid documents are all rolling stock and equipment intended for use and related to interstate commerce, and includes rolling stock or equipment acquired by Borrowers or its or their successors after the date of the documents but excludes the rolling stock listed on Exhibit 1 to the document.

A check in the amount of \$41.00 payable to the order of the Surface Transportation Board covering the required recordation fee is being sent separately.

Respectfully submitted,


Jeremy M. Berman
Attorney for Secured Party

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**MEMORANDUM OF
LOAN AND SECURITY AGREEMENT****SURFACE TRANSPORTATION BOARD**

THIS MEMORANDUM OF LOAN AND SECURITY AGREEMENT (the "Memorandum") dated as March 20, 2012, is made by and between Fifth Third Bank, an Ohio banking corporation, at its offices at 222 South Riverside Plaza, 32nd Floor, Chicago, Illinois 60606, (the "Bank"), and Progressive Rail Incorporated, a Minnesota Corporation, Empire Builder Investments Inc., a Minnesota Corporation, Wisconsin Northern Railroad LLC, a Minnesota Limited Liability Company, Central Midland Railway Company, a Minnesota Corporation, Rail Retrievers Logistics, LLC, a Minnesota Limited Liability Company, Scott Land Company, LLC, a Minnesota Limited Liability Company, Airlake Terminal Railway Company, LLC, a Minnesota Limited Liability Company and Iowa Traction Railway Company, an Iowa Corporation (each a "Borrower" and collectively, "Borrowers"), each having its principal address at 21778 High View Avenue, Lakeville, Minnesota 55044.

Borrowers and the Bank hereby state the following:

1. Borrowers and the Bank are parties to that certain Loan and Security Agreement dated as of March 20, 2012 (the "Loan Agreement") (capitalized terms used herein and not otherwise defined shall have the meaning given in the Loan Agreement), whereby the Bank loaned Borrowers certain funds *inter alia* to facilitate the refinancing of the Locomotives and Railcars more specifically identified on Exhibit A attached hereto and made a part hereof and the purchase of any Locomotives and Railcars acquired by Borrowers subsequent to March 20, 2012.
2. Borrowers' 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 Borrowers' obligations to the Bank, Borrowers granted to the Bank a continuing, first priority security interest in and to, and chattel mortgage lien on, all of the Borrowers' right, title and interest in and to the Locomotives and Railcars to have and to hold all and every part of the Locomotives and Railcars 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 of Loan and Security Agreement to be executed as of the date first above written.

PROGRESSIVE RAIL INCORPORATED, a
Minnesota Corporation

By: W. J. Deller
Its: President

EMPIRE BUILDER INVESTMENTS INC., a
Minnesota Corporation

By: W. J. Deller
Its: President

WISCONSIN NORTHERN RAILROAD
LLC, a Minnesota Limited Liability Company

By: W. J. Deller
Its: President

CENTRAL MIDLAND RAILWAY
COMPANY, a Minnesota Corporation

By: W. J. Deller
Its: President

RAIL RETRIEVERS LOGISTICS, LLC, a
Minnesota Limited Liability Company

By: W. J. Deller
Its: President

SCOTT LAND COMPANY, LLC, a
Minnesota Limited Liability Company

By: W. J. Deller
Its: President

AIRLAKE TERMINAL RAILWAY
COMPANY, LLC, a Minnesota Limited
Liability Company

By: W. J. Deller
Its: President

IOWA TRACTION RAILWAY COMPANY,
an Iowa corporation

By: W. J. Deller
Its: President

Agreed and accepted:

FIFTH THIRD BANK,
an Ohio banking corporation

By: _____
Its: _____

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

PROGRESSIVE RAIL INCORPORATED, a Minnesota Corporation EMPIRE BUILDER INVESTMENTS INC., a Minnesota Corporation

By: _____
Its: _____

By: _____
Its: _____

WISCONSIN NORTHERN RAILROAD I.L.C., a Minnesota Limited Liability Company CENTRAL MIDLAND RAILWAY COMPANY, a Minnesota Corporation

By: _____
Its: _____

By: _____
Its: _____

RAIL RETRIEVERS LOGISTICS, I.L.C., a Minnesota Limited Liability Company SCOTT LAND COMPANY, I.L.C., a Minnesota Limited Liability Company

By: _____
Its: _____

By: _____
Its: _____

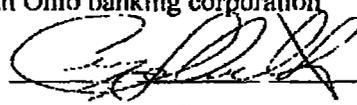
AIRLAKE TERMINAL RAILWAY COMPANY, LLC, a Minnesota Limited Liability Company IOWA TRACTION RAILWAY COMPANY, an Iowa corporation

By: _____
Its: _____

By: _____
Its: _____

Agreed and accepted:

