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ELIAS C. ALVORD (1942)
ELLSWORTH C. ALVORD (1964)

RECORDATION NO. 29779 FILED
MAY 17 '11 -4 00 PM
SURFACE TRANSPORTATION BOARD

May 17, 2011

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

Dear Section Chief,

Enclosed for recordation pursuant to the provisions of 49 U S C Section 11301(a) are two (2) copies of a Memorandum of Security Agreement, dated as of April 29, 2011, 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.

Secured Party	Banc of America Leasing & Capital, LLC One Financial Plaza Providence, RI 02901
Debtor	Modesto and Empire Traction Company 530 11th Street Modesto, CA 95353

Chief
Section of Administration
May 17, 2011
Page 2

A description of the railroad equipment covered by the enclosed document
is:

5 locomotives: MET 2002 - MET 2006

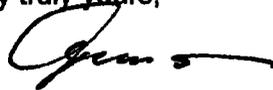
A short summary of the document to appear in the index is:

Memorandum of Security Agreement.

Also enclosed is a check in the amount of \$41 00 payable to the order of
the Surface Transportation Board covering the required recordation fee.

Kindly return stamped copies of the enclosed document to the
undersigned.

Very truly yours,



Robert W. Alvord

RWA/sem
Enclosures

RECORDATION NO. 29779 FILED

MAY 17 '11 -4 00 PM

SURFACE TRANSPORTATION BOARD

MEMORANDUM OF SECURITY AGREEMENT

Dated as of April 29, 2011

between

BANC OF AMERICA LEASING & CAPITAL, LLC,
as Secured Party

and

Modesto and Empire Traction Company,
as Debtor

Filed with the Surface Transportation Board pursuant to
49 U.S.C. § 11301 on _____, 201_, at ____:____.M
Recordation Number _____

MEMORANDUM OF SECURITY AGREEMENT

THIS MEMORANDUM OF SECURITY AGREEMENT dated as of April 29, 2011 is made by and between BANC OF AMERICA LEASING & CAPITAL, LLC, together with its successors and assigns ("Secured Party"), and Modesto and Empire Traction Company, and its successors and permitted assigns ("Debtor").

WITNESSETH

1. Pursuant to a Master Rail Equipment Loan and Security Agreement No. 22009-70000 dated as of April 7, 2011, and the Progress Payment Agreement executed pursuant thereto (collectively, the "Security Agreement"), Debtor has pledged to Secured Party a first priority security interest in all of the rail equipment described in Exhibit A attached hereto (the "Railcars").

2. The Security Agreement shall be effective as of the date first set forth hereinabove and Debtor's use of the Railcars shall be subject to the terms and conditions as set forth in the Security Agreement.

3. This Memorandum of Security Agreement may be executed in duplicate originals and any number of counterparts and by different parties in separate counterparts, each of which shall be deemed to be an original and all of which taken together shall constitute one and the same instrument.

[Signature page follows]

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be signed and sealed by their respective corporate officers as of the date and year first above written

Debtor:

Modesto and Empire Traction Company

By: Thomas Nielsen

Name: Thomas Nielsen

Title: Vice President

STATE OF California)
) ss.
COUNTY OF Stanislaus)

I HEREBY CERTIFY, that on this 16th day of May, 2011, before me, the undersigned, a Notary Public of the State of California, personally appeared Thomas Nielsen, who acknowledged himself/herself to be the Vice President of Modesto and Empire Traction Company (or satisfactorily proven), to be the person whose name is subscribed to the within instrument, and acknowledged that he executed the same for the purposes therein contained as the duly authorized of said company by signing the name of the company by himself/herself as the Vice President.

AS WITNESS my hand and notarial seal.

Cheryl Dadasovich
Notary Public

My commission expires: 8/15/2013.



IN WITNESS WHEREOF, the parties hereto have caused this instrument to be signed and sealed by their respective corporate officers as of the date and year first above written

Secured Party:

BANC OF AMERICA LEASING & CAPITAL, I.L.C

By: Patricia Smith-Disu
Name: Patricia Smith-Disu
Title: Vice President

STATE OF Rhode Island)
) ss.
COUNTY OF Providence)

I HEREBY CERTIFY, that on this 17 day of May, 2011, before me, the undersigned, a Notary Public of the State of Rhode Island, personally appeared Patricia Smith-Disu, who acknowledged himself/herself to be the Vice President of BANC OF AMERICA LEASING & CAPITAL, I.L.C., known (or satisfactorily proven), to be the person whose name is subscribed to the within instrument, and acknowledged that he executed the same for the purposes therein contained as the duly authorized Vice President of said company by signing the name of the company by himself/herself as the Vice President.

AS WITNESS my hand and notarial seal.

David C Thomas
Notary Public

My commission expires: 12/12/13

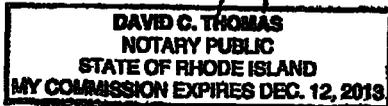


EXHIBIT A
TO MEMORANDUM OF SECURITY AGREEMENT
DATED AS OF APRIL 29, 2011

Asset Mark	Unit Type
MET2002 through MET2006, inclusive	RP20BD locomotives