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May 6, 2016
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BEFORE THE
SURFACE TRANSPORTATION BOARD

STB FINANCE DOCKET NO. FD-36002

WRL, LLC

APPLICATION FOR A
MODIFIED RAIL CERTIFICATE

PURSUANT TO 49 C.F.R. § 1150.21

SUMMARY OF TRANSACTION

Pursuant to 49 CFR 1150.21, WRL, LLC (“WRL”), a non-carrier, seeks Board approval to become a class III short line railroad carrier upon issuance of a modified Certificate of Public Convenience and Necessity (“PC&N”) to lease and operate a line of railroad that was previously authorized for abandonment, was thereafter acquired by the Port of Royal Slope (“Port”), a Washington State municipal corporation. The subject line of railroad originates at milepost 1989.06 near Othello in Adams County and continues west a distance of 20.44 miles to Royal City Jct. (MP 2009), thence north a distance of 5.2 miles, terminating at an industrial siding near Royal City in Grant County (MP 5.2). The total distance of the line is approximately 26 miles. The line traverses Adams and Grant Counties, all within the State of Washington.

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INFORMATION REQUIRED BY 49 CFR 1150.23

Applicant's name and address
49 C.F.R. § 1150.23(b)(1)

WRL, LLC
396 Grain Terminal Road, Suite 2016
Burbank, WA 99323

WRL is presently a non-carrier seeking to become a class III common carrier pursuant to this Modified Certificate.

- (i) A copy of WRL’s Certificate of LLC Formation is annexed as Exhibit A(1), and a copy of WRL’s LLC Operating Agreement is annexed as Exhibit A(2).
- (ii) The names and addresses of WRL’s officers and directors, and a statement indicating their respective interests are as follow:

Paul Didelius
396 Grain Terminal Road, Suite 2016
Burbank, WA 99323

President, Secretary and Treasurer and Director

Financial interest.....100%
Operational control...100%

- (iii) A copy of WRL’s current interim financial statement is annexed hereto as Exhibit B. Prior to initiating operations the corporation will be fully capitalized.

Information about the prior abandonment
49 CFR. § 1150.23(b)(2)

The rail line subject to this Modified Certificate was built between 1906 and 1909 by the former Chicago, Milwaukee St. Paul and Pacific Railroad (“Milwaukee Road”). The line originates at a connection with the Warden-Othello branch of the

BNSF owned and Columbia Basin Railroad (“CBRW”) operated Othello Yard (MP 1989.06) in Adams County and continues west a distance of 20.44 miles to Milepost 2009 at Royal City Junction, in Grant County, thence north a distance of 5.2 miles, terminating at an industrial siding near Royal City in Grant County (MP 5.2). The total distance of the line is approximately 26 miles. The line traverses Adams and Grant Counties, all within the State of Washington.

In a decision served January 29, 1980, the Interstate Commerce Commission (“I.C.C”), predecessor to the Surface Transportation Board, granted the application filed by Milwaukee Road’s bankruptcy trustee to abandon this rail line, among other lines. *See* I.C.C. Docket No. AB-7 (Sub. No. 86F). The abandonment of the rail line was never consummated. On June 22, 1982 the Port acquired the rail line from the trustee, with Port obtaining an FRA loan to finance the purchase.

On June 14, 1982 the Burlington Northern Railway (“BN”) and Port entered into a Rail Operating Agreement, pursuant to which BN undertook the obligation to obtain I.C.C. operating authority. In 1986, BN notified the Port that it was terminating the Rail Operating Agreement. The Port thereupon engaged Washington Central Railroad (“WCRC”) as contract operator. By 1989, WCRC operations on the Royal Slope rail line had ended.