FIFTH THIRD BANK,
an Ohio banking corporation

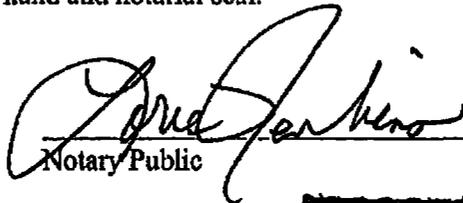
By: 
Its: _____

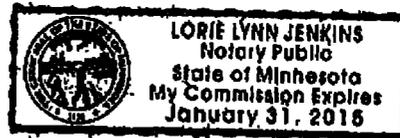
Craig Schuth
Vice President
Fifth Third Bank

STATE OF MINNESOTA)
) ss
COUNTY OF DAKOTA)

On this 14 day of March, 2012, before me, a Notary Public of the County and State aforesaid, personally appeared Dave Fellon to me personally known, who being by me duly sworn, says that he is the President of Progressive Rail Incorporated, a Minnesota Corporation, that said instrument was signed on behalf of said company by authority of its members, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said company.

AS WITNESS my hand and notarial seal.

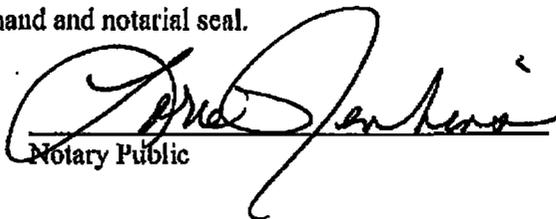

Notary Public

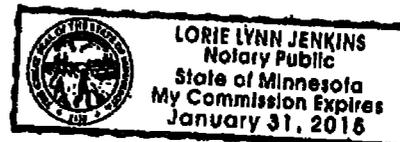


STATE OF MINNESOTA)
) ss
COUNTY OF DAKOTA)

On this 14 day of March, 2012, before me, a Notary Public of the County and State aforesaid, personally appeared Dave Fellon to me personally known, who being by me duly sworn, says that (s)he is the President of Empire Builder Investments Inc., a Minnesota Corporation, that said instrument was signed on behalf of said company by authority of its members, and (s)he acknowledged that the execution of the foregoing instrument was the free act and deed of said company.

AS WITNESS my hand and notarial seal.

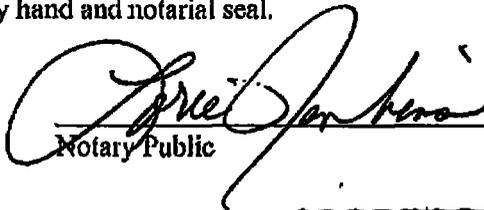

Notary Public



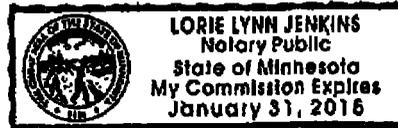
STATE OF MINNESOTA)
) ss
COUNTY OF DAKOTA)

On this 14 day of March, 2012, before me, a Notary Public of the County and State aforesaid, personally appeared Dave Fellon to me personally known, who being by me duly sworn, says that (s)he is the President of Wisconsin Northern Railroad LLC, a Minnesota Limited Liability Company, that said instrument was signed on behalf of said company by authority of its members, and (s)he acknowledged that the execution of the foregoing instrument was the free act and deed of said company.

AS WITNESS my hand and notarial seal.



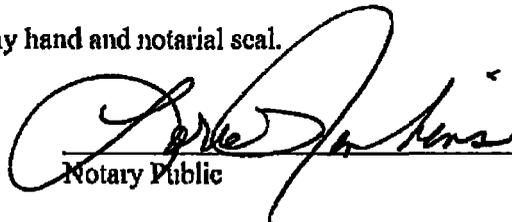
Notary Public



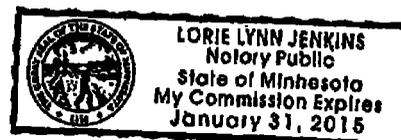
STATE OF MINNESOTA)
) ss
COUNTY OF DAKOTA)

On this 14 day of March, 2012, before me, a Notary Public of the County and State aforesaid, personally appeared Dave Fellon to me personally known, who being by me duly sworn, says that (s)he is the President of Central Midland Railway Company, a Minnesota Corporation, that said instrument was signed on behalf of said company by authority of its members, and (s)he acknowledged that the execution of the foregoing instrument was the free act and deed of said company.

AS WITNESS my hand and notarial seal.



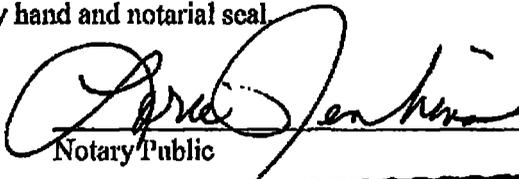
Notary Public



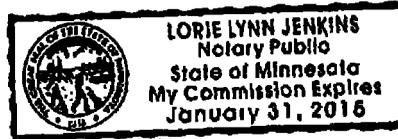
STATE OF MINNESOTA)
) ss
COUNTY OF DAKOTA)

On this 14 day of March, 2012, before me, a Notary Public of the County and State aforesaid, personally appeared Dave Felton to me personally known, who being by me duly sworn, says that (s)he is the President of Rail Retrievers Logistics, LLC, a Minnesota Limited Liability Company, that said instrument was signed on behalf of said company by authority of its members, and (s)he acknowledged that the execution of the foregoing instrument was the free act and deed of said company.

