

Douglas Engle

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September 20, 2018

Cynthia T. Brown
Chief, Section of Administration
Office of Proceedings
Surface Transportation Board
395 E Street SW
Washington DC 20423

246406

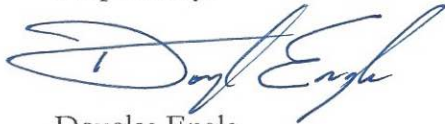
ENTERED
Office of Proceedings
September 21, 2018
Part of
Public Record

Re: STB Docket F.D. 35692
Eastside Community Rail, LLC –
Acq. & Op. Exemption –
GNP RLY, Inc.

Dear Ms. Brown,

Given King County, Woodinville, Bellevue and NW Signal have recently entered filings in this matter since my Reply to Snohomish County; I believe that I have the right to respond. Please accept my reply filing in this matter on behalf of Eastside Community Rail.

Respectfully,



Douglas Engle
Manager
Eastside Community Rail, LLC

BEFORE THE SURFACE TRANSPORTATION BOARD

Eastside Community Rail, LLC –	)	
Acquisition and Operation Exemption –	)	F.D. 35692
GNP RLY, Inc.	)	

SUMMARY

I am not an attorney. I cannot afford an attorney, yet I am constitutionally afforded due process to represent Eastside Community Rail, LLC (“ECR”) as the Washington State authorized manager. I offer my apologies to the Board. Please accept executed and verified signature page 18 for my prior filing as the ECR manager, which is in the final stages of winding up its affairs. [EXHIBIT 1]

I believe there is a notarized copy of the October 24, 2011 “Quit Claim Deed” with my signature in the GNP/ECR files transferred to NW Signal Maintenance. Contrary to statements in this matter, the “Quit Claim Deed [for the] Woodinville Freight Easement” clearly notes in the “Land Description” “see Exhibit A” the legal description of the easement, which Snohomish County originally submitted as their Exhibit 1. I saw no such advantage to the Board to resubmit the lengthy legal description. The entire legal description for the easement is legally registered in both Snohomish and King Counties. Nonetheless, both my former wife and father’s signatures were verified and dated for this transfer. The transfer back to GNP was completed before the trustee took possession of GNP’s assets.

In October 2011, it was Thomas Payne and GNP’s responsibility exclusively to record the easement before the trustee took possession of its assets a few weeks later. The fact that Payne didn’t reflects his lack of confidence to prevail in the bankruptcy and very likely not wanting to spend the money. NW Signal needs to register the easement transfer appropriately – not ECR or myself.

The brief “Record of Transfer” from the trustee clearly states, “The assets of GNP RLY INC. are now transferred to the control and ownership of EASTSIDE COMMUNITY

RAIL, LLC. as approved by Order of the Bankruptcy Court on September 26, 2012.” In addition, I did find the Asset Purchase Agreement with the trustee. [EXHIBIT 2]

Under Washington State law, minority owners, less than 20%, do not have to be listed on a LLC filing with the Secretary of State. Both my former wife and father were minority owners of GNP and ECR. The fact that after GNP’s bankruptcy was complete I found the easement was still in my former wife and father’s name, of no fault of my own, it simply made sense to leave it there as they were equity holders of ECR. Neither my former wife nor father made any action what so ever to represent themselves as a railway. The sole purpose of the transfer was purely economic security for their investments in ECR, not to usurp ECR or act as a railway.

Further, the “Quit Claim Deed [for the] Portion of the Woodinville Freight Easement” to NW Signal also references the “Property” description as Exhibit A. [EXHIBIT 3] It was common knowledge, and on file with the state, that I was the manager of ECR who owned and controlled the Woodinville Freight Easement. Contrary to other filings in this matter, “ESCR’s [ECR’s] right, title and interest in and to the Reserved Freight Easement” were transferred to NW Signal pending acquisition of GNP from Payne’s estate, per the Quit Claim Deed dated December 2017. I traveled to Seattle this past week to get original documents, but was unable to make a connection with Kevin Kucera, manager of NW Signal, who has yet to reply.

The legal transfer of the freight easement from BNSF to GNP to ECR via a temporary transfer in 2011 to co-owners of GNP cannot be made clearer while others look for any possibility to get a trail-only rail corridor.

REBUTTAL TO ADDITIONAL FILINGS

Relative to King County’s comment regarding “repeated efforts of Mr. Engle to seek to disrupt interim trail use and related railbanking efforts on the Line,” I say that’s exactly what they signed up for as the interim user where a railway may submit to the Board for

reactivation of a railbanked line. This billion-dollar corridor has far more value than just a trail, particularly since the two can peacefully coexist.

ECR acknowledges that presently, it cannot provide freight service south of Woodinville, although it has tail-end operation rights. My previous comment, regarding many freight opportunities along the Redmond Branch reflects constraints placed on the railway in the Operating and Maintenance Agreement (“OMA”). Once the OMA terminates, rest assured that a railway will pursue those opportunities, which are not “wholly speculative” as King County purports. While in Seattle, I took photos of the new warehouses immediately north of Matheus Lumber. There are many other opportunities further down that segment by simply looking at the numerous warehouses visible on a Google map east of the railroad and Redmond-Woodinville Road NE. [EXHIBIT 4]

Ballard has begun shipments to a new customer, SCAFCO, in Woodinville, who received its first nine cars two-weeks ago. There are two new very large warehouses behind the terminus at the Chrysalis High School immediately north of Matheus Lumber with many freight doors, plus a third. Unfortunately, Google maps only show the vacant land. SaltWorks, the nation's largest salt distributor sits right across from the line. To try and use the lack of facilities as an excuse for denying freight service when we are prohibited from providing such service is a red herring.

Contrary to Mr. Nunnenkamp's submission, if the railway were allowed to go 100 yards further down the line, additional railway facilities beyond a loading dock would not be required as it would be the end of the branch line where unloading could easily be managed. While in Seattle, I did take some additional pictures to clearly show the extent of the freight opportunity near Chrysalis and Matheus Lumber. [EXHIBIT 5]

During Ballard's operations, a locomotive had to be rented for several months while their locomotive was under repair. The same can be done to maintain service through the termination of the OMA when normal railway financing can be attained without the 10-year OMA restriction.

The License Agreement for excursion service has indeed lapsed and terminated. However, once the OMA ends, a railway with common carrier rights is likely to pursue an excursion service with its inherit passenger rights to complement its freight service without all of the local interference enabled in the OMA. There is nothing in the OMA that prohibits freight from continuing once it has expired, nor restricting other railway services as federal railroads are the Board's jurisdiction.

In my agreement with NW Signal, I maintain that possibility, which has future value. Unfortunately, NW Signal has failed to return the fully executed agreement, which is claimed to have closed December 18, 2017 versus the date I signed and FedEx'd to Kucera in October 2017. However, I can find no evidence that he has "approval of the Surface Transportation Board of an exemption order authorizing this transaction", which is the "Closing Date" in our agreement. If he does have the Board's approval, then he owes me the balance due per the agreement. The "Proposed Term Sheet" became the actual agreement based on Kucera's desires. Kucera asked me to not tell Ballard about this agreement as he would do so when necessary. [EXHIBIT 7]

The agreement under "Other Agreements" (c) states; "Buyer shall extend to Vendor the exclusive right to operate excursion and transit passenger trains on the purchased line, subject to an agreeable tariff for five-years." Kucera and I have never discussed a roll for NW Signal in such operations.

Please recall that the "Spirit of Washington" dinner train, profitably operated on this line for 15-years, until the southern portion of the line was railbanked by BNSF. The situation in Woodinville has greatly improved the prospects for an excursion train with all of its jobs and economic benefits versus a trail-only outcome as being sought here.

As previously explained, in a private company with 50/50 ownership, one party cannot "fire" the other, particularly since GNP's operating agreement did not address an issue like this. Thus, there was no legal mechanism for Payne to terminate Engle.

Mr. Stowe again failed to note that property descriptions were indeed included as attachments to the respective agreements. The recording of those transfers was not my responsibility. He never made any attempt to get information directly from GNP/ECR, hence he was only able to do analysis with conclusions based on "a flawed deck of cards."

Per the OMA, section "12.3 Offers of Financial Assistance ("OFA")." In the event TPO [GNP/ECR], or a permitted successor or assign, seeks STB authority (or an exemption therefrom) to abandon any portion or segment of the Corridor, if TPO receives an OFA with respect thereto, TPO shall promptly notify Port, Port (or its designee) shall submit its own OFA and TPO shall accept the OFA submitted by Port (or its designee) for the offer amount of \$1." Once again, any effort for financial assistance is not in favor of a railway, hence the desire to terminate the OMA as soon as possible.

CONCLUSION

GNP had title to the freight easement prior to the trustee taking control of its assets, albeit failing to record the transfer. The trustee transferred all of GNP assets to ECR, including the freight easement, thus renders Snohomish County's "Petition to Revoke" mute. There was no intent or action by ECR or its owners to mislead the Board in any manner or matter, contrary to Mr. Montagne's colorful and ill informed argument based on Mr. Stowe's incomplete analysis and conclusions.

I humbly request the Board find in Eastside Community Rail's favor, terminate the restrictive OMA and support railway financing to provide a railway the opportunity to make this corridor viable again.

Submitted by:



20 Sep. '18

Douglas Engle
Manager
Eastside Community Rail, LLC

CERTIFICATE OF SERVICE

I certify that on September 24, 2018 I served an e-filed copy of the foregoing document upon all parties of record in the proceeding, which was sent by electronic mail. Please note that Myles Tobin nor Fletcher & Sippel are party to this matter.

Joshua Brower
506 2nd Ave.
Suite 1400
Seattle, WA 98104
Attorney for Ballard Terminal Railroad

Charles Montange
426 NW 162nd Street
Seattle, WA 98177
Attorney for Snohomish County, WA

Matthew Cohen
Stoel Rives
600 University Street, Suite 3600
Seattle, WA 98101
Attorney for City of Woodinville, WA

Allison Fultz
Kaplan Kirsch Rockwell
1001 Connecticut Ave, NW
Suite 800
Washington, D.C. 20036
Attorney for King County, WA

Kevin Kucera
Northwest Signal Maintenance
600 University Street, Suite 3600
Seattle, WA 98101

Richard Welsh
National Association Of Reversionary Property Owners
227 Bellevue Way Ne Pmb 719
Bellevue, WA 98004



Douglas Engle
Manager
Eastside Community Rail, LLC

EXHIBIT 1

railroad viable again, versus a decision giving up on the railroad all together. Further, STB support of FRA financing would allow the railway to move more quickly in its efforts to make the line viable again. There is money in all forms out there for quality projects, and I've recently been exposed to more private money for real estate than ever before.

With a favorable decision NW Signal may purchase ECR following this proceeding. I will continue pursuing EB-5 investment for the railroad and real estate projects and provide business and financial consulting services to a revitalized ECR and/or NW Signal.

Such a positive Board decision will enable the railways to try, and only has upside potential for all concerned. Continued operation of a long-active railroad is in the public's highest interest. SnoCo can have access to a MOW road, SnoCo and the cities of Woodinville and Snohomish will have an economic boost, freight can prosper, and the railway will create well over 100 new jobs plus sizeable hotel employment.

In SnoCo's filing, EXHIBIT 17, Page 368 (pg 406 overall in the submission), my 6 June 2016 letter had an attached "Example County Resolution." Such a resolution by the Snohomish County Council would move everything forward. Without the Board's supporting decision, we'll never know.

If, however, the board supports abandoning the line, there is less than a 3% chance of an abandoned line ever returning to service. If the railroad is allowed to try one last time and fails, the Corridor will be rail banked with the knowledge that this Corridor will never return to service. The public does not lose anything by allowing the railroads to try one last time.

I declare under penalty of perjury that the foregoing is true and correct.

Respectfully submitted by Douglas Engle, Manager, Eastside Community Rail, LLC (and the scores of supporters for continued rail operations in this billion dollar Corridor).