In 1992 Port defaulted on the FRA loan, and the rail line came under the control of the loan guarantor, Sunfresh, Inc. On May 27, 1993, WSDOT purchased the Royal Slope rail line to preserve the line for future rail transportation purposes, with Port retaining rail operating rights. In 1994, Port contracted with Toppenish, Simcoe & Western Railroad (“TSWR”) to operate the line. TSWR moved approximately ten cars in 1994, thereafter ceasing operations due to adverse market conditions. In a

1995 Railroad Retirement Board (“RRB”) filing, TWSR advised RRB that it had entered into a “new” agreement with Port, but there had been no rail car movements that year. No movement of freight has been made over the line since the 1990’s.

On July 29, 2015, WSDOT re-conveyed the rail line to Port.

Dates of the period of operation
49 C.F.R. § 1150.23 (b)(3)

On February 12, 2016, WRL, as lessee, and Port, as owner, entered into an Operating Lease Agreement ("Agreement") governing the subject rail line. The Agreement is attached as Exhibit C. WRL anticipates commencing freight rail operations over the subject line upon this exemption taking effect on or after June 5, 2016. The initial term of this Agreement is 5 years, which may be extended upon the agreement of both parties for additional 5 year terms. *See* Agreement at Section 3. The Agreement may be terminated earlier upon the occurrence of certain events described in the Agreement. *See* Agreement at Section 18.

Description of the service to be performed
49 CFR. § 1150.23(b)(4)

WRL seeks this Modified Certificate to provide rail freight operations over the subject line. The subject rail line's only interline connection is with CBRW at milepost 1989.06 at Othello, WA. The Agreement provides that the lessee shall obtain (i) property insurance customary in the short line industry, and (ii) public liability insurance, on a claims-made basis, in a minimum amount of \$25,000,000 per occurrence (with customary deductibles and exclusions). The nature and extent of liability insurance coverage is further described in the Agreement. *See* Agreement at section 16. WRL has obtained insurance that covers this rail line.

See Certificate of Liability Insurance attached as Exhibit D. There are no preconditions that shippers on the subject rail line must meet in order to receive service from WRL. No entity is subsidizing WRL's rail freight operations on the line.

Interchange commitments

WRL further advises the Board that it is negotiating and expects to shortly enter into an Interchange Agreement with CBRW imposing no interchange commitments ("paper barriers"). WRL will immediately advise the Board in the event the final Interchange Agreement differs from that which is represented herein.

Respectfully submitted,

James H. M. Savage, Esq.
22 Rockingham Ct.
Germantown, MD 20874
(908) 361-7097
jsavagelaw@aim.com


By: James H. M. Savage

Attorney for:
WRL, LLC

Dated: May 6, 2016

Exhibit A(1)

WRL's Certificate of Incorporation,

and

Exhibit A(2)

WRL, LLC Operating Agreement

UNITED STATES OF AMERICA

The State of  Washington
Secretary of State

I, **KIM WYMAN**, Secretary of State of the State of Washington and custodian of its seal, hereby issue this

CERTIFICATE OF FORMATION

to

WRL LLC

a/an WA Limited Liability Company. Charter documents are effective on the date indicated below.

Date: 2/12/2016

UBI Number: 603-585-897



Given under my hand and the Seal of the State of Washington at Olympia, the State Capital

Kim Wyman, Secretary of State

Date Issued: 2/17/2016

OPERATING AGREEMENT OF WRL, LLC

The undersigned members, desiring to form a limited liability company under the Washington Limited Liability Company Act, hereby agree as follows:

ARTICLE 1 FORMATION

1.1 NAME. The name of the limited liability company is WRL, LLC.

1.2 CERTIFICATION OF FORMATION. A Certificate of Formation was filed with the Washington Secretary of State on February 12, 2016.

1.3 DURATION. WRL, LLC shall exist perpetually and until dissolved as provided in this Operating Agreement.

1.4 PRINCIPAL PLACE OF BUSINESS. The principal office of WRL, LLC shall initially be at 396 Grain Terminal Road, Burbank, WA 99323. The managers may relocate the principal office or establish additional offices WRL, LLC from time to time.

1.5 REGISTERED OFFICE AND REGISTERED AGENT. WRL, LLC's initial registered office shall be at 396 Grain Terminal Road, Burbank, Washington 99323 and the name of its initial registered agent at such address shall be Rob Didelius.

1.6 PURPOSE. The purpose of WRL, LLC will be to provide rail related services and to conduct any other activities as permitted by law and approved by the members.

ARTICLE 2 MEMBERS, CONTRIBUTIONS AND INTERESTS

2.1 NAMES AND ADDRESSES. The names and addresses of the members of WRL, LLC the agreed value of their initial capital contributions, and their initial percentage ownership interests are:

| <u>NAME AND ADDRESS</u> | <u>CONTRIBUTION</u> | <u>PERCENTAGE</u> |
|-------------------------|--------------------------|-------------------|
| Paul S. Didelius | \$25,000.00 and Services | 100% |

Each member's percentage ownership interest at any time shall be the ratio of that member's capital contribution to all members' capital contributions.

2.2 OTHER BUSINESS OF MEMBERS. Any member may engage independently or with others in other business and investment ventures of every nature and description and shall have no obligation to account to WRL, LLC for such business or investments or for business or investment opportunities.

2.3 ADDITIONAL MEMBERS. Additional members shall not be admitted except with the consent of all members.

2.4 ADDITIONAL CONTRIBUTIONS. Additional capital contributions shall be accepted from existing members only if the members unanimously approve and set the maximum total amount of the additional capital contributions. If the members do so, the members shall have the opportunity (but not the obligation) to make such additional capital contributions on a pro rata basis in accordance with their ownership interests. If any member elects to make less than the member's pro rata share of any additional capital contributions, the others may contribute the difference on a pro rata basis in accordance with their ownership interests or on any other basis they may agree upon.

2.5 NO INTEREST ON CAPITAL CONTRIBUTIONS. No interest shall be paid on capital contributions.

2.6 CAPITAL ACCOUNTS. An individual capital account shall be maintained for each member. Each member's capital account shall be (i) credited with all capital contributions by such member and the member's distributive share of all income and gain (including any income exempt from federal income tax); and (ii) charged with the amount of all distributions to such member and the member's distributive share of losses and deductions. Capital accounts shall be maintained in accordance with federal income tax accounting principles as set forth in Treas. Reg. 1.704-1(b)(2)(iv) or any successor provision.

ARTICLE 3 MEMBER MEETINGS

3.1 MEETINGS. A meeting of members shall be held if members holding at least 50 percent of the ownership interests sign, date, and deliver to WRL, LLC's principal office a written demand for the meeting, describing the purpose or purposes for which it is to be held. Meetings of members shall be held at the principal office of WRL, LLC or any other place specified in the notice of meeting.

3.2 NOTICE OF MEETING. Notice of the date, time, and place of each members' meeting shall be given to each member not earlier than 60 days nor less than 10 days before the meeting date. The notice must include a description of the purpose or purposes for which the meeting is called.

3.3 RECORD DATE. The persons entitled to notice of and to vote at a members' meeting, and their respective ownership interests, shall be determined as of the record date for the meeting. The record date shall be a date, not earlier than 70 days nor less than 10 days before the meeting, selected by the managers. If the managers do not specify a record date, the record date shall be the date on which notice of the meeting was first mailed or otherwise delivered.

3.4 QUORUM. The presence, in person or by the proxy, of members holding at least a majority of the ownership interests shall constitute a quorum.

3.5 PROXIES. A member may be represented at a meeting in person or by written proxy.

3.6 VOTING. On each matter requiring action by the members, each member shall be entitled to vote the member's ownership interest. Except as otherwise stated in the Certificate of Formation, this operating Agreement or applicable law, a matter submitted to a

vote of the members shall be deemed approved if a majority of the ownership interests voted in favor exceed those voted against the matter.

ARTICLE 4 MANAGEMENT

4.1 MANAGEMENT BY MEMBERS. WRL, LLC WILL BE MANAGED BY ITS MEMBERS.

4.2 ACTION OF MEMBERS. The members may act with or without a meeting, and a member may participate in any action by any reasonable means of communication. Whether acting with or without a meeting, members with a majority of the ownership interests held by members and entitled to vote shall act for the members, unless otherwise required by the Act, the Certificate of Formation or this Agreement. Unless otherwise expressly provided herein or required under applicable law, a member with a financial interest in the outcome of a particular action shall nonetheless be entitled to vote on such action.

4.3 AUTHORITY OF THE MEMBERS. Notwithstanding RCW 25.15.150, the members shall only be entitled to act on behalf of WRL, LLC after vote or consent of a majority of the ownership interests to those matters submitted for the members' vote or for which the members' consent is required by the Certificate of Formation or this Agreement, which, in addition to those matters specified elsewhere, shall include:

- A. Approving any transaction involving an actual or potential conflict of interest between WRL, LLC and a member;
- B. Changing the nature of WRL, LLC's business;
- C. Expenditures on behalf of WRL, LLC in excess of Five Thousand Dollars (\$5,000) or any amount if not incurred in the ordinary course of business;
- D. Incurring a debt on behalf of WRL, LLC in excess of Five Thousand Dollars (\$5,000), or in any amount if not incurred in the ordinary course of business;
- E. The sale, lease, exchange, mortgage, pledge, or other transfer or disposition of all or substantially all of WRL, LLC's assets;
- F. Merger or conversion of WRL, LLC with or into another entity;
- G. Extending the statute of limitations or waiving or agreeing to the assessment of tax deficiencies against WRL, LLC or its members with respect to adjustment to WRL, LLC's federal, state, or local tax returns; or
- H. Any other event outside the scope of WRL, LLC's ordinary business activities or with substantially foreseeable effects upon WRL, LLC's affairs.

4.4 RIGHT TO DELEGATE. The members may delegate some or all managerial duties and/or responsibilities hereunder to one or more persons the members reasonably believe competent to perform such duties and/or responsibilities. The person to whom such duties and/or responsibilities are delegated shall be treated as a member in the performance of such duties and responsibilities for all purposes.

4.5 NONLIABILITY AND INDEMNITY OF THE MEMBERS. A member shall have no personal liability, merely as a member, for any debts or losses of WRL, LLC beyond the member's contributions. To the full extent permitted by RCW 25.15.040, all members and persons to whom tasks are delegated ("delegees") are released from liability to WRL, LLC and

its members for any managerial act or omission. To the full extent permitted by RCW 25.15.040, WRL, LLC will indemnify all members and delegees for any managerial act or omission.

4.6 COMPENSATION. Members are not entitled to compensation for services beyond said member's share of distribution of WRL, LLC.

4.7 REIMBURSEMENT. WRL, LLC shall reimburse members and delegees for any reasonable expenditures made on behalf of WRL, LLC including those in WRL, LLC's formation or its winding up and liquidation.

ARTICLE 5 ACTIONS WITHOUT NOTICE, WITHOUT MEETING OR BY TELEPHONE

5.1 MEETING OF ALL MEMBERS. Notwithstanding any other provision of this Operating Agreement, if all of the members shall hold a meeting at any time and place, such meeting shall be valid without call or notice, and any lawful action taken at such meeting shall be the action of the members.

5.2 ACTION WITHOUT MEETING. Any action required or permitted to be taken by the members at a meeting may be taken without a meeting if a consent in writing, describing the action taken, is signed by members holding more than 66 2/3 percent of the ownership interests and is included in the minutes or filed with WRL, LLC's records of meetings.

5.3 MEETINGS BY TELEPHONE. Meetings of the members may be held by conference telephone or by any other means of communication by which all participants can hear each other simultaneously during the meeting, and such participation shall constitute presence in person at the meeting.

ARTICLