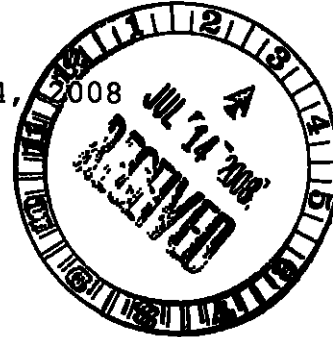


222914

LAW OFFICE
JOHN D. HEFFNER, PLLC
1750 K STREET, N.W.
SUITE 350
WASHINGTON, D.C. 20006
PH: (202) 296-3333
FAX: (202) 296-3939

ORIGINAL

July 14, 2008



BY HAND

Hon. Anne K. Quinlan, Acting Secretary
Surface Transportation Board
395 E Street, S.W.
Washington, D.C. 20423

**RE: STB Finance Docket No. 35151, GNP Rly Inc.,
Application for a Modified Certificate of Public
Convenience and Necessity**

ENTERED
Office of Proceedings

JUL 14 2008

Part of
Public Record

Dear Ms. Quinlan:

On behalf of GNP Rly, Inc., applicant, I am submitting an original and ten copies of its application for a Modified Certificate of Public Convenience and Necessity for the operation of a rail line pursuant to 49 CFR 1150.21 as well as a copy of the executed agreement between Snohomish County and the applicant (identified as Exhibit D-1). In addition, I am enclosing a check for \$1,400 to cover the filing fee and a copy of this filing on a disk formatted in MS Word.

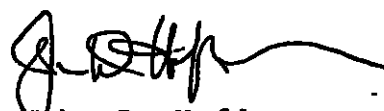
Please date stamp and return one copy of this letter and application.

Sincerely yours,

FEE RECEIVED

JUL 14 2008

**SURFACE
TRANSPORTATION BOARD**


John D. Heffner
Counsel

Enclosures

cc: Mr. Thomas A. Payne

FILED

JUL 14 2008

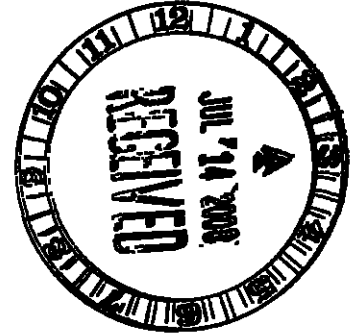
**SURFACE
TRANSPORTATION BOARD**

222914

ORIGINAL

BEFORE THE
SURFACE TRANSPORTATION BOARD

STB FINANCE DOCKET NO. 35151



GNP RLY INC.

APPLICATION FOR A MODIFIED CERTIFICATE
OF PUBLIC CONVENIENCE AND NECESSITY

PURSUANT TO 49 CFR 1150.21

ENTERED
Office of Proceedings
JUL 14 2008
Part of
Public Record

FILED

JUL 14 2008

**SURFACE
TRANSPORTATION BOARD**

FEE RECEIVED

JUL 14 2008

**SURFACE
TRANSPORTATION BOARD**

Submitted By:

John D. Heffner
John D. Heffner, PLLC
1750 K Street, N.W.
Suite 350
Washington, D.C. 20006
(202) 296-3334

Counsel for Applicant

Dated: July 14, 2008

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

STB FINANCE DOCKET NO. 35151

GNP RLY INC.

APPLICATION FOR A

MODIFIED CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY

PURSUANT TO 49 CFR 1150.21

SUMMARY OF TRANSACTION

Pursuant to 49 CFR 1150.21, GNP Rly Inc. ("GNP"), a newly organized class III short line railroad and noncarrier, proposes to lease and operate a short segment of railroad track that was authorized for abandonment and subsequently acquired by the County of Snohomish, WA ("the County"). The subject line of railroad runs between milepost 39.1 and milepost 39.3, in the City of Snohomish, Snohomish County, WA. GNP anticipates operating this segment of track in connection with some contiguous lines of railroad identified herein.

INFORMATION REQUIRED BY 49 CFR 1150.23

(1) The name and address of the operator, and unless the operator is an existing rail carrier:

GNP Rly, Inc.
403 Garfield Street
Suite #20
Tacoma, WA 98444

(i) Its articles of incorporation or, if it is
unincorporated, the facts and organizational documents relating
to its formation

A copy of the Certificate of Incorporation and the Articles of Incorporation of Altac Terminals Washington, Inc., applicant's predecessor, are attached along with an amendment to its Articles of Incorporation changing the name of Altac Terminals Washington, Inc., to GNP Rly Inc., as Exhibits A-1 through A-3.

(ii) The names and addresses of all of its officers
and directors and a statement indicating any present affiliation
each may have with a rail carrier;

Attached as Exhibit B

(iii) Sufficient information to establish the
financial responsibility of the operator.

A copy of Applicant's current interim financial statement is attached as Exhibit C. Prior to initiating operations, the company will be fully capitalized.

(2) Information about the prior abandonment including
docket number, status and date of the first decision approving
the abandonment

By Application filed in Interstate Commerce Commission

docket number AB-6 Sub-No. 280X, with a decision served on May 6, 1986, the former Burlington Northern Railway¹ applied for and was granted permission to abandon the subject rail line extending from Snohomish to Hartford, WA. Snohomish County acquired the 0.2 mile segment of track and right of way that is the subject of this application on October 20, 1992.

(3) The exact dates of the period of operation which have been agreed upon by the operator and the [County] which owns the line and a copy of any agreement

The agreement is for a 31 year initial term with an additional 31 year renewal term, commencing January 1, 2008, and ending December 31, 2039. A copy of the executed agreement along with a letter of support from the County are attached as Exhibits D-1 and D-2 respectively.

(4) A description of the service to be performed including, where applicable, a description of:

(1) The line over which service is to be performed;

The right of way will be used for the reconstruction of 350 yards of sidings and service tracks for storage and maintenance of locomotives and cars and a base of operations for trains, motive power and rolling stock to be operated by GNP. GNP will provide common carrier rail service over the subject line as provided in the County agreement. As explained more fully in the Verified Statement of Thomas Payne attached hereto Exhibit

¹ Now BNSF Railway Company (BNSF)

G, this line forms the northern most segment of a rail line that will extend from Snohomish on the north to Woodinville on the south.

The subject line connects with an approximately one mile long segment of railroad owned and formerly operated by BNSF between milepost 38.01 and milepost 39.0 in Snohomish, Snohomish County, WA. While that line was approved for abandonment in STB Docket No. AB-6 (Sub-No. 422X), served December 18, 2007, that abandonment has never been consummated and the line may be acquired by a public authority. Moreover, that segment in turn connects at milepost 38.25 with a segment of railroad that the Port of Seattle plans to acquire.²

GNP anticipates submitting a bid to provide common carrier freight and commuter passenger service on the segment proposed for acquisition by the Port of Seattle, and in preparation for that eventuality has concluded its agreement with the County of Snohomish and is filing this notice.

Maps of the subject line and the connecting lines are attached as Exhibits E-1 through E-2.

(ii) All interline connections including the names of the connecting railroad;

GNP will interchange traffic with BNSF at West Junction Snohomish, WA (MP 37.6).

(iii) The nature and extent of all liability insurance coverage, including binder or policy number and name of insurer;

² The Board has exempted the Port's acquisition of an extension of this line between milepost 23.80 at Woodinville and milepost 38.25 at Snohomish. See, The Port of Seattle-Acquisition Exemption-Certain Assets of BNSF Railway Company, STB Finance Docket No. 35128, served June 20, 2008.

See insurance quotation letter attached as Exhibit F.

(iv) Any preconditions which shippers must meet to receive service.

None

(5) The name and address of any subsidizers

None

(6) Sufficient information to establish the financial responsibility of any subsidizers

Not applicable as there are no subsidizers.

Services offered and applicable rates, charges, and conditions will be described in tariffs published by the applicant in accordance with the Board's rules.

Respectfully submitted,



John D. Heffner
John D. Heffner, PLLC
1750 K Street, N.W.
Suite 350
Washington, D.C. 20006
(202) 296-3334

Counsel for Applicant

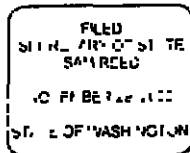
Dated: July 14, 2008

EXHIBIT A-1

UNITED STATES OF AMERICA The State of Washington Secretary of State	
I, SAM REED, Secretary of State of the State of Washington and custodian of its seal hereby issue this	
CERTIFICATE OF INCORPORATION	
to	
ALTAC TERMINALS WASHINGTON, INC.	
and its Subsidiary Corporation. Charter documents etc. effective on the date indicated below	
Date: 11/29/2006	
UBI Number: 667-672 764	
APPID: 718490	
	Given under my hand and the Seal of the State of Washington at Olympia the State Capital <i>Sam Reed</i> Sam Reed, Secretary of State

EXHIBIT A-2

602 672 764



**ARTICLES OF INCORPORATION
OF
ALTIAC TERMINALS WASHINGTON, INC**

11/29/2006 11:55 AM
Tracking ID: 1205227
Doc No: 956747-001

The undersigned hereby executes the following Articles of Incorporation for the purpose of forming a corporation under the Washington Business Corporation Act (Revised Code of Washington Title 23B)

**ARTICLE I
NAME**

The name of this corporation is Altac Terminals Washington, Inc

**ARTICLE II
AUTHORIZED CAPITAL STOCK**

This corporation is authorized to issue, in the aggregate, twenty five thousand (25 000) shares of a single class of stock

**ARTICLE III
NO PREEMPTIVE RIGHTS**

Shareholders of this corporation shall have no preemptive rights to acquire additional shares issued by the corporation

**ARTICLE IV
DIRECTOR LIABILITY**

A director of the corporation shall not be personally liable to the corporation or its shareholders for monetary damages for conduct as a director, except for liability of the director for (i) acts or omissions that involve intentional misconduct or a knowing violation of law by the director (ii) conduct which violates RCW 23B 08 310 of the Washington Business Corporation Act, pertaining to unpermitted distributions to shareholders or loans to directors, or (iii) any transaction from which the director will personally receive a benefit in money, property or services to which the director is not legally entitled. If the Washington Business Corporation Act is amended to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director of the corporation shall be eliminated or limited to the fullest extent permitted by the Washington Business Corporation Act, as so amended. Any repeal or modification of the foregoing paragraph by the shareholders of the corporation shall not adversely affect any right or protection of a director of the corporation existing at the time of such repeal or modification.