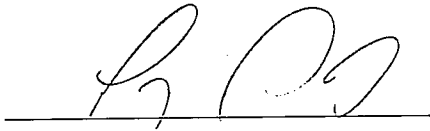
Douglas Engle

Dated: 20 Sep '18

EXHIBIT 2

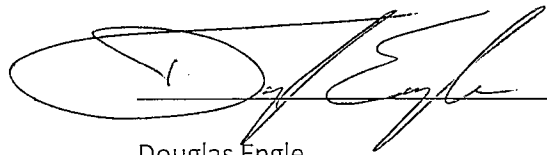
RECORD OF TRANSFER

Perry Stacks, Chapter 11 Trustee for GNP RLY INC. and Douglas Engle, the authorized representative of EASTSIDE COMMUNITY RAIL, LLC. do hereby acknowledge and agree that the sale of the assets of GNP RLY INC. was consummated and effective as of 12:01AM Monday December 17, 2012. The assets of GNP RLY INC. are now transferred to the control and ownership of EASTSIDE COMMUNITY RAIL, LLC. as approved by the Order of the Bankruptcy Court on September 26, 2012.



Perry Stacks, Chapter 11 Trustee
GNP RLY INC.

Dated 12/17/12



Douglas Engle
Eastside Community Rail, LLC

Dated 12/17/12

ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT is made as of this 5th day of September, 2012 between Eastside Community Rail LLC, and/ or assigns, ("Purchaser") and Perry Stacks, ("Seller") solely in his capacity as Chapter 11 Trustee for GNP Rly, Inc., ("GNP") in the pending Chapter 11 bankruptcy, case 11-40829 ("the Bankruptcy").

Seller desires to sell to Purchaser and Purchaser desires to acquire upon the terms and conditions set forth herein the tangible and intangible assets of the business of GNP described below.

Seller desires to assign to Purchaser and Purchaser desires to assume upon the terms and conditions set forth herein, the rights and obligations of GNP pursuant to its executory contracts and unexpired license agreements related to the operation of the business of GNP described below.

In consideration of the mutual promises and covenants contained herein and for other good and valuable consideration, the parties hereto agree:

1. **SALE AND PURCHASE OF ASSETS.** Subject to approval of the Bankruptcy Court, on the terms and subject to the conditions of this Agreement, at Closing, as defined below in ¶ 5.3, Seller shall sell, assign and convey to Purchaser and Purchaser shall purchase from Seller, all of Seller's right, title and interest in and to the "assets," as described below and in Exhibit "A" ("Assets"), free and clear of all liens, claims and encumbrances.

1.1 **Description of Assets.** The "Assets" are all assets in which GNP has an interest and which are used in connection with the operation of GNP Rly, Inc., including but not limited to:

1.1.1 All of GNP's rights and interests under the Railroad Right of Way License between Port of Seattle and GNP Rly, Inc, dated on or about Dec. 18, 2009;

1.1.2 All of GNP's rights and interests under the Operations and Maintenance Agreement between the Port of Seattle and GNP Rly, Inc, dated on or about Dec. 18, 2009;

1.1.3 All of GNP's rights and interests under the Running Rights and Railway Operations Agreement dated May 23, 2008, between GNP and Snohomish County;

1.1.4 All of GNP's rights and interests in all real property and easements described in those Quit Claim Deeds recorded under Snohomish County AF 20091218001535, 20091218001536, 20091218001537, 20091218001538, 20091218001539, 20091218001540 and King County AF 200912210438 and 20091220439.

1.1.5 All Intellectual Property controlled by GNP, know-how, goodwill, consultant works and any other property rights, relating to GNP's business, including but not limited to phone numbers and advertising; and

1.1.6 All furniture, equipment, inventory, maps and any other assets owned by GNP, as more particularly described in an attachment to this Agreement. The "Assets" shall not include any cash assets, accounts receivable or any other cash equivalent.

2. ASSUMPTION AND ASSIGNMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LICENSES. Subject to approval of the Bankruptcy Court, on the terms and subject to the conditions of this Agreement, at Closing, as defined below in ¶ 5.3, Seller shall sell assume and assign to Purchaser and Purchaser shall agree to perform all of Seller's obligations and duties under the executory contracts and unexpired licenses (the "Executory Contracts" necessary to the operation of Seller's business as described below.

2.1 Description of Contracts. The "Executory Contracts" are all executory contracts and licenses which GNP requires for the operation of its business and necessary for the operation of GNP, including but not limited to:

2.1.1 GNP's obligations and duties under the Railroad Right of Way License between Port of Seattle and GNP Rly, Inc., dated on or about Dec. 18, 2009

2.1.2 GNP's obligations and duties under the Operations and Maintenance Agreement between the Port of Seattle and GNP Rly, Inc., dated on or about Dec. 18, 2009.

3. Liabilities and Obligations. Purchaser assumes no liabilities, debts or obligations of GNP of any nature whatsoever, whether absolute, accrued, contingent or otherwise, or whether due or to become due, including any liability for taxes, other than the obligations under the Contracts, which include the following:

3.1 GNP's obligations and duties under the Railroad Right of Way License between Port of Seattle and GNP Rly, Inc., dated on or about Dec. 18, 2009

3.2 GNP's obligations and duties under the Operations and Maintenance Agreement between the Port of Seattle and GNP Rly, Inc., dated on or about Dec. 18, 2009.

4. PURCHASE PRICE, EARNEST MONEY

4.1 The purchase price ("Purchase Price") for the Assets shall be One hundred seventy-five thousand and no/100 dollars, (\$175,000.00) payable in cash at Closing together with the assumption of liabilities described herein.

4.2 Purchaser shall deposit \$10,000.00 (the "Earnest Money") with the Trustee as earnest money on execution of this Agreement. Earnest money shall be credited to the Purchase Price at closing. In the event of default, the Earnest Money shall be applied as described in the sections of this Agreement related to defaults.

4.3 Purchaser shall deposit an additional \$90,000.00 (the "Approval Payment") with the Trustee upon Bankruptcy Court approval of this Agreement. The Approval Payment shall be credited to the Purchase Price at closing. In the event of default, the Approval Payment shall be applied as described in the sections of this Agreement related to defaults.

5. COURT APPROVAL AND CLOSING.

5.1 **Court Approval.** The Seller shall promptly seek Court approval of this transaction.

5.2 **Operating Agreement after Court Approval and Prior to Closing.** Purchaser shall operate GNP's railroad line after Court approval of this Agreement until Closing and shall be fully liable for all costs and expenses of such operation during such time and shall be entitled to all revenue generated by the line during such time.

5.3 **Time and Location.** The Closing of the transaction contemplated by this Agreement (the "Closing") shall occur on or before 84 days after the entry of the Bankruptcy Court Order approving this Agreement, which shall in all events occur no later than December 19, 2012 ("Closing Date"). Conveyance, transfer, assignment and delivery of the Assets shall be by Trustee's bill of sale, certificates of transfer, endorsements, assignments and other instruments of transfer and conveyance in such form as Purchaser may request. Seller and Purchaser will from time to time after the Closing make such further conveyances, transfers, assignments and deliveries, and execute such further instruments and documents, as Purchaser deems reasonably necessary in order to effectuate and confirm the sale of the Assets and other transactions contemplated by this Agreement.

5.4 **Possession.** Purchaser shall take possession of the Assets described in paragraph 1.1 immediately upon Closing.

5.5 **Taxes and Fees.** Any transfer, sales, use or other tax payable pursuant to the sale of the Assets shall be paid by Purchaser, and Purchaser shall timely remit such tax to the applicable taxing authorities. Personal property taxes shall be pro-rated at Closing. The parties shall comply with RCW 82.32.140. If Purchaser is assessed any liability for Seller's taxes related to tax periods prior to the closing date which are not timely paid by Seller, Purchaser shall be entitled to either reduce the principal balance of the unpaid purchase price by the amount of such assessment(s) or to submit a claim for an administrative expense in the bankruptcy.

6. REPRESENTATIONS AND WARRANTIES OF SELLER. Seller makes no warranties to Purchaser other than those contained in an Order to be entered in the Bankruptcy approving the sale.

7. REPRESENTATIONS AND WARRANTIES OF PURCHASER. Purchaser represents and warrants to Seller that as of Closing:

7.1 Organization, Good Standing, Power, Etc. Purchaser, or assigns (a) will be a limited liability company or corporation duly organized, validly existing and in good standing under the laws of the State of Washington; and (b) has all requisite corporate power and authority to execute this Agreement and consummate the transactions contemplated herein.

7.2 Authorization of Agreement and Enforceability. Purchaser has taken all necessary and proper action, including approval by its managers or board of directors to authorize and approve this Agreement, its consummation and the performance by Purchaser of all terms and conditions hereof and this Agreement constitutes the valid and binding obligation of Purchaser fully enforceable in accordance with its terms.

7.3 Effect of Agreement, Consents, Etc. Other than approval by the Bankruptcy Court, Purchaser shall obtain any consent, authorization or approval or exemption by, or filing with, any governmental or public body or authority is required in connection with the execution, delivery and performance by Purchaser of this Agreement or the taking of any action hereby contemplated.

7.4 Effect of Agreement. The execution, delivery and performance of this Agreement by Purchaser and the consummation of the transactions contemplated hereby will not, with or without the giving of notice or the lapse of time, or both: (a) knowingly violate any provision of law, statute, rule or regulation to which Purchaser is subject; (b) knowingly violate any judgment, order, writ or decree of any court, arbitrator or governmental agency applicable to Purchaser; (c) have any effect on any of the permits, licenses, orders or approvals of Purchaser or the ability of Purchaser to make use of such permits, licenses, orders or approvals; or (d) result in the breach of or conflict with any term, covenant, condition or provision of, result in the modification or termination of, constitute a default under, or result in the creation or imposition of, any lien, security interest, charge or encumbrance upon any of the properties or assets of Purchaser pursuant to any charter, bylaw, commitment, contract or other agreement or instrument, to which Purchaser is a party or by which any of its assets or properties is or may be bound or affected or from which Purchaser derives benefit.

7.5 Disclosure of Financial Information. Purchaser is relying solely and completely on Purchaser's own investigation of the financial condition of the company. To the extent Seller has provided Purchaser with any financial information, Purchaser expressly disclaims that Purchaser is relying on such information.

8. INDEMNIFICATION.

8.1 Seller Indemnification for Administrative Expenses of Purchaser and "break-up fee". In the event that after the execution of this offer the Court approves a sale of the assets to anyone other than Purchaser at a higher and better price or orders an auction of the Assets and the Assets are sold to another party for a higher and better offer, or in the event that a plan is confirmed which does not include a sale of the Assets to the Purchaser, and recognizing that the efforts of the Purchaser are beneficial to the

administration of the Estate and are necessary to the preservation of the Estate, the Trustee shall support the application of the Purchaser to the Bankruptcy Court for reimbursement of the Purchaser's actual fees and costs and expenses incurred in the preparation and pursuit of this offer and, in addition to its actual fees and costs, the Purchaser shall be entitled, subject to Court approval, to a "break-up fee" of ten percent of the eventual purchase price paid by such third party, not to exceed \$28,000.00 and not less than \$18,000.00. In addition, Seller shall, in applying to the Court to approve his sale to Purchaser, seek Court approval of a minimum overbid of \$35,000 in excess of the price to be paid by Purchaser under this Agreement. Notwithstanding the foregoing, however, the Purchaser shall not be entitled to any reimbursement for its costs of operating the Debtor's line pursuant to the provisions of ¶ 5.2

9. COVENANTS OF SELLER AND PURCHASER.

9.1 Access. Seller shall give to Purchaser and its representatives, from and after the date of this Agreement, such access to the premises, employees, agents and consultants of Seller as is reasonable to enable Purchaser to inspect and evaluate the Seller's assets and the Seller will furnish all information reasonably requested by Purchaser.

10. GENERAL.

10.1 Survival. The representations, warranties, covenants and agreements set forth herein and the Disclosure Schedules shall survive Closing.

10.2 Expenses, Etc. Except as otherwise provided herein, whether or not the transactions contemplated by this agreement are consummated, each party hereto shall pay its own expenses and the fees and expenses of its counsel and accountants and other experts.

10.3 Assignment. Purchaser may not assign its rights under this Agreement without the prior written consent of the other parties hereto.

10.4 Waivers. No action taken pursuant to this Agreement, including any investigation by or on behalf of any party, shall be deemed to constitute a waiver by the party taking such action of compliance with any representation, warranty, covenant or agreement contained herein. The waiver by any party hereto of breach of any provision of this Agreement shall not operate or be construed as a waiver of any subsequent breach.

10.5 Binding Effect; Benefits. This Agreement shall inure to the benefit of the parties hereto and shall be binding upon the parties hereto and their respective permitted heirs, personal representatives, successors and assigns.

10.6 Notices. All notices, requests, demands and other communications which are required to be or may be given under this Agreement shall be in writing and shall be deemed to have been duly given when delivered in person or transmitted by facsimile or on receipt after dispatch by certified or registered first class mail, postage prepaid, return receipt requested, to the party to whom the same is so given or made.

10.7 Further Assurances. Seller shall, from time to time, at the request of Purchaser, and without further consideration, execute and deliver such other instruments

and take such other actions as may be required to confer to Purchaser and its assignees the benefits contemplated by this Agreement.

10.8 Entire Agreement; Amendment. This Agreement (including the Exhibits and Disclosure Schedules hereto) and all other documents and agreements executed as of Closing constitute the entire agreement and supersede all prior agreements and understandings, oral and written, between the parties hereto with respect to the subject matter hereof and may not be amended, modified or terminated unless in a written instrument executed by the party or parties sought to be bound.

10.9 Headings. The section and other headings contained in this Agreement are for reference purposes only and shall not be deemed to be a part of this Agreement or to affect the meaning or interpretation of this Agreement.

10.10 Severability. The invalidity of all or any part of any section of this Agreement shall not render invalid the remainder of this Agreement or the remainder of such section. If any provision of this Agreement is so broad as to be unenforceable, such provision shall be interpreted to be only so broad as is enforceable.

10.11 Counterparts. This Agreement may be executed in any number of counterparts, each of which, when executed, shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument.

10.12 Third Parties. Nothing in this Agreement, whether expressed or implied, is intended to confer any rights or remedies on any person other than the parties to this Agreement, nor is anything in this Agreement intended to relieve or discharge the obligation or liability of any third party, nor shall any provision give any third party any right of subrogation or action against any party to this Agreement.

10.13 Court Approval. This offer is subject to the approval of the Bankruptcy Court.

10.14 Time of the Essence/ Immediate approval required. Purchaser's offer is dependent on the ability to close within thirty days (30) and the preservation of the going concern value of the business of GNP Rly, Inc. The time required for the approval of a disclosure statement and Plan of reorganization could result in the failure of the current business of Seller, rendering the assets of little value to Purchaser. Accordingly, Seller shall exercise his best efforts to obtain approval of this Agreement by motion rather than through the plan process. If Seller is unable to obtain approval on Motion within thirty days (30) of execution, Purchaser may withdraw this offer.

11. DEFAULT AND ATTORNEY'S FEE.

11.1 Buyer's default. In the event Buyer fails, without legal excuse, to complete the purchase of the Property, Seller may terminate this Agreement and keep as liquidated damages the Earnest Money and the Approval Payment as the sole and exclusive remedy available to Seller for such failure.

11.2 Seller's default. In the event Seller fails, without legal excuse, to complete the sale of the Property, then Buyer may, at its option, (a) bring suit against Seller for Buyer's actual damages, (b) bring suit to specifically enforce this Agreement and recover

ASSET LIST

THE ASSETS BEING ACQUIRED INCLUDE ALL OF THE NON-CASH ASSETS IN WHICH GNP RLY, INC. HAS AN INTEREST, EXCEPT ACCOUNTS, INCLUDING BUT NOT LIMITED TO:

CAR HIRE AGREEMENTS
INTERCHANGE AGREEMENT PER AAR RULES
OFFICE EQUIPMENT
RAILWAY SMALL TOOLS AND SAFETY SUPPLIES
OTHER TRACK MATERIAL
HYRAIL PICK-UP TRUCK
MAPS AND SOURCE CONTACT INFORMATION
COMMISSIONED AND OTHER DRAWINGS
CONSULTING WORKS, NOTES, RELATED CONTACTS AND ELECTRONIC FILES
ALL DOCUMENTS, NOTES, CORRESPONDENCE, REPORTS, FILES AND ANY OTHER FORM OF COMMUNICATIONS, INCLUDING ELECTRONIC MEDIA, PREPARED FOR, BY OR ON BEHALF OF OR RECEIVED BY THE DEBTOR
OPERATIONS MANUALS AND REFERENCE MATERIALS

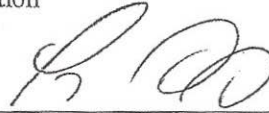
any incidental damages, or (c) pursue any other rights or remedies available at law or equity.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

SELLER:

GNP RLY, INC.
a corporation

By



Perry Stacks, Chapter 11 Trustee

PURCHASER:

EASTSIDE COMMUNITY RAIL, LLC

By



Douglas Engle, Manager

EXHIBIT 3

After Recording Return To:

NW Signal Maintenance, LLC

14850 Lake Hills Blvd.,

Suite B2,

Bellevue, WA 98007

QUIT CLAIM DEED

Portion of Woodinville Freight Easement

Grantor:

EARL ENGLE & Doug Engle
~~ASTSIDE COMMUNITY RAIL, LLC (ESCR)~~ *ESCR*
WEST-NP

Grantee:

NW SIGNAL MAINTENANCE, LLC, or its nominee, successor, or assign ("NW")

Legal Description: See Exhibit A attached hereto and incorporated herein (the "Property").

Abbreviated Legal: In King County

Portion of: Section 9, Township 26 North, Range 5 East, of the Willamette Meridian

WHEREAS, BNSF conveyed to the Port of Seattle (the "Port") certain Property pursuant to that certain Quit Claim Deed effective as of the 18th day of December, 2009, and recorded in the real estate records of King County, Washington an instrument number 20091218001536; and

WHEREAS BNSF reserved in said deed an exclusive easement for freight rail purposes over the Property (the "Reserved Freight Easement") for themselves and their respective successors and assigns; and

WHEREAS ~~ESCR~~ is the present successor and assign to the Reserved Freight Easement,

NOW, THEREFORE, ~~ESCR~~ for and in consideration of TEN THOUSAND AND TEN AND NO/100 DOLLARS (\$10,010.00) conveys and quit claims to NW all of ESCR's right, title and interest in and to the Reserved Freight Easement located in Section 9, Township 26 North, Range 5 East of the Willamette Meridian, together with all after acquired title of ~~ESCR~~ therein.

~~ESCR~~ and NW acknowledge that they are successors and assigns to that certain Freight Easement Sale Agreement dated as of December 18, 2009 concerning the sale of the Rail Freight Easement in and to the property. ~~ESCR~~ and NW for themselves and their respective successors and assigns hereby covenant and agree that the provisions of Section 6 and Section 7 of said Agreement attached hereto as Exhibit B, are incorporated herein by reference and shall be covenants running with the land that are enforceable by ~~ESCR~~ and NW and its respective successors and assigns which provisions shall be included in the Deed and which shall be covenants running with the land.

IN WITNESS WHEREOF, [redacted] and NW have executed this Deed effective as of the 18th day of DECEMBER 2017.

Grantor 100 Met UP DE EDE

DECEMBER

DE EDE Met UP

Met UP

[redacted] DE EDE

By

Earl Engle

EARL ENGLE

Met UP

[redacted] DE EDE

By

Douglas Engle

DOUGLAS ENGLE

EDE

[redacted] DE Met UP

NW SIGNAL MAINTENANCE, LLC

By

Kevin Kucera

KEVIN KUCERA

Member

STATE OF WASHINGTON)

CITY OF Spokane) ss

COUNTY OF Spokane)

I certify that I know or have satisfactory evidence that Earl Engle is the person who appeared before me, and said person acknowledged that he/she signed this instrument, on oath stated that he/she was authorized to execute the instrument and acknowledged it to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated:

12/18/2017

Notary Public

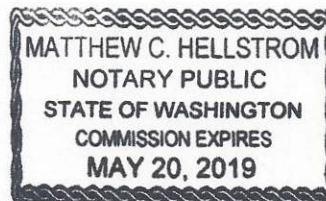
Matthew C. Hellstrom

Print Name

Matthew C. Hellstrom

My commission expires

May 20, 2019



(Use this space for notarial stamp/seal)

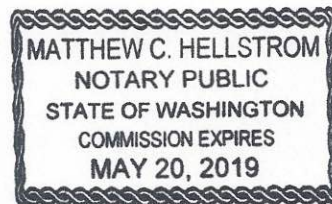
STATE OF WASHINGTON)

CITY OF Spokane) ss

COUNTY OF Spokane)

I certify that I know or have satisfactory evidence that Douglas Engle is the person who appeared before me, and said person acknowledged that he/she signed this instrument, on oath stated that he/she was authorized to execute the instrument and acknowledged it to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: 12/18/2017
Notary Public Matthew C. Hellstrom
Print Name Matthew C. Hellstrom
My commission expires May 20, 2019



(Use this space for notarial stamp/seal)

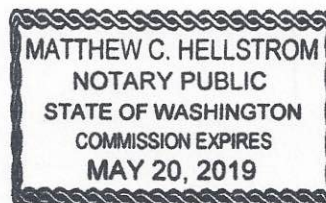
STATE OF WASHINGTON)

CITY OF Spokane) ss

COUNTY OF Spokane)

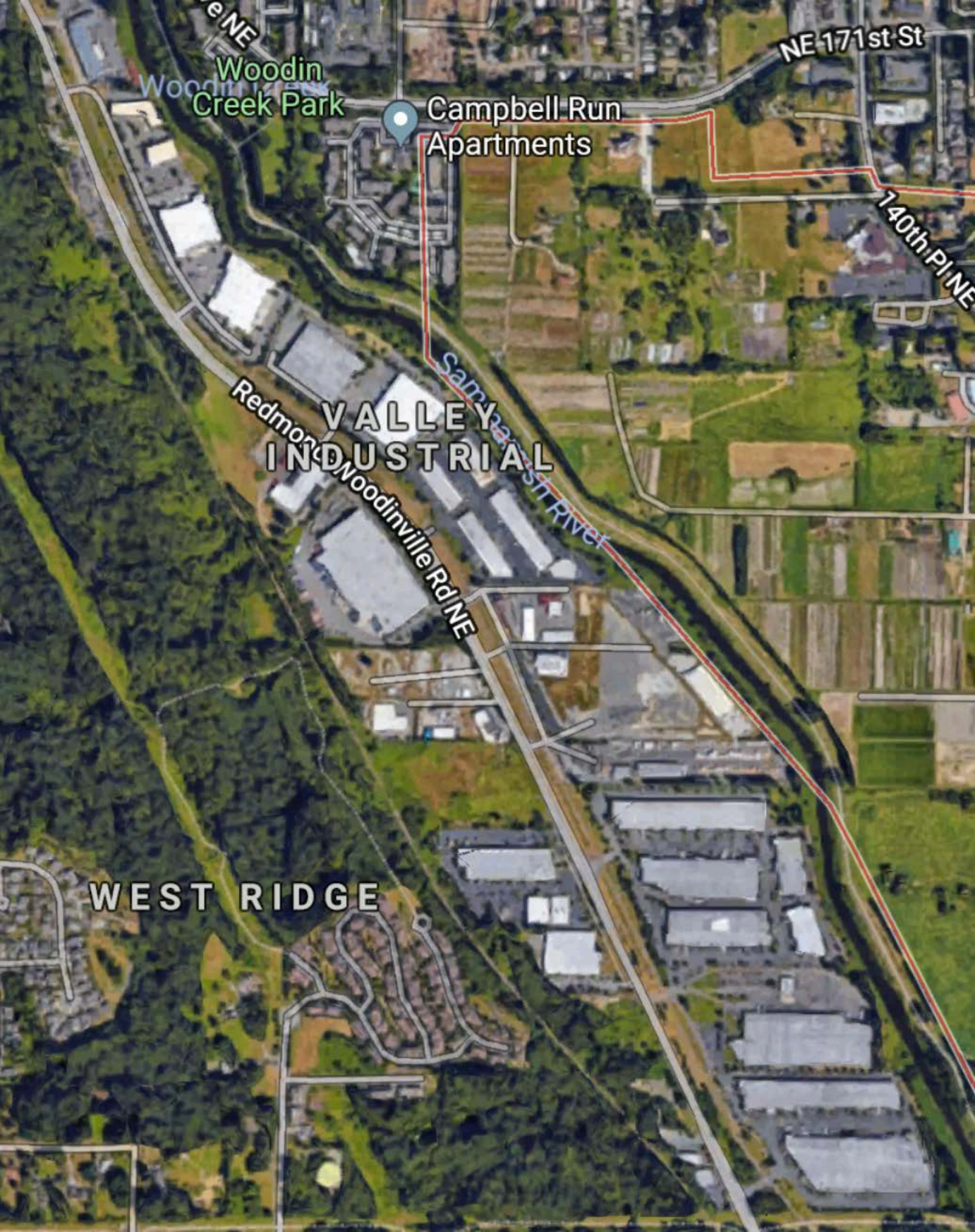
I certify that I know or have satisfactory evidence that Kevin Kucera is the person who appeared before me, and said person acknowledged that he/she signed this instrument, on oath stated that he/she was authorized to execute the instrument and acknowledged it to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: 12/18/2017
Notary Public Matthew C. Hellstrom
Print Name Matthew C. Hellstrom
My commission expires May 20, 2019