AS WITNESS my hand and notarial seal.



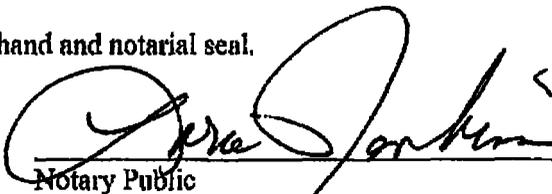
Notary Public



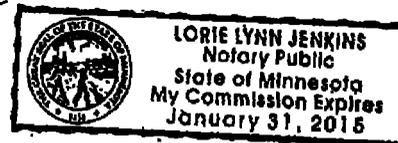
STATE OF MINNESOTA)
) ss
COUNTY OF DAKOTA)

On this 14 day of March, 2012, before me, a Notary Public of the County and State aforesaid, personally appeared Dave Felton to me personally known, who being by me duly sworn, says that (s)he is the President of Scott Land Company, LLC, a Minnesota Limited Liability Company, that said instrument was signed on behalf of said company by authority of its members, and (s)he acknowledged that the execution of the foregoing instrument was the free act and deed of said company.

AS WITNESS my hand and notarial seal.



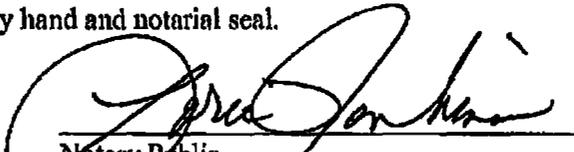
Notary Public



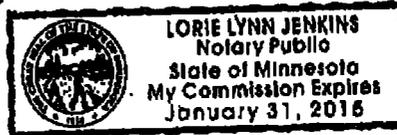
STATE OF MINNESOTA)
) ss
COUNTY OF DAKOTA)

On this 14 day of March, 2012, before me, a Notary Public of the County and State aforesaid, personally appeared Dave Fellon to me personally known, who being by me duly sworn, says that (s)he is the President of Airlake Terminal Railway Company, L.L.C, a Minnesota Limited Liability Company, that said instrument was signed on behalf of said company by authority of its members, and (s)he acknowledged that the execution of the foregoing instrument was the free act and deed of said company.

AS WITNESS my hand and notarial seal.



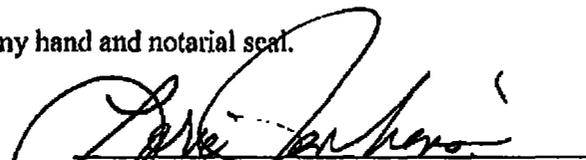
Notary Public



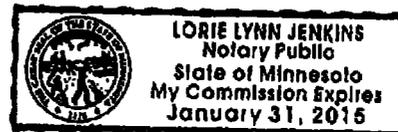
STATE OF MINNESOTA)
) ss
COUNTY OF DAKOTA)

On this 14 day of March, 2012, before me, a Notary Public of the County and State aforesaid, personally appeared Dave Fellon to me personally known, who being by me duly sworn, says that (s)he is the President of Iowa Traction Railway Company, an Iowa Corporation, that said instrument was signed on behalf of said company by authority of its members, and (s)he acknowledged that the execution of the foregoing instrument was the free act and deed of said company.

AS WITNESS my hand and notarial seal.



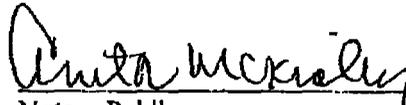
Notary Public



STATE OF ILLINOIS)
) ss
COUNTY OF COOK)

On this 14 day of March, 2012, before me, a Notary Public of the County and State aforesaid, personally appeared Craig Schaefer, VP to me personally known, who being by me duly sworn, says that he is the VP of Fifth Third Bank, an Ohio banking corporation, that said instrument was signed 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.

AS WITNESS my hand and notarial seal.



Notary Public



Exhibit A

Locomotives:			
PGR - 67	1	GM EMD SW-1500	7889-1
PGR - 74	1	GM EMD SW-1500	7289-3
PGR - 5	1	GE 26 Ton	31000
PGR - 34	1	GM EMD SW-1500	4582-5
PGR - 36	1	GM EMD SW-1500	4506-1
PGR - 37	1	GM EMD SW-1500	4506-2
PGR - 40	1	GM EMD SD-39	7119-1
PGR - 38	1	GM EMD SW-1500	7051-10
PGR - 42	1	GM EMD SD-38-2	
MN&S Caboose	1	Rebuilt Caboose	
Ballast Cars	6	Ballast RR cars - St. Louis	