ARTICLES OF INCORPORATION
ALTIAC TERMINALS WASHINGTON, INC
PAGE

ORIGINAL

**ARTICLE V
INDEMNIFICATION**

The corporation shall indemnify its directors against all liability, damage, or expense resulting from the fact that such person is or was a director, to the maximum extent and under all circumstances permitted by law, except that the corporation shall not indemnify a director against liability, damage, or expense resulting from the director's gross negligence.

**ARTICLE VI
AMENDMENT**

This corporation reserves the right to amend or repeal any provisions contained in these Articles of Incorporation in any manner now or hereafter permitted by statute. All rights of shareholders of the corporation and all powers of directors of the corporation are granted subject to this reservation.

**ARTICLE VII
INITIAL DIRECTORS**

The initial Board of Directors of this corporation consists of three(3) directors. The name and address of the directors are as follows:

Thomas Payne
Suite 21 Garfield Center
403 Garfield Center
Tacoma WA 98444

Darryl Banman
#214, 110-11th Avenue S W
Calgary, AB
Canada T2R 0B8

Paul Crane
#214, 110-11th Avenue S W
Calgary, AB
Canada T2R 0B8

The initial directors shall serve until the next annual meeting of shareholders or until the election and qualification of their successors. The number of directors constituting the Board of Directors of this corporation may be increased or decreased from time to time in the manner specified in the Bylaws of this corporation.

**ARTICLE VIII
REGISTERED OFFICE AND AGENT**

The street address of this corporation's initial registered office is c/o Montgomery Scarff PLLC, 1218 Third Avenue, Suite 2700, Seattle, Washington, 98101

Tom Montgomery is the corporation's initial registered agent at such office

**ARTICLE IX
INCORPORATOR**

The name and address of the incorporator is as follows

Thomas Payne
430 - East 25th Street Suite 202M
Tacoma, WA 98421

DATED this 22nd day of November 2006

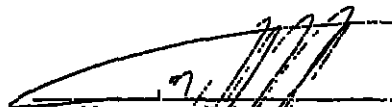


Thomas Payne, Incorporator

CONSENT TO APPOINTMENT AS REGISTERED AGENT

I, Tom Montgomery, hereby consent to serve as registered agent, in the State of Washington for Altec Terminals Washington, Inc. I understand that as agent for the corporation it will be my responsibility to accept service of process in the name of the corporation, to forward all mail and license renewals to the appropriate officer(s) of the corporation, and to immediately notify the Office of the Secretary of State of my resignation or of any changes in the address of the registered office of the corporation for which I am agent

DATED this 25th day of November, 2006



Tom Montgomery, Registered Agent
c/o Montgomery Scarff PLLC
1218 Third Avenue, Suite 2700
Seattle, Washington, 98101

EXHIBIT A-3


**STATE OF WASHINGTON
SECRETARY OF STATE**

Please PRINT or TYPE in block ink.
Sign date and return original AND ONE COPY to

CORPORATIONS DIVISION
801 CAPITOL WAY SOUTH PO BOX 40714
OLYMPIA, WA 98504-0234

-BE SURE TO INCLUDE FILING FEE Checks
should be made payable to Secretary of State

**ARTICLES OF AMENDMENT
WASHINGTON
PROFIT CORPORATION**

(Per Chapter 23B - RCW)

FEE: \$30

EXPEDITED (24 HOUR) SERVICE AVAILABLE - \$20 PER ENTITY
INCLUDE FEE AND WRITE "EXPEDITE" IN BOLD LETTERS
ON OUTSIDE OF ENVELOPE

RECEIVED
SEP 10 2007
STATE OF WASHINGTON

EXPEDITE USE ONLY

FILE NO. _____

IMPORTANT! Attach to cover sheet if filing

Day: (no hyphen) Number (with area code)

AMENDMENT TO ARTICLES OF INCORPORATION

NAME OF CORPORATION (As currently recorded with the Office of the Secretary of State)		
Alec Terminals Washington Inc.		
UBI NUMBER	CORPORATION NUMBER (if known)	AMENDMENTS TO ARTICLES OF INCORPORATION WERE ADOPTED ON
602672764		Date 9-10-07
EFFECTIVE DATE OF AMENDMENT ☐ Specific Date _____ ☒ Upon filing, by the Secretary of State	(Selected effective date may be up to 30 days AFTER receipt of the document by the Secretary of State)	
ARTICLES OF AMENDMENT WERE ADOPTED BY: Please check ONE of the following:		
☐ incorporation. Shareholders action was not required ☒ Board of Directors. Shareholders action was not required ☐ Only approved shareholder action in accordance with Chapter 23B - RCW		

AMENDMENTS TO THE ARTICLES OF INCORPORATION ARE AS FOLLOWS
If amendment provides for an exchange, reclassification, or cancellation of issued shares, provisions for implementing the amendment must be included. If necessary, attach additional amendments or information.

Changing Name to.
GNP RLY Inc

SIGNATURE OF OFFICER		
This document is hereby executed under penalties of perjury, and is, to the best of my knowledge, true and correct.		
Signature of Officer Thomas Payne	Printed Name Thomas Payne	Date 10 Sept 07

INFORMATION AND ASSISTANCE - 360/753-7115 (TDD - 360/753-1485)

000-007 (000)

EXHIBIT B

The current names and addresses of the officers and directors of the corporation are as follows:

1. Thomas Payne,
Director
Chairman and Chief Operating Officer
403 Garfield Street, #20
Tacoma, WA 98444
2. Douglas Engle
Chief Financial Officer
11515 NE 103 Place
Kirkland, WA 98033

None of the officers and directors has an affiliation with a rail carrier.

EXHIBIT C

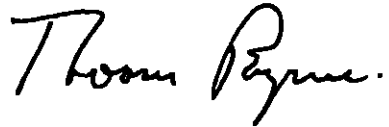
GNP Rly Inc.

**Interim Financial Statement
As of
30 June 2008
(Unaudited – see notice to reader)**

**GNP Rly Inc.
403 Garfield Street, #20
Tacoma, WA
USA 98444**

Notice to Reader

We have compiled the balance sheet for the period ending 30 June 2008. The statement has been prepared from information provided by management and have not been audited or reviewed. Readers are cautioned that this statement may not be appropriate for their purposes.

A handwritten signature in black ink, appearing to read "Thom Byrne". The signature is fluid and cursive, with a large initial 'T' and a distinct 'B'.

**GNP Rly Inc.
30 June 2008**

GNP Rly Inc.
BALANCE SHEET
As of June 30, 2008

ASSETS

Current Assets		
	Cash - Bank of America	3,910 00
	Total Current Assets	3,910 00
Fixed Assets		
	Locomotives & rolling stock	557,000 00
	Automotive	2,750 00
	Tools	4,198 84
	Furniture and Fixtures	20,513 66
	Office Equipment	29,743 99
	Technical Library	12,563 00
	Total Fixed Assets	626,769 49
Other Assets		
	Incorporation & legal expenses	5,000 00
	Intellectual property	375,000 00
	Certificate	1,400.00
	Total other Assets	381,400 00
TOTAL ASSETS		<u>1,012,079 49</u>

LIABILITIES AND EQUITY

LIABILITIES

Current Liabilities		
	Accounts Payable	0 00
	Total Accounts Payable	0.00
Other Current Liabilities		
	Note Payable	6,600 00
	Total Other Current Liabilities	6,600 00
Long Term Liabilities		
	Liabilities	0 00
	Total Long Term Liabilities	0 00
TOTAL LIABILITIES		6,600.00

EQUITY

	Opening Bal. Equity	2,500 00
	Share Capital	1 00
	Shareholder loan	1,002,978.49
	Retained earnings	0.00
TOTAL EQUITY		1,005,479 49
TOTAL LIABILITIES AND EQUITY		<u>1,012,079 49</u>

Notes to Financial Statements
(Unaudited – see Notice to Reader)

1. **Assets**

The Directors and Officers have contributed cash, fixed assets, and intellectual property to the establishment of the corporation

2. **Depreciation**

No depreciation expense has been recorded for the period.

EXHIBIT D-1

Submitted as separate document

EXHIBIT D-2



Snohomish County

County Council

June 13, 2008

Mike Cooper
Dave Gossett
John Koster
Dave Somers
Brian Sullivan

Hon. Anne K. Quinlan
Acting Secretary
Surface Transportation Board
395 E Street, SW
Washington, D C 20423

V/S #679
3000 Rockefeller Avenue
Everett, WA 98201-4016
(425) 388-3494
FAX (425) 388-3496
TTY/TDD (425) 388-3700

**RE: STB Finance Docket No. 35151, GNP Railway, Inc.,
Application for a Modified Certificate of Public Convenience and
Necessity**

Dear Ms. Quinlan:

I am writing on behalf of the County Council for Snohomish County, WA, in connection with the above-captioned proceeding.

Snohomish County is a political subdivision of the State of Washington and the owner of a line of railroad that was authorized for abandonment by the Surface Transportation Board in Docket No. AB-6, Sub-No. 280X (5-6-86), Burlington Northern Santa Fe Railway - Abandonment (Snohomish to Hartford).

My purpose in writing is to advise you that GNP Railway, Inc. has entered into an agreement with Snohomish County to provide common carrier rail operations over a portion of this segment of railroad, that GNP is submitting an application for a Modified Certificate of Public Convenience and Necessity, and that Snohomish County fully supports the railroad's efforts to reinstate rail service over this track.

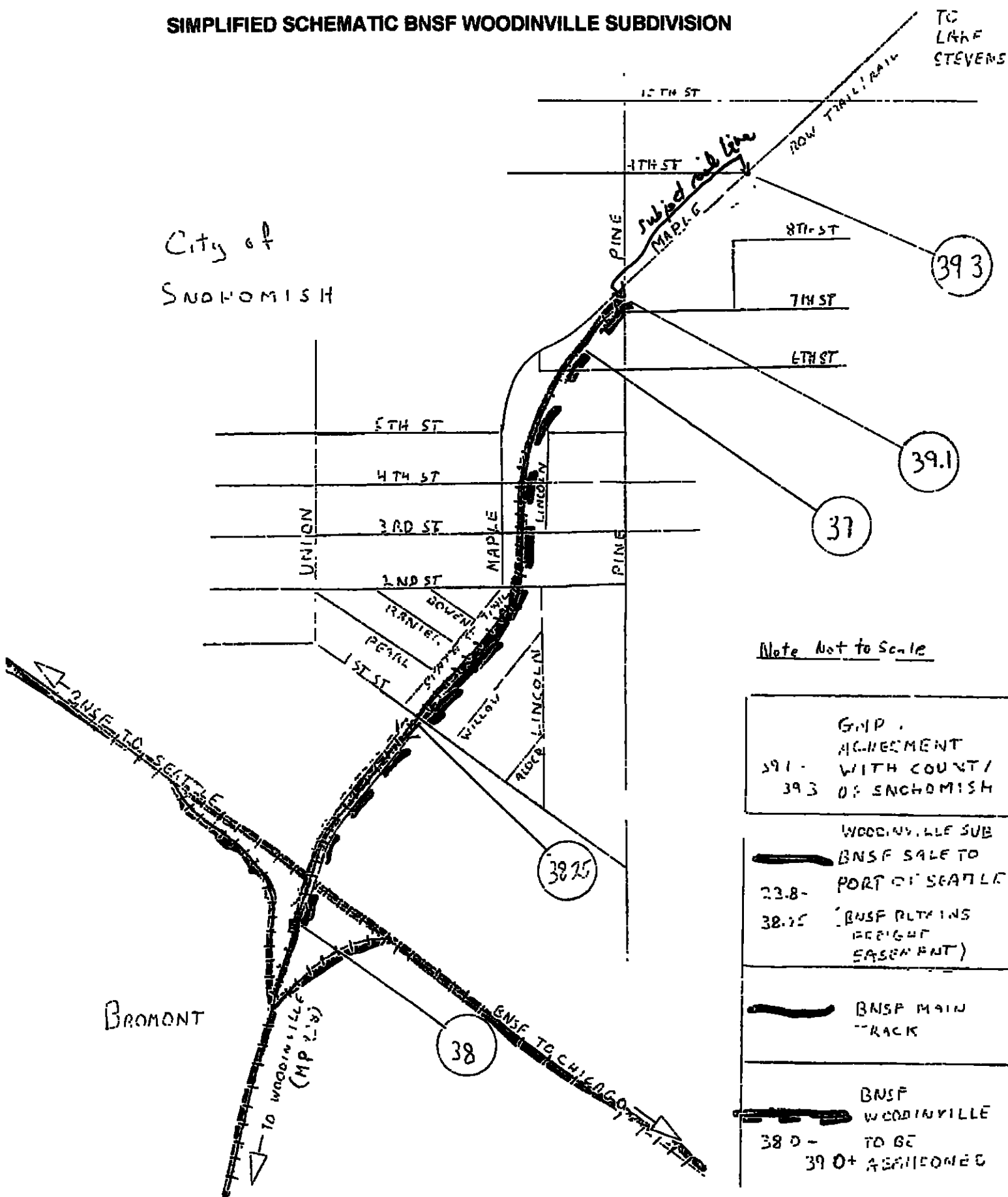
Sincerely Yours,

Dave Somers
Chairman
Snohomish County Council

cc Mr. Thomas Payne

EXHIBIT E-1

City of
SNODGRASS



Note Not to Scale

391 - GNP .
393 AGREEMENT
WITH COUNT/
OF ENCHOMISH

WOODBRIDGE SUB
BNSF SALE TO
PORT OF SEATTLE
23.8-
38.75 (BNSF PLAYS
REQUIRE
EASEMENT)

BNSF MAIN
--BACK

BNSF
 WOODINVILLE
 380 - TO GC
 390+ AGRILCONCO

EXHIBIT E-2

Corridor Designations

- Freight use
- Rail banked:
public access
- Potential
excursion train

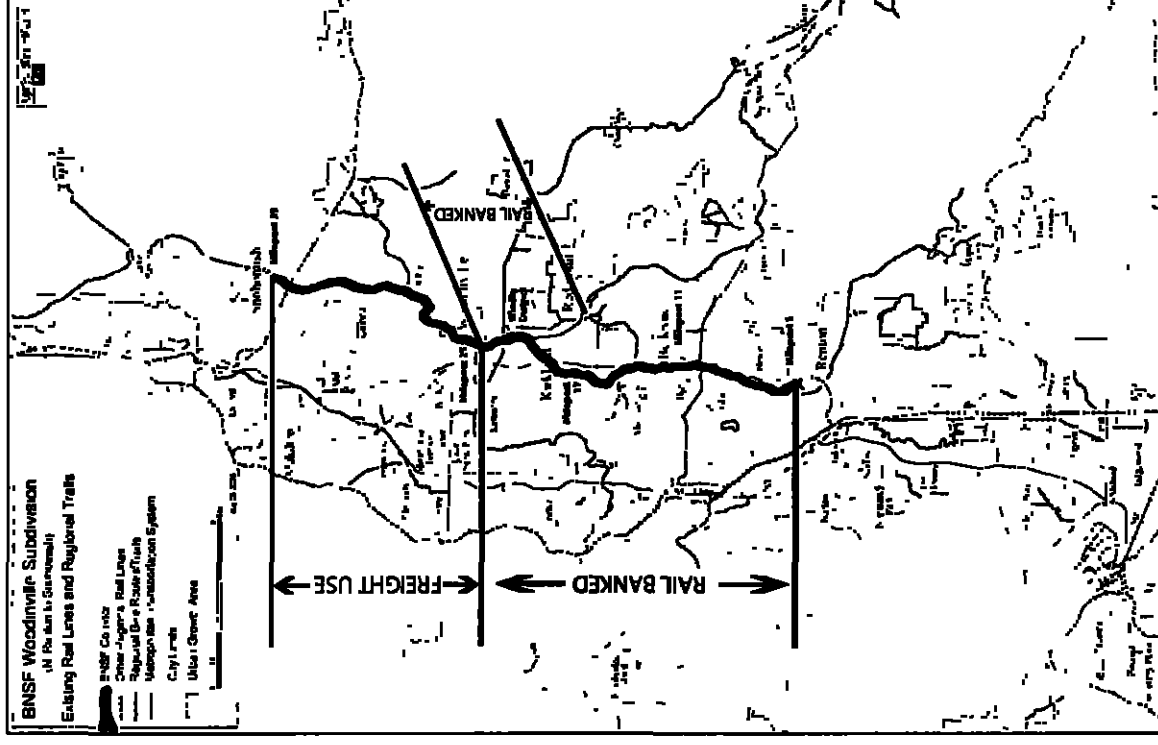


EXHIBIT F

LIABILITY COVERAGE



**UNITED SHORTLINE
Insurance Services, Inc.**

To: Mr. Thomas Payne

Date: 6/3/2008

From: Julie Pettit

Time:

RE: GNP Rly Inc

No of Pages: 3

Our Fax Number: 989-738-6557

**If you do not receive all of the pages, please call:
989-738-6400 or 800-247-2085**

We are pleased to offer you the attached Railroad Liability Coverage and Premium proposal as requested. Please review the specifics of the coverage offer to assure your request has been appropriately met.

With this offer, and if you should accept, you will be provided Certificates of Stock Ownership in US Rail Insurance Company, Inc. RRG as required by the Shareholders Agreement. All costs related to the acquiring of that Stock Certificate are included in the premium quoted.

Should this premium quotation be acceptable, and a request for binding is received. You will be provided a complete document package relating to US Rail which must be reviewed with certain acknowledgment provisions and signatures required. All documents must be acknowledged prior to the effective date of the policy.

Thank you,

Julie Pettit

989 / 738-6400 • 800 / 247-2085 • Fax: 989 / 738-6557 •
www.unitedshortline.com

 United Shortline Insurance Services, Inc.	"NOTICE" All policies will be issued by your risk retention group. Your risk retention group may not be subject to all of the insurance laws and regulations of your State. State insurance insolvency guaranty funds are not available for your risk retention group."
---	--

Railroad Liability Insurance Proposal
6/3/2008

Named Insured:	<i>GNP Rly Inc.</i>
Operation:	Shortline Premises
Per Occurrence Self Insured Retention:	\$10,000
Estimated Payroll for Policy Term:	\$0
Effective Date:	To be determined
Retroactive Date:	To be determined
Total Net Premium:	<i>\$4,250 Minimum Premium</i>
Total Capital Stock Purchase	<i>\$750</i>
TRIA	Included
Taxes	None
Rate Per \$100 Payroll:	Flat

page two

RE: CNP Rly Inc.

General Aggregate Limit:	\$10,000,000
Products-completed operations	\$5,000,000
Personal & Advertising Injury Limit	\$5,000,000
Each Occurrence	\$5,000,000
Fine Damage Limit	\$50,000
Insurance Company:	US Rail Insurance Co. Inc. RRG
Coverage Form:	CLAIMS MADE
Coverages Include:	Bodily injury, Property damage, Advertising injury, Personal injury, Evacuation expenses, Limited pollution, Pollution clean-up expenses, Bill of Lading, Foreign Rolling Stock and FELA.
This quotation is valid until:	8/1/08

This document is subject to the terms and conditions as contained in the policy form and endorsements.

Endorsements: Policy Form USI1004 09/07, Cancellation Endorsement USI1331 09/07, Common Policy Conditions IL0017 1198, Employment Related Practices Exclusion CG2147 0798, Nuclear Energy Liability Exclusion IL0021 0498, Service of Suit USI 1998 09/07, War & Terrorism Exclusion USI 2919 09/07, Blanket Additional Insured USI 1881 09/07, Several Liability Notice USI 0101 09/07, Absolute Asbestos Exclusion USI 1313 09/07, Exception to Terrorism Exclusion for Certified Acts of Terrorism CG 2177 1102, Claims Handling USI 5797 09/07

Each policyholder will receive stock in US Rail Insurance Co , Inc. RRG. Procedures and related documents will be included upon acceptance of quotation.

EXHIBIT G

VERIFIED STATEMENT OF THOMAS PAYNE

Thomas Payne, being duly sworn, deposes and states as follows:

My name is Thomas Payne. My address is 403 Garfield Street, #20, Tacoma, WA 98444. I began my career in the railroad industry as a locomotive engineer for the Canadian Pacific Railway in Canada. Later in 1986 I formed Central Western Railway as Canada's first modern entrepreneurial short line railroad to acquire branch lines from both Canadian National Railway and Canadian Pacific Railway. Thirteen years, and several additions later, I sold my Canadian short line holdings to the American short line holding company, RailAmerica.

Since then, I have moved to the Pacific Northwest and have decided to reenter the railroad business as an entrepreneur. Towards that end, I formed GNP Rly, Inc. ("GNP"), the applicant herein, for whom I serve as incorporator, Chairman, and Chief Operating Officer. In that capacity I am familiar with all of the facts and circumstances discussed in GNP's modified certificate application.

I have prepared this statement to enable the Surface Transportation Board to better understand the transaction GNP is proposing here. GNP's application here to operate two-tenths of a mile of railroad forms the northern part of a rail line that will extend from the City of Snohomish, Snohomish County, WA, south to Woodinville, WA. The line consists of three segments: in the City and County of Snohomish (MP 39.1 to MP 39.3) which is the subject of this application; in the City and County of Snohomish (MP 38.1

to YP 39.1) owned by BNSF Railway Company ("BNSF") and the subject of an unconsummated railroad abandonment exemption; and from Snohomish to Woodinville (MP 38.25 to MP 23.8) which the Port of Seattle proposes to acquire subject to a railroad operating easement to be transferred to a short line railroad. GNP intends to initiate a railroad commuter service over this entire package of lines as well as to provide common carrier freight service.

Starting from the north at Snohomish, GNP will use the subject railroad line for the site of its rail yard for storing and servicing railroad equipment. It proposes to operate trains from that point south over the segment for which BNSF has received an abandonment exemption to over the segment that Port of Seattle proposes to acquire. Interchange with BNSF will take place in Snohomish where the trackage connects with BNSF's mainline from Seattle to Minneapolis-St. Paul.

In meeting its goal of starting service, GNP has met with the following principal parties, being:

(1) Port of Seattle

GNP has met both with the Port of Seattle's Chief Executive Officer as well as the Commissioners of the Port in several meetings since August of 2007.

We were advised that the Port of Seattle and BNSF intend, as a consequence of their present transaction to select a third party operator for freight services between Snohomish and Woodinville. The agreement provides that any third party operator shall seek from the STB its own authority to conduct freight operations on the line. GNP plans to submit a bid to provide freight service over this

line.

Additionally, the Port of Seattle's Operations and Maintenance Agreement between the Port of Seattle and the Third Party Operator, article 2.1(g) [see Finance Docket No. 35128, Exhibit C, Page 9] provides that: "...Port may permit certain transportation uses on the Corridor (e.g. commuter rail service) during the term of this Agreement.."

The Commissioners of the Port have been fully informed of GNP's activities to establish freight and commuter service on the line and encouraged us to plan to provide freight and commuter rail service on this route subject to the negotiation and execution of an appropriate access agreement.

(ii) King County

We have conversed with King County's legal counsel to advise him of the purpose of our application.

We have met with King County senior staff and advised them of the purpose of the application and have briefed them on GNP's business plan.

(iii) Snohomish County

Snohomish County has entered into an agreement with GNP to provide rail service on County owned rights of way, and Snohomish County fully supports GNP's application as evidenced in the Operating Agreement and support letter furnished with this filing.

(iv) City of Snohomish

City of Snohomish has entered into a non disclosure agreement with GNP and has been fully advised of the plans of GNP to provide rail service on the BNSF right of way in

the City and the County and is aware of the current application by GNP.

The County of Snohomish would like to see GNP establish commuter railroad service. While the Regional Transit Agency, Sound Transit, presently operates commuter rail service between Tacoma and Seattle and Seattle and Everett, it lacks legislative authority to operate commuter services in the County of Snohomish north of Woodinville, i.e. between Snohomish and Woodinville.

GNP believes that the County's line of railway may generate compensatory freight and commuter rail traffic north of the City of Snohomish. Moreover, the County and GNP have agreed to work jointly to develop rails and trails on the County's rights of way. The present modest site is the starting point for that development. A substantial traffic demand exists in the quickly growing community of Lake Stevens, which is located further north along the right of way upon which GNP has its initial site. It is GNP's intent to progressively reconstruct the railway north of MP 39.3 in Snohomish, while preserving joint trail use, in order to capture commuter traffic and any potential freight traffic which exists north of the City of Snohomish.

(v) Boise Cascade

We have held conversations with Boise Cascade (the most significant freight shipper on the line that is to be purchased by the Port of Seattle) to advise them of the present application and its purpose and our desire to provide them with freight service should GNP be selected by the BNSF and the Port of Seattle for that purpose.

As mentioned above, GNP has received the support of

Snohomish County and looks forward to working with all affected parties to restore and/or preserve rail service on this corridor.

Signed in Tacoma, Washington, on 3 July 2008

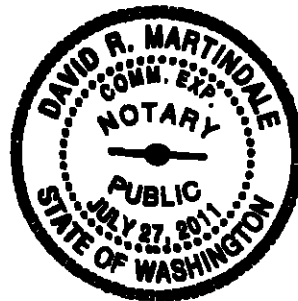
Thompson.

STATE OF WASHINGTON)
) SS
CITY OF TACOMA)

Thom Riddle.

[Signature]

July 27th 2011



ORIGINAL

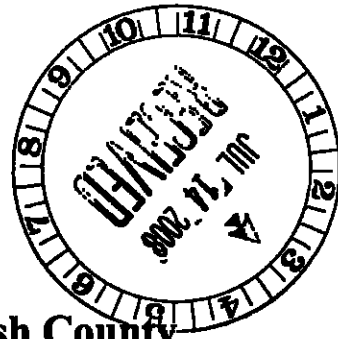


EXHIBIT D-1
Executed agreement with Snohomish County

ENTERED
Office of Proceedings

JUL 14 2008

Part of
Public Record

RUNNING RIGHTS AND RAILWAY OPERATIONS AGREEMENT

THIS AGREEMENT is dated the 23rd day of May, 2008.

BETWEEN:

GNP Rly Inc.

a corporation incorporated under the laws of Washington
(hereinafter called "GNP")

of the first part

AND:

County of Snohomish

a political subdivision of the State of Washington
(hereinafter called "Snohomish County")

of the second part

WHEREAS GNP is a company, incorporated pursuant to the provisions of the laws of the State of Washington, and is, or shall soon become, qualified to operate railways;

AND WHEREAS Snohomish County is a political subdivision of the State of Washington and GNP represents that Snohomish County owns the real property more completely described in Appendix A, which real property GNP believes is suitable for use by a railway and over which GNP desires to operate a railway;

AND WHEREAS GNP desires to operate a railway over present and former railway lands, or other lands, personal property and rights of way purchased, leased, or otherwise acquired, leased or licensed by GNP for the acquisition, construction, operation and maintenance of a railway;

AND WHEREAS Snohomish County is willing to contract with GNP to allow GNP to construct, operate and maintain a railway on the property described in Appendix A on the terms and conditions contained in this Agreement.

NOW THEREFORE in consideration of the mutual covenants, representations, and promises contained herein, the parties hereby agree as follows:

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ARTICLE 1 DEFINITIONS

Where used in this Agreement or in any amendments hereto, the following terms shall have the following meanings:

- 1.1 "Agency" means the Surface Transportation Board or the Federal Railway Administration as well as any successor of the said Agency(ies);
- 1.2 "Agreement" means this Agreement as amended or supplemented from time to time and the expressions "Article" and "Paragraph" followed by a number or letter mean and refer to the specified Article or Paragraph of this Agreement; and
- 1.3 "Commuter Rail" shall mean short-haul rail passenger transportation in metropolitan and suburban areas, sometimes having reduced fare, multiple-ride, and commuter tickets and morning and evening peak period operations, as defined by 49 U.S.C.A. § 24102(4) (2003).
- 1.4 "Joint Use Corridor" means those easements, rights of way, or other real property as described in Appendix A.
- 1.5 "Railway Track" means those tracks, roadbeds, rights-of-way, signals and other structures and mechanisms that are track-related or are required for the movement or control of motive power and rolling stock over the Joint Use Corridor (including all comprising the railway rights of way and lands more fully described in Appendix A annexed hereto), whether existing or to be constructed pursuant to this Agreement.
- 1.6 "Trail" shall mean a pedestrian or bicycle path on the Joint Use Corridor.

ARTICLE 2 JOINT USE CORRIDOR

2.1 Track Use

Subject to the terms of this Agreement, GNP will construct, operate, and maintain a common carrier railway over the Joint Use Corridor. GNP promises to take all reasonably necessary actions to commence operation of freight rail and Commuter Rail service promptly and expeditiously. If, and to the extent, that construction of a railway is necessary in the Joint Use Corridor (i.e., there are no existing rails and ties in the Joint Use Corridor), GNP will align and construct its railway in the Joint Use Corridor to allow dual use of the Joint Use Corridor for both railway and Trail uses. GNP further agrees that it will obtain Snohomish County's permission before damaging or demolishing any existing Trail and that GNP shall

replace or repair to current standards such damaged or demolished Trail at GNP's sole cost and expense.

2.2 Trail Use

Snohomish County may, subject to the terms of this Agreement, construct, operate and maintain a Trail over the Joint Use Corridor.

ARTICLE 3 MAINTENANCE, OPERATION AND CONTROL

3.1 Control

(a) Track Control

The construction, maintenance, repair, operation and renewal of the railway and its related works and undertakings on the Railway Track shall be under the direction and control of GNP.

(b) Trail Control

The construction, maintenance, repair, operation and renewal of the Trail and its related works and undertakings on the Joint Use Corridor, including, but not limited to, works separating the Railway Track from the Trail such as fences, barriers, and signs, shall be under the direction and control of Snohomish County. The construction, maintenance, repair, operation and renewal of the Trail shall be performed in a manner consistent with safe railway practice as reasonably determined by GNP.

3.2 Rules Governing Operation

All employees and contractors of GNP and Snohomish County shall, while on the Railway Track, be subject to the rules, regulations and orders of the Agency, and all employees and contractors shall move over the Railway Track under and in accordance with the orders of the superintendent, rail traffic controller or any other officer(s) of GNP having authority in matters relating to the movement of trains or in any way affecting the safe and proper performance and use of the Railway Track.

All employees of GNP engaged in or connected with the operations of GNP on or along the Railway Track shall be trained and qualified in accordance with the rules of the Agency. All conductors, locomotive engineers, trainmen and other employees of GNP who shall operate its trains, locomotives, cars and equipment over the Railway Track must be properly qualified for such operation.

3.3 Compliance with Laws

Notwithstanding paragraph 10.8 below, GNP shall at all times comply with the provisions of any and all laws and regulations, as well as any rules of any authority having jurisdiction respecting the operation, condition,

inspection and safety of GNP's trains. GNP shall also comply with any and all environmental and pollution laws and regulations applicable to its operations relating to this Agreement.

3.4 Assistance to Disabled Trains

If, by reason of any mechanical failure or for any other cause not resulting from a collision or derailment, a GNP train (or part thereof) becomes inoperative on the Railway Track and unable to proceed under its own power, or fails to maintain movement on the Railway Track, or, if in emergencies, crippled or otherwise defective cars are set out of a GNP train on the Railway Track, Snohomish County shall have the right, but not the obligation or duty, to furnish motive power or such other assistance as may be necessary to haul, help or push such train (or part thereof), or to move such disabled rolling stock, and GNP shall reimburse Snohomish County for costs incurred by Snohomish County in rendering such assistance, including applicable equipment rental rates, wages, overheads and any other charges which may be in effect as agreed between the parties at the time of rendering any such assistance.

3.5 Clearing of Wrecks

In the event of a GNP train (or part thereof) being derailed or in collision while upon the Railway Track, the derailed or damaged GNP equipment shall be picked up and removed by GNP. If GNP fails to timely pick up and remove the derailed or damaged equipment, Snohomish County may, at its sole option, pick and remove such equipment and GNP shall pay Snohomish County for such pick up and removal in accordance with paragraph 3.4.

3.6 Emergency Repairs

At the request of GNP, and subject to availability of labor, facilities, and qualifications, Snohomish County may, at its sole option, perform emergency repairs to a GNP train, including any of the rolling stock thereof set off en route (the "Emergency Repairs"). For the performance of the Emergency Repairs, GNP shall pay to Snohomish County:

- (i) for labor, at the fully burdened labor rate for each hour or part thereof expended by and for each Snohomish County employee; and
- (ii) for material used, at cost plus an overhead rate of twenty percent (20%).

3.7 Investigations

Snohomish County and GNP shall each have the right to investigate and report to the Agency or other authority having jurisdiction, all accidents or incidents occurring on the Railway Track that involve a GNP train.

Snohomish County shall provide GNP, and GNP shall provide Snohomish County with a copy of any report submitted to the Agency, or to any other authority having jurisdiction.

3.8 Excursion Trains

GNP shall allow excursion trains, such as the Washington Dinner Train, steam tour trains or other tourist oriented trains to be operated on the Railway Track upon reasonable and ordinary terms and conditions, provided that Commuter Rail service shall have precedence over excursion trains. For the purposes of this paragraph, "reasonable and ordinary terms and conditions" are those substantially similar to the Washington Dinner Train's prior agreement with BNSF.

ARTICLE 4 WARRANTIES AND DISCLAIMERS

4.1 By GNP

- (a) GNP warrants that it is, and will maintain itself during the term of this Agreement as, a Washington corporation in good standing, fully qualified and authorized pursuant to applicable law and industry practice to perform its responsibilities hereunder.
- (b) GNP warrants that it shall purchase up to Two Million Dollars of rolling stock and associated equipment within one (1) year of the commencement of this Agreement, subject only to the issuance of a certificate of public authority by the Surface Transportation Board to GNP in a form reasonably satisfactory to GNP that effects the purposes of this Agreement. GNP further warrants and represents that it has sufficient financial capacity to purchase Two Million Dollars of rolling stock and associated equipment within ninety days of the execution of this Agreement.
- (c) GNP intends to commence Commuter Rail operations within two years of the execution of this Agreement.

4.2 By Snohomish County

- (a) Snohomish County disclaims, and does not warrant, that it owns any property fit for railroad use. GNP has performed its own investigation and due diligence.
- (b) Snohomish County disclaims, and does not warrant, that GNP may construct, operate or maintain a railway over any property not owned by Snohomish County.
- (c) Snohomish County disclaims, and does not warrant, the fitness, suitability or condition of any property it owns for construction, maintenance or operation of a railway.

ARTICLE 5 LIABILITY AND INDEMNITY

5.1 Liability

- (a) Each party shall defend and indemnify the other party from any and all claims, suits and actions for injury, damage or loss to the extent of the indemnifying party's responsibility for such injury, damage or loss that arises out of, or relates to, this Agreement.
- (b) A party to this Agreement who is required to pay damages or an assessment under workers' compensation legislation, by reason of the injury or death of an employee of such party occurring on the Joint Use Corridor, shall have no claim against the other party hereto, for reimbursement for such payment, except to the extent that the injury or death was due solely to the negligence of the employee or employees of said other party.

5.2 Notice of Claim

In case a suit or suits or proceedings be commenced by any person or corporation against either party, for or on account of any loss, damage or injury for which the other party is liable under the provisions of this Agreement, the party so sued or proceeded against will give to the other party reasonable notice in writing of the pendency of such suit or proceeding, and thereupon the other party will assume the defense of such suit or proceeding and will save and hold the party so sued harmless from all loss and costs by reason thereof. Neither party hereto will be bound by any judgment against the other party unless it shall have had reasonable notice that it was so required to defend and has reasonable opportunity to make such defense. When such notice and opportunity has been given, the party notified will be bound by the judgment as to all matters that could have been litigated in such suit or proceeding.

5.3 Waiver of Business Interruption Claim

Neither party hereto will under any circumstances have any cause of action against the other for loss or damage of any kind caused by, or resulting from, interruption or delay to its business or in respect of claims arising therefrom.

ARTICLE 6 INSURANCE

6.1 Workers' Compensation Coverage

With respect to all persons who work or perform labor on GNP trains or the Railway Track, GNP shall procure and maintain at all times coverage under Federal Employers' Liability Act (FELA), including, but not limited to, Railroad Liability Coverage and/or Washington State Workers' Compensation requirements, if necessary.

6.2 Liability Insurance

- (a) GNP shall comply with the following conditions and procure and keep in force during the term of this Agreement, at GNP's own cost and expense, the following policies of insurance with companies authorized to do business in the State of Washington, which are rated at least "A" or better and with a numerical rating of no less than seven (7), by A.M. Best Company and which are acceptable to Snohomish County.
 - (i) Workers' Compensation Insurance or equivalent as required by Washington law and Employer's Liability Insurance with limits not less than \$1,000,000 per occurrence.
 - (ii) Comprehensive Railroad Liability Insurance on an occurrence basis in an amount not less than \$5,000,000 per occurrence and at least \$10,000,000 in the annual aggregate. Coverage to include: Definition of Railroad Accident to include Unintended Fire & Explosion; Limited Contamination & Pollution directly resulting from a Railroad Accident; Evacuation Expenses Included, Fire Suppression Expenses include; Deletion of the Passenger Exclusion (if any); premises/operations (including off-site operations), blanket contractual liability and broad form property damage.
 - (iii) Business Automobile Liability Insurance in an amount not less than \$1,000,000 per occurrence, extending to any automobile. A statement certifying that no vehicle will be used in accomplishing this Agreement may be substituted for this insurance requirement.
- (b) The above liability policies shall contain a provision that the policy shall not be canceled or materially changed without 30 days prior written notice to Snohomish County. No cancellation provision in any insurance policy shall be construed in derogation of the continuous duty of GNP to furnish the required insurance during the term of this Agreement.
- (c) Upon written request by Snohomish County, the insurer or his/her agent will furnish a copy of any policy cited above, certified to be a true and complete copy of the original
- (d) Prior to commencing operations, GNP shall provide Snohomish County with a Certificate of Insurance acceptable to the Snohomish County Risk Manager evidencing the required insurance. GNP shall provide Snohomish County with either: (1) a true copy of an endorsement naming Snohomish County, its officers, employees and agents as Additional Insureds on the Comprehensive Railroad Liability Insurance policy and the Business Automobile Liability Insurance policy with respect to the operations performed and

services provided under this Agreement and that providing that such insurance shall apply as primary insurance on behalf of such Additional Insureds; or (2) a true copy of the blanket additional insured clause from the policies. Receipt by Snohomish County of any certificate showing less coverage than required is not a waiver of GNP's obligations to fulfill the requirements.

- (e) GNP certifies that it is aware of the provisions of Title 51 of the Revised Code of Washington that requires every employer to be insured against liability of Workers' Compensation, or to undertake self-insurance in accordance with the provisions of that Title. GNP shall comply with the provisions of Title 51 of the Revised Code of Washington before commencing the performance of the Work. GNP shall provide Snohomish County with evidence of Workers' Compensation Insurance (or evidence of qualified self-insurance) before any construction, maintenance, or operation begins.
- (f) In case of the breach of any provision of this section, Snohomish County may, at its option and with no obligation to do so, provide and maintain at the expense of GNP, such types of insurance in the name of GNP, and with such insurers, as Snohomish County may deem proper, and may deduct the cost of providing and maintaining such insurance from any sums which may be found or become due to GNP under this Agreement or may demand GNP to promptly reimburse Snohomish County for such cost.

ARTICLE 7 COMPENSATION

7.1 Compensation

GNP will pay to Snohomish County monthly, as total compensation with respect to the right to operate over the Railway Track herein granted, compensation calculated at the rate of **Fifty cents (USD\$0.50)** in lawful currency of the United States, per car, per mile actually travelled in each direction. GNP will supply car counts to Snohomish County monthly. Payments shall be made for each calendar quarter by the thirtieth day of the month following the end of the calendar quarter.

7.2. Changes in Rates

The rates in Article 7.1 shall be subject to increase or decrease annually on the basis of the percentage increase or decrease in the generally accepted Industrial Products Prices Index (Industrial Products Prices Index, item D694118 - Railway Rolling Stock Industry, published by Statistics Canada, or US equivalent). The rates shall be adjusted commencing 1 January 2009, based on the increase or decrease in such index between the end of December 2007 and the end of December 2008, and thereafter as of 1 January in each year, based on the increase or

decrease in the index for the end of December of the year compared to the index for the end of December of the immediately preceding year.

ARTICLE 8 TERM

8.1 Term

The rights of operation of GNP over the Railway Track as set forth in this Agreement shall be for an initial term of thirty-one (31) years, commencing 1 January 2008 and ending 31 December 2039, and may be renewed for an option period of an additional thirty-one (31) years with the mutual agreement of GNP and Snohomish County.

8.2 Removal of Property

Notwithstanding any rule of law or equity, the motive power and rolling stock of the railway, railway track, works, and any buildings, including equipment, accessories and appurtenances purchased or developed by GNP shall at all times remain the property of GNP notwithstanding that the same may be annexed or affixed to the said lands and shall at any time and from time to time be removable in whole or in part by GNP; provided, however, that if the removal of such property is not commenced and diligently prosecuted by GNP within three years of the termination or expiration of this Agreement, GNP relinquishes, waives, and quit claims all right, interest and title to such property to Snohomish County.

ARTICLE 9 TERMINATION, REMEDIES, AND DISPUTE RESOLUTION

9.1 Defaults

The occurrence of any one or more of the following events with respect to either party shall constitute an event of default ("Event of Default") by said party (the "Defaulting Party"):

- (i) if the party becomes, or is declared by any competent authority to be, insolvent or admits in writing its inability to pay its debts as they fall due or applies for any bankruptcy proceedings; or
- (ii) if all or any material part of the assets, revenue or capital stock of the party have been or shall be attached, seized, arrested or distrained upon or shall become subject to any order of court or process for execution and such attachment, seizure, arrest, distraint or process remains in effect; or
- (iii) if any person shall:
 - (a) successfully petition or apply to a court, tribunal or other body or authority for the appointment of any

administrator, receiver, liquidator, curator, trustee or other similar officer of the party or for all or any material part of the assets of the party, or

(b) apply for any bankruptcy proceedings in respect of the party and in any such event such action, petition, application or proceedings are not discharged or dismissed; or

(iv) a material breach by a party that remains uncured for at least sixty days after notice.

9.2 Remedies

If an Event of Default shall occur, the non-Defaulting Party at any time during the continuation thereof, at its option, may:

- (i) proceed by appropriate court action or actions either at law or in equity to enforce performance by the Defaulting Party of the applicable covenants of this Agreement or to recover damages for the breach thereof, or
- (ii) by notice in writing to the Defaulting Party and without limiting the non-Defaulting Party in the exercise of any right or remedy which the non-Defaulting Party may have by reason of such default, terminate this Agreement.

9.3 Without Default

- (a) Either party may terminate this Agreement on the fifth anniversary of the date of the last to sign by giving written notice to the other party within thirty days before or after the fifth anniversary date if GNP is not then operating Commuter Rail service as described in Appendix B.
- (b) Snohomish County may terminate this Agreement without fault or breach by GNP upon sixty days' written notice:
 - (i) If GNP does not diligently pursue the commencement of Commuter Rail service as described in Appendix B within two years of the anniversary date of this Agreement, subject to the receipt of requisite or necessary authorities; or
 - (ii) Upon payment of to GNP of
 - (a) the net salvage value of GNP's tangible physical assets used to provide rail service on the Joint Use Corridor, unless GNP continues to use such tangible physical assets for other operations not on the Joint Use Corridor owned by Snohomish County;
 - (b) any penalty which may be incurred by GNP for the early repayment of any financing related to the assets

of GNP used to provide rail service on the Joint Use Corridor that GNP is unable to use to provide rail service elsewhere than on the Joint Use Corridor owned by Snohomish County, and

- (c) An amount equal to five years of net profit allocable to GNP's operations over the Joint Rail Corridor owned by Snohomish County. Such net profit shall include only any net profit attributable and allocable to GNP's operations over property owned by Snohomish County and shall not include any net profit attributable and allocable to GNP's operations over property owned by others. Such net profit shall be based on GNP's actual profit for the preceding five years (or less during the first five years of this Agreement); or
- (iii) If Commuter Rail service ceases and does not restart within thirty days, or such other period as may be mutually agreed between the parties, unless such restart is delayed by an Act of God, in which case the thirty day period to restart shall be extended by such time as reasonably necessary to restore the damage to the Joint Use Corridor or GNP equipment caused by the Act of God; or
- (iv) If a governmental or quasi-governmental entity begins Commuter Rail service, Snohomish County may terminate this Agreement as regards GNP's Commuter Rail service, but not GNP's freight rail service or railway maintenance or operational control, in which case GNP shall be compensated as provided in paragraph 9.3(b)(ii)., or
- (v) If GNP fails or refuses to cooperate with the reasonable requests of a governmental or quasi-governmental entity that desires to provide Commuter Rail service in Snohomish or King counties;
- (vi) If GNP fails or refuses to use diesel motor units for Commuter Rail service, rather than passenger cars and locomotives, when such units are economically feasible; or
- (vii) If GNP significantly reduces passenger rail service operations below the frequency and capacity described in Appendix B, except when service is reduced as a result of clear changes in demand for service.

9.4 Termination Upon Change of Control

- (a) If any person or entity different from the existing ownership of GNP, whether itself or in combination with others, acquires direct or indirect control of GNP, Snohomish County may terminate this

Agreement unless Snohomish County consents in writing to the change in control prior to its occurrence, which consent shall not be unreasonably withheld.

- (b) Refusal to grant its consent shall be deemed to be reasonable where the proposed controlling person(s) or entity(ies) are not satisfactory because of their financial standing, reputation, business experience, the type or quality of business it operates, or where any of the parties to this Agreement has reason to believe that the proposed assignee or transferee does not possess sufficient skills, expertise, or experience to offer, manage and operate railways or transportation oriented development.
- (c) When requesting a consent to a change of control, the party requesting the change of control shall advise the other party to this agreement in writing of the proposed transferee, and shall provide to such information as may be requested, including, without limitation, information concerning the principals of the proposed controlling ownership interest, and financial and business information concerning the proposed controlling ownership interest. The party requesting the change of control shall indicate the specific terms and conditions of the proposed change of control.
- (d) Snohomish County may condition its consent upon payment to the County of five percent (5%) of the economic value of the consideration paid by the proposed controlling ownership interest to acquire its controlling interest.

9.5 Disputes

- (a) Disputes shall be resolved by structured negotiation. If structured negotiation fails to resolve the dispute, the dispute may be resolved by a lawsuit in Snohomish County Superior Court under Washington law and procedure. Any time period stated herein may be modified by mutual agreement in writing of the parties. The dispute procedures are a condition precedent to the filing of any lawsuit.
- (b) Disputes shall be resolved at the lowest staff level possible. If a dispute is not resolved, either party may refer the dispute to senior management. Within ten (10) days after referral, each party shall designate one senior manager with authority to resolve the matter in dispute. Upon request, the parties' staff shall provide the senior management officials with one or more brief oral or written statement identifying:
 - (i) any material facts at issue (and agreed upon facts, if relevant);

- (ii) any specific provisions of the Agreement at issue;
- (iii) the basis for their positions and the consequences if their position is not accepted; and
- (iv) any alternatives they wish to recommend for consideration.

The senior management officials may jointly retain consulting engineers or other experts or facilitators to make recommendations to them.

- (e) If the senior management officials cannot reach agreement within twenty (20) days of receiving a referral, they may either initiate:
 - (i) a ten (10) day cooling off period; and/or
 - (ii) voluntary non-binding mediation by a mutually agreed-upon mediator.

The parties intend that any mediation process or any cooling off period followed by further negotiations be completed within fifty (50) days of senior management officials receiving the referral.

- (f) If the parties are still unable to resolve the dispute, either may sue in the Superior Court in Snohomish County under the laws of the state of Washington.

ARTICLE 10 GENERAL

10.1 Successors and Assigns

This Agreement shall not be assignable by either party without the prior written consent of the other party (which consent shall not be unreasonably withheld), and this Agreement shall be binding upon and inure to the benefit of the parties hereto, their respective successors and permitted assigns. Snohomish County may condition its consent upon payment to it of five percent of the economic value of the consideration paid for any assignment or transfer.

10.2 Counterparts

This Agreement may be executed by the parties in separate counterparts each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute one and the same instrument.

10.3 Notices

Any notice or other writing required or permitted to be given hereunder shall effective either when delivered personally to the other party, the business day following the delivery by fax of such notice or writing, or three business days after being sent by prepaid registered mail:

(a) GNP Notice

In the case of a notice to GNP at:

GNP Rly Inc.
Attn: Thomas Payne, Chairman and C.O.O
c/o Montgomery Scarp MacDougall PLLC
Seattle Tower, 27th floor
1218 Third Avenue
Seattle, WA 98101
Ph: Thomas Payne: 253-459-9702
Tom Montgomery: 206-625-1801

(b) Snohomish County Notice

In the case of a notice to Snohomish County at:

County Executive
Snohomish County
3000 Rockefeller Ave.
Everett, WA 98201-4046

10.4 Interpretation

Each party acknowledges that it has read this Agreement, understands it and agrees to be bound by its terms. Each party acknowledges that the Agreement should not be strictly construed against one party or the other, but interpreted reasonably and fairly so as to give effect to the manifest intentions of the parties.

10.5 Modification

This Agreement may not be modified except by a written instrument duly executed by the parties hereto.

10.6 Waiver

The waiver by either party of any term or condition of this Agreement shall not be deemed to constitute a continuing waiver thereof nor of any further or additional right that such party may hold under this Agreement.

10.7 Audits and Inspections

GNP shall retain and safeguard all records relating to its work for a period of six years. Such records shall include, but are not limited to, financial and operating records. At any time during normal business hours and as often as Snohomish County may deem necessary, GNP shall make available to Snohomish County (or the Washington State auditor) for Snohomish County's (or State Auditor's) examination all of GNP's records and documents with respect to all matters covered by this Agreement and, furthermore, GNP will permit Snohomish County to audit, examine and make copies, excerpts or transcripts from such records, and to make

audits of all contracts, invoices, materials, payrolls, records of personnel, conditions of employment and other data relating to all matters covered by this Agreement.

10.8 Compliance with Federal, State and Local Laws

GNP shall comply with and obey all federal, state and local laws, regulations, and ordinances applicable to the operation of its business and to its performance of work hereunder.

10.9 Relationship of Parties

Snohomish County and GNP shall not be construed as joint venturers or general partners, and neither shall have the power to bind or obligate the other party.

10.10 No Third Party Rights

The provisions of this Agreement are intended solely for the benefit of, and may only be enforced by, the parties hereto. None of the rights or obligations of the parties herein set forth is intended to confer any claim, cause of action, remedy, defense, legal justification, indemnity, contribution claim, set-off, or other right whatsoever upon or for the benefit of any third party. This Agreement does not create any legal duty by any of the parties, except such contractual duties between them as explicitly stated in the Agreement.

10.11 Time of Essence

Time shall be of the essence of this Agreement.

10.11 Further Instruments and Documents

The parties agree to execute such further instruments and documents, such as a lease, that may be reasonably necessary or required to effect the purposes of this Agreement.

ARTICLE 11 INTERPRETATION

11.1 Entire Agreement

This Agreement supersedes any and all oral or written agreements heretofore made relating to the subject matter hereof and constitutes the entire agreement of the parties relating to the subject matter hereof.

11.2 Severability

Any provision in this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining

provisions hereof or affecting the validity or enforceability of such provision in any other jurisdiction.

11.3 Headings

The Article and Paragraph headings contained in this Agreement are for convenience of reference only and in no way define, limit or enlarge the scope, meaning or intent of this Agreement or in any way affect the interpretation of this Agreement.

11.4 Gender and Number

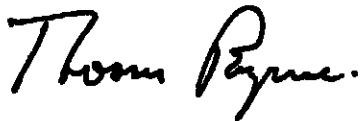
Words importing the singular shall include the plural and vice versa, words importing gender shall include all genders and words importing individuals shall include firms and corporations and vice versa.

11.5 Proper Law

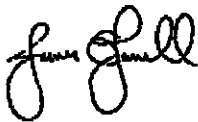
This Agreement shall be governed by and construed in accordance with the laws of the State of Washington and the laws of the United States applicable therein.

IN WITNESS WHEREOF this Agreement has been duly executed by the parties hereto as of the day and year first above written.

GNP Rly Inc

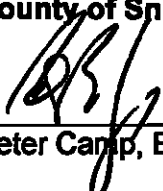


Thomas Payne
Chairman, C.O.O.



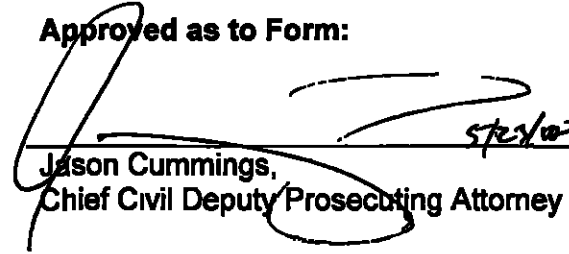
James O'Farrell,
President, C.E.O.

County of Snohomish



Peter Camp, Executive Director

Approved as to Form:



Jason Cummings,
Chief Civil Deputy Prosecuting Attorney

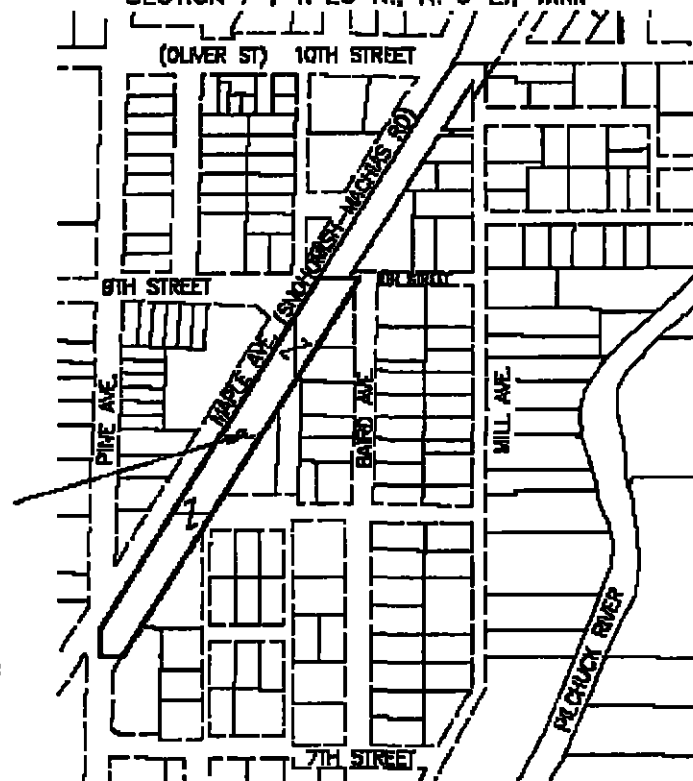
APPENDIX A—Joint Use Corridor Map



GNP/Snohomish County Running Rights and Railway Operations Agreement Appendix A

PREPARED BY SNOHOMISH COUNTY PUBLIC WORKS
SECTION 7, T. 28 N., R. 6 E., W.M.

ALL THAT PORTION OF
QUIT CLAIM DEED
AF# 9210200679, FROM
BNRR TO SNOHOMISH
COUNTY (SEE LEGAL
DESCRIPTION BELOW)
TRANSFERRED TO COUNTY
OCT. 20, 1992, LYING
NORTHEASTERLY OF THE
CENTERLINE OF PINE
AVENUE AND LYING
SOUTHWESTELY OF 8TH
STREET LYING EAST OF
MAPLE AVENUE, BEING
APPROXIMATELY 950' LONG
MORE OR LESS



Note: Right-of-Way shown is based on graphical
purposes only at this time. Thorough research
has not yet been conducted to verify the actual
location of this Right-of-Way.

Legal Description (portion contained within AF# 9210200679)

All that portion of said Railroad Company's 100.0 foot wide Branch Line right of way, being 50.0 feet wide on each side of said Railroad Company's Main Trunk centerline upon, over and across the SW $\frac{1}{4}$, SE $\frac{1}{4}$, and the NW $\frac{1}{4}$, NW $\frac{1}{4}$, SE $\frac{1}{4}$, SE $\frac{1}{4}$ of said Section 7, and part of the N $\frac{1}{4}$, NW $\frac{1}{4}$, NW $\frac{1}{4}$, NE $\frac{1}{4}$ of said Section 18, T28N, R6E; bounded on the Northernly side by the centerline of Oliver Street, according to the recorded plat of England & Elwell's Addition to the Town of Snohomish and bounded on the Southernly side by the centerline of Pine Street, according to the recorded plat of the Fairground Addition to the Town of Snohomish;

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APPENDIX B Timetable

GNP RAILWAY

**DRAFT
TIME
TABLE**

**NUMBER
1**

**TO BE USED IN CONJUNCTION WITH SPECIAL INSTRUCTIONS IN EFFECT.
CURRENTLY IN EFFECT AS OF 0001, 15 MAY, 2008**

**FOR THE GOVERNMENT OF EMPLOYEES ONLY. THIS TIMETABLE MAY BE CANCELLED, SUPERSEDED OR
ANNULLED AT ANY TIME AT THE DISCRETION OF THE COMPANY. BE POSITIVE YOU HAVE THE CURRENT TIME
TABLE AND LATEST SPECIAL INSTRUCTIONS. READ CAREFULLY THE SPECIAL INSTRUCTIONS AND CARRY A
COPY FOR REFERENCE. CARRY A COPY OF THE OPERATING RULES.**

ISSUED BY AUTHORITY OF:

Thomas Payne

DIRECTOR & CHIEF OPERATING OFFICER

WOODINVILLE SUBDIVISION

Timetable for First Class Trains
(POST Rehabilitation)

SOUTHBOUND - Read down										Station	NORTHBOUND - Read up					
2	4	6	8	10	12		MP	1	3	5	7	9	11			
d0630	d0700	d0730	d0800	d0830	d0900		38.7	a1643	a1713	a1743	a1813	a1843	a1813			
a0641	a0711	a0741	a0811	a0841	a0911		29.9	d1632	d1702	d1732	d1802	d1832	d1902			
d0644	d0714	d0744	d0814	d0844	d0914			a1629	a1659	a1729	a1759	a1829	a1859			
a0651	a0721	a0751	a0821	a0851	a0921		24.1	d1622	d1652	d1722	d1852	d1822	d1852			
d0654	d0724	d0754	d0824	d0954	d00924		7.1	a1619	a1649	a1719	a1749	a1819	a1849			
a0703	a0733	a0803	a0833	a0903	a0933		17.0	d1610	d1640	d1710	d1740	d1810	d1840			
d0706	d0736	d0806	d0836	d0906	d0936		4.4	a1607	a1637	a1707	a1737	a1807	a1837			
a0713	a0743	a0813	a0843	a0913	a0843		12.7	d1600	d1630	d1700	d1730	d1800	d1830			
							0.8									
							12.0									
							4.3									
							3.0									
							0.0									

POST REHABILITATION

**WOODINVILLE SUBDIVISION
SPECIAL INSTRUCTIONS**

1. Speed Regulations

Item 1(A) of the System Special Instructions applies

See Item 1 of the System Special Instructions for additional speed restrictions.

1(A) Maximum Speed Permitted
MP Passenger 70 Freight 50

1(B) Speed – Permanent Restrictions
MP

Station	MP	Item	Speed	Degree	Minute
Snohomish	39.1	curve	30	6	40
		Curve, and over bridge	30	3	30
Bromart	37.5	curve	70	2	
		curve	60	3	.03
		curve	40	6	
		curve	70	2	
		curve	30	7	
		curve	45	4	45
		bridge	70	1	
		curve	70	0	30
Cathcart	33.7	curve	60	3	
		curve	40	6	.06

Location	Curve	Value
Maltby	curve	45
	curve	50
	curve	45
	curve	70
	curve	55
	curve	60
	curve	45
	curve	60
	curve	45
	curve	60
	curve	40
	curve	40
	curve	30
	curve	60
	curve	70
	curve	70
	curve	50
	curve	50
	curve	30
	curve	40
	curve	30
	curve	40
	curve	30
	curve	70
Woodinville	curve	70
	curve	70
	curve	70
	curve	70
	curve	70
	curve	40
	curve	30
	curve	45

curve	40	6	30
curve	30	8	
curve	40	6	30
curve	45	5	
curve	40	5	30
curve	30	7	
curve	30	7	30
curve	45	4	8
curve	30	8	30
curve	50	4	
curve	45	4	18
curve	70	2	
curve	70	2	
curve	70	2	
curve	70	1	
curve	50	4	
curve	70	2	
curve	60	3	
curve	55	3	32
curve	55	3	30
curve	55	3	37
curve	70	2	
curve	50	3	38
curve	55	3	30
curve	55	3	21
curve	50	4	
curve	50	4	
curve	70	2	
curve	50	4	
curve	50	4	
curve	50	4	
curve	70	1	30
curve	50	4	
curve	60	3	

Kirkland

17

Bellevue	12.6	curve	70	2
		curve	60	3

Timetable for Freight Trains

SOUTHBOUND –Read down Station NORTHBOUND – Read up

<u>Length of Siding (Feet)</u>	<u>Station Nos.</u>		<u>MP</u>	<u>Notes</u>	<u>Distance from Snohomish Jct. W.</u>
		Snohomish	38.7	1.1 from Bromart	Not applicable
	02159	Snohomish Jct. W.	38.8	On lead; 1.2 mi.	
	65601	Bromart	37.6	Y	1.2
2,855	65608	Maltby	29.9		8.6
	65614	Woodinville	24.1	TUY	14.1
	65622	Kirkland	17.0		21.2
3,413	65626	Bellevue	12.7		25.6
	65627	Wilburton	12.0		26.4
	65634	Scopa	4.3		33.7
3,660	65637	Renton	3.0		35.8
	16004	Black River Jct.	0.0		38.8

6.2 Liability Insurance

- (a) GNP shall comply with the following conditions and procure and keep in force during the term of this Agreement, at GNP's own cost and expense, the following policies of insurance with companies authorized to do business in the State of Washington, which are rated at least "A" or better and with a numerical rating of no less than seven (7), by A.M. Best Company and which are acceptable to Snohomish County.

 - (i) Workers' Compensation Insurance or equivalent as required by Washington law and Employer's Liability Insurance with limits not less than \$1,000,000 per occurrence.
 - (ii) Comprehensive Railroad Liability Insurance on an occurrence basis in an amount not less than \$5,000,000 per occurrence and at least \$10,000,000 in the annual aggregate. Coverage to include: Definition of Railroad Accident to include Unintended Fire & Explosion; Limited Contamination & Pollution directly resulting from a Railroad Accident; Evacuation Expenses Included, Fire Suppression Expenses include; Deletion of the Passenger Exclusion (if any); premises/operations (Including off-site operations), blanket contractual liability and broad form property damage.
 - (iii) Business Automobile Liability Insurance in an amount not less than \$1,000,000 per occurrence, extending to any automobile. A statement certifying that no vehicle will be used in accomplishing this Agreement may be substituted for this insurance requirement.
- (b) The above liability policies shall contain a provision that the policy shall not be canceled or materially changed without 30 days prior written notice to Snohomish County. No cancellation provision in any insurance policy shall be construed in derogation of the continuous duty of GNP to furnish the required insurance during the term of this Agreement.
- (c) Upon written request by Snohomish County, the insurer or his/her agent will furnish a copy of any policy cited above, certified to be a true and complete copy of the original
- (d) Prior to commencing operations, GNP shall provide Snohomish County with a Certificate of Insurance acceptable to the Snohomish County Risk Manager evidencing the required insurance. GNP shall provide Snohomish County with either: (1) a true copy of an endorsement naming Snohomish County, its officers, employees and agents as Additional Insureds on the Comprehensive Railroad Liability Insurance policy and the Business Automobile Liability Insurance policy with respect to the operations performed and

**WOODINVILLE SUBDIVISION
SPECIAL INSTRUCTIONS**

Spur tracks, Junctions and Rly. crossings at grade

Spur Tracks:
Woodinville

Junctions:
Snohomish Jct W. 38.6
Black River Jct 0.0

Rly. Crossings at Grade: NIL

**WOODINVILLE SUBDIVISION
SPECIAL INSTRUCTIONS**

1. Speed Regulations

Item 1(A) of the System Special Instructions applies, except between MP 25.0 (Woodinville) and MP 37.0 (Bromart).

See Item 1 of the System Special Instructions for additional speed restrictions.

1(A)	Maximum Speed Permitted	Passenger	Freight
MP			
	MP 4.3 to 23.9	30	25
	MP 23.9 to 37.0	25	25
1(B)	Speed – Permanent Restrictions		
MP			
	0.0 to 1.2	10	10
	2.2 to 4.3	10	10
	4.3 to 7.4	25	10
	7.4 to 7.5	10	10
	7.5 to 8.9	25	25
	11.5 to 11.7	10	10
	11.7 to 12.9	25	25
	14.3 to 17.7	25	25
	18.8 to 19.7	25	25
	19.7 to 19.8	10	10
	19.8 to 22.4	25	25
	23.7 to 25.2	10	10
	37.0 to 37.6	10	10
1(C)	Speed: Switches and turnouts	None	

1(D) Speed –Other

On sidings	10	10
MP 19.7 to MP 19.8 over 124 th Street		
And 124 th Avenue crossings	10	10
ON bridge		
Bridge: 11.5Z cars greater than		
134 tons	10	10
Bridge: 9.1 cars greater than		
134 tons	10	10
Bridge: 11.5 cars greater than		
134 tons	10	10
Bridge 23.9 cars greater than		
134 tons	10	10
Bridge: 24.51 cars greater than		
134 tons	10	10
Bridge: 34.3 cars greater than		
134 tons	10	10
Bridge: 38 between Snohomish Jct. West\		
And Snohomish:		
Six axle locomotives heavier than		
175 tons	10	10
At Renton on Boeing Spur over		
Conlon Crossing (HER)	5	5

2.	Bridge and Weight Restrictions Maximum Gross Weight of Car		
	Snohomish Jct. West to Woodinville	143 tons, Restriction D.	
	Woodinville to Renton Jct.	134 tons, Restriction D.	
	Bromart to Snohomish	134 tons, Restriction D	
	Woodinville to Issaquah Line:		
	Woodinville to MP 7.3X	134 tons, Restriction D	
	Bridge 38 between Bromart and Snohomish:		
	Six axle derricks prohibited.		
3.	Type of Operation	Yes	
	TWC in effect:		
	MP 37.0 to 43		
	MP 0.1X to MP 7.3X		
	(Except in yard limits)		
4.	G.C.O.R. Items:		
	Rule 6.19		
	When flagging is required	1 mile	
	Rule 6.28		
	Rule 6.28 is in effect from Snohomish Jct. to Bromart (MP 1.2 to 37.0) and from Scoopa to Renton Jct. (mp 4.3 to 9.5Z)		
5.	Trackside failed equipment (FED)		
	A. Protecting bridges, tunnels, and structures:	None	
	B. Other locations:	None	
6.	FRA Excepted Track	Yes	
	Black River Passing track	(4302)	
	Ealington Park		

Bellevue yard, excluding tracks 5098 and 5097
Woodinville to Redmond MP 1.8X to MP7.3

7. Special Conditions

Bellevue:

Do not leave cars between main track and gate at Safeway spur account descending track.

No switching is permitted on or access to NE 8th between the hours of 0700 to 0900 and 1600 to 1800 except on Sundays and legal holidays.

No side clearance to doors 1 and 2 at Safeway warehouse.

Wilburton Bridge

Walkway out of service MP 11.57 to 11.7

Renton

The use of fusees within the fenced limits of the Renton Boeing plant is prohibited.

Train Inspections

A member of the inbound crew on a through train operating cabooseless will give the outbound train a roll-by inspection and advise the outbound crew of the condition of the train, unless the outbound crew will not be immediately available or the inbound crew is relieved of duty.

Close clearance –

May exist on all, auxiliary tracks

Flash Flood Warnings

Refer to Item 33, System Special Instructions. The following locations have been identified as "critical areas" and are limited to restricted speed.

MP

2.0 to 2.2

21.0 to 23.5

32.0 to 38.2

MP 9.0X to 9.6X

Test Mile Locations

MP

6.0 to 7.0

Derails

The two derails between Airport Road crossing and Snohomish Jct. West may be left in the off position unless protecting cars, engines or equipment.

Highway Grade Crossing Warning Devices

Each train must stop before entering the following crossings and permit a crewmember to dismount to flag highway traffic to a stop. The flagging crewmember may reboard the locomotive before the remainder of the train proceeds through the crossing.

MP 13.1 – Bellevue 128th Street

MP 0.1X to MP 7.0 X – All crossings with automatic warning systems.

Locations Approved for Active Drop Movements:

Rabanco – Renton Jct.

Dunn Lumber – Renton

Boeing – Boeing Siding

Locations Approved for Gravity Drop Movements

K&M meats – Renton
Air Products – Renton
Safeway – Renton
Western Craft – Bellevue
GTS/Coors – Kirkland
Boise Cascade – Mailby

STOP Signs

Stop signs protecting railroad crossing at Woodinville on the Woodinville to Redmond

Bicycle Path

Pedestrians, cyclists, skaters and skateboarders may be found at any time upon the pathways adjacent to the railway.

Upon observation of a trail user approaching the train, engine crews shall sound the bell, and whistle (if required), to ensure warning the trail user of the approach of the train.

Locations Not Shown as Stations

Name	Mile - Location	Car Capacity	Switch Opens
02158 Snohomish on Spur	1 1 from Bromart	45	Both
Spectrum Glass Spur	2 0 North of Woodinville	8	North
65805 Douglas Palmer on spur	5 3 North of Woodinville	14	North
65807 Redmond on spur	6.5 North of Woodinville	10	Both

EMERGENCY NUMBERS

Location	Fire	Police
WASHINGTON		
Washington State Patrol		800-283-7804
Maple Valley Sheriff		206 296 3883
Newcastle –Bellevue	425-452-6892	425-649-4444
Woodinville Subdivision		
Snohomish County	425-388-3557	206-296-3883
Maltby	425-388-3557	800-344-4080
Woodinville	425-483-2131	206-296-3311
Redmond	425-388-3557	425-556-2500
Kirkland	425-556-2200	425-587-3400
Bellevue	425-452-6892	425-452-6917
Renton	425-255-0931	425-430-7500