(Use this space for notarial stamp/seal)

EXHIBIT 4



Woodin
Creek Park

Campbell Run
Apartments

NE 171st St

140th Pl NE

VALLEY
INDUSTRIAL

Sammamish River

WEST RIDGE



Chrysalis High School

Redmond-Woodinville Rd NE

Matheus Lumber

Sammamish River

Sammamish River Trail

Sammamish River

Google

EXHIBIT 5

LUMBER

Edmond Road NE

Since 1932

chrysalis
high school

NO THRU
TRUCKS

NATTON





15902 A







SALTWORKS®

OPEN

EXHIBIT 6

Proposed Term Sheet

NW Signal Maintenance, LLC Term Sheet

Summary of Terms

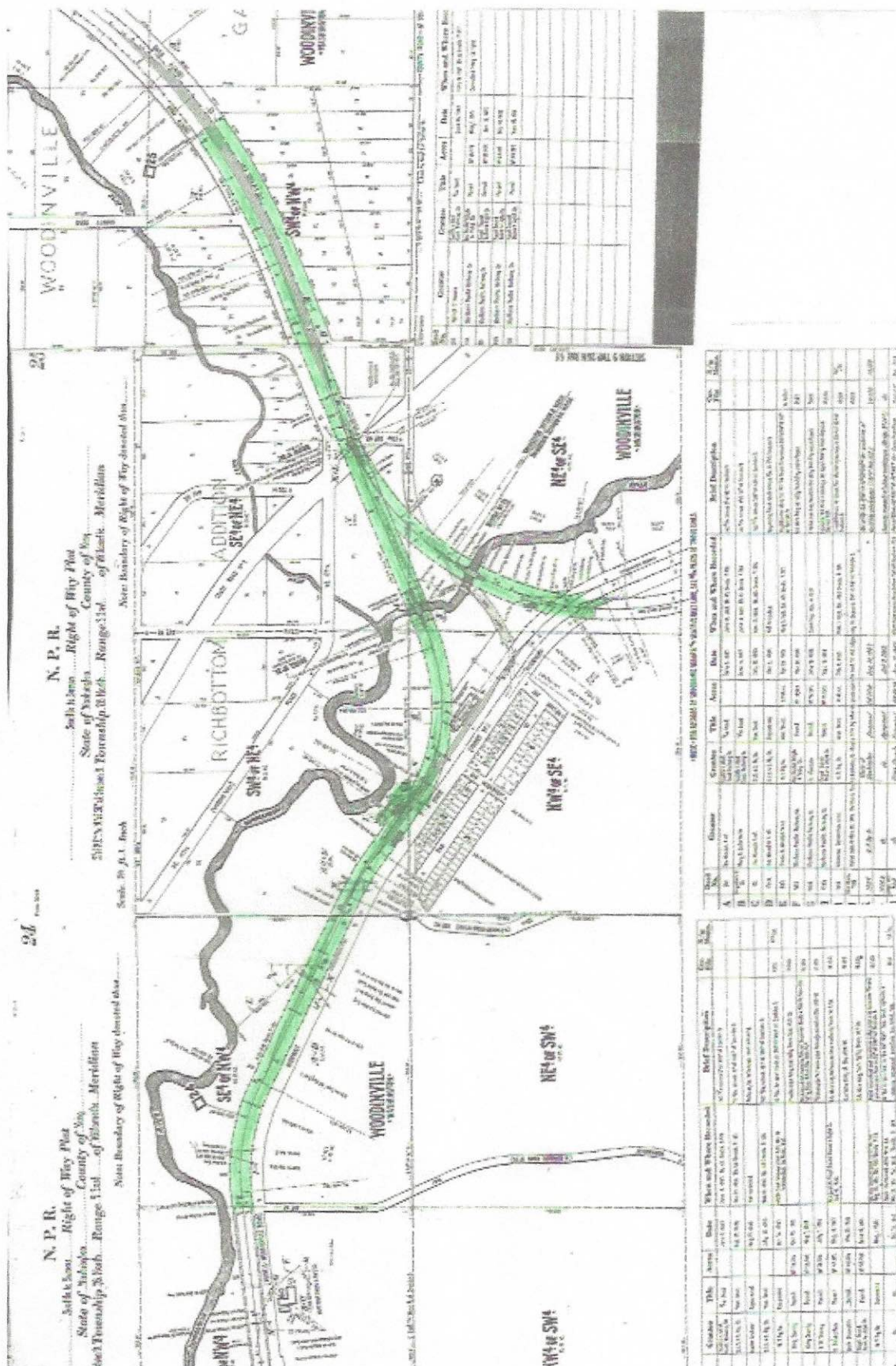
16 June, 2017

This summary of terms (the "Summary of Terms") is intended as an outline of the basic business terms on which NW Signal Maintenance, LLC would purchase the real property and assets used by Eastside Community Rail, LLC, to operate its short line railway in Woodinville and exercise running rights to Snohomish Jct.. The terms set forth herein are not intended to be an exhaustive listing of all the relevant issues. The terms are based on information provided to date.

Transaction Description	NW Signal Maintenance, LLC, a Washington limited liability company (" Buyer "), or its nominee, proposes to purchase from Eastside Community Rail, LLC, a Washington limited liability company (" Vendor "), the real property and assets consisting of the wye in Woodinville, currently used by Vendor to operate its short line railway in Snohomish County and King County, Washington (the " Railway ").
Documentation	A purchase and sale agreement is anticipated to be based on the terms set forth herein and such other terms as are usual and customary for such transactions. The Parties agree that time is of the essence and agree to cooperate to sign a Purchase and Sale Agreement and Other Agreements as expeditiously as possible. Buyer shall be responsible for preparation of the initial draft for Vendor's review and comment. (the "Transaction")
Other Agreements	(a) Vendor shall extend to Buyer a Running Rights Agreement for (i) the wye in Woodinville, and (ii) the Woodinville subdivision main track from MP 23.8 to MP 25.00 (colored green on the map) (b) Vendor shall sell to Buyer the balance of the Vendor's real property and assets in the Woodinville Subdivision for \$10.00 upon STB approval of this transaction. (c) Buyer shall extend to Vendor the exclusive right to operate excursion and transit passenger trains on the purchased line, subject to an agreeable tariff for five-years. (d) Necessary FRA passenger track upgrades will the responsibility of the Vendor. (e) Passenger tariff shall be reasonable to sustain passenger operations based on the operation of the passenger train as a whole consist. (f) All line related costs, shall be allocated on gross car miles used by passenger and freight operations. (g) Vendor and Buyer shall complete such other agreements as are requisite or necessary, in the opinion of the Buyer, to effect the transaction.

Purchase Price - Cash Component	The purchase price is \$12,000.00, payable as follows: (a) \$10,000.00 upon signature of this term sheet, and (b) \$2,000.00 the first day following upon approval of the Surface Transportation Board of an exemption order authorizing the transaction. ("Closing Date")
Closing Date	The Closing Date is first day following upon approval of the Surface Transportation Board of an exemption order authorizing the transaction.
Liabilities	Buyer shall not be responsible for Vendor liabilities.
Existing Agreements	The Vendor shall co-operate in good faith to assist with the transfer or re-negotiation of agreements with existing customers to facilitate transfer of the agreements to the Buyer, as required.
Management of Railway lands	The Buyer shall take control of the management of the lands of the railway as of the closing of the Purchase and Sale Agreement.
Continued Operations	The Buyer warrants that they shall continue to operate the Railway in accordance with standard railway practices and regulatory requirements, including the Operations and Maintenance Agreement held by King County and the city of Woodinville.
Expenses	Each party shall be responsible for its own closing expenses, including all legal fees and related due diligence expenses.
Confidentiality	The existence and terms of this Summary of Terms shall not be disclosed to any third party (excluding a party's employees, officers, agents, advisors and affiliates) without the consent of the other party, except as may be (i) reasonably required to consummate the transactions contemplated hereby or (ii) required by law.

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Eastside Community Rail, LLC

By: 

Name: DOUGLAS ENGLE

Title: MANAGER

NW Signal Maintenance, LLC

By: _____

Name: _____

Title: _____

STATE OF WASHINGTON)
COUNTY OF:)

I certify that I know or have satisfactory evidence that Kevin Kucera is the person who appeared before me, and said person acknowledged that he/she signed this instrument, on oath stated that he/she was authorised to execute the instrument and acknowledged it as the sole member of NW Signal Maintenance, LLC to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: _____

NOTARY PUBLIC

PRINT NAME:

MY COMMISSION EXPIRES:

STATE OF WASHINGTON)
COUNTY OF: *Spokane*)

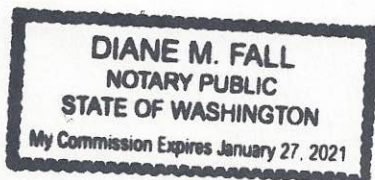
I certify that I know or have satisfactory evidence that Douglas Engle is the person who appeared before me, and said person acknowledged that he/she signed this instrument, on oath stated that he/she was authorised to execute the instrument and acknowledged it as the managing member of Eastside Community Rail, LLC to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: *6-21-17*

NOTARY PUBLIC

PRINT NAME:

MY COMMISSION EXPIRES:



Diane M. Fall

Diane M. Fall

Jan. 27, 2021

From: Kevin Kucera kevin.kucera@gmail.com 
Subject: Re: LOI et. al.
Date: June 22, 2017 at 7:54 PM
To: Douglas Engle dengle76@comcast.net

KK

Received.

Kevin

On Jun 22, 2017, at 5:25 PM, Douglas Engle <dengle76@comcast.net> wrote:

Good afternoon Kevin,

Attached is the FedEx receipt and a copy of the executed LOI for your records.
The LOI is supposed to arrive by 10:30 AM Fri; no signature required.

Please make the wire transfer of \$10,000 per the deposit slip I sent to your phone.

Concerning the out-buildings, thank you for agreeing to acquire them for \$9,000.
Payments of \$2,250 per quarter will begin after the STB decision comes through for the above LOI transaction.

I trust that you are going to do wonderful things with your new business emphasis with the very advanced trucks.
BTW, has your truck been released from customs yet?

Have you picked up the maps from Salmon Bay yet?

I am likely coming back over to Seattle next Wed. or Thurs. and hope to see you again.

In any case, thank you for working with me on this.
I appreciated doing business with you.

Please reply as an acknowledgement that you received this.

Kind regards,
Doug

<LOI executed DE.pdf>

<Scan 2017-6-22 17.01.33.pdf>

From: **Douglas Engle** dengle76@comcast.net 
Subject: LOI et. al.
Date: June 22, 2017 at 5:25 PM
To: Kevin Kucera kevin.kucera@gmail.com



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I appreciated doing business with you.

Please reply as an acknowledgement that you received this.

Kind regards,
Doug



LOI executed
DE.pdf



Signature Required
Declared Value 100

Shipment subtotal: \$36.75

Total Due: \$36.75

Cash: \$100.00

Change Due: \$63.25

M = Weight entered manually

S = Weight read from scale

T = Taxable item

Terms and Conditions apply. See
fedex.com/us/service-guide for details

Visit us at: fedex.com

Or call 1.800.GoFedEx

1.800.463.3339

Jun 22, 2017 2:04:53 PM

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& receive a discount on your next order!
fedex.com/welisten or 800-398-0242

Redemption Code: _____

*** Thank you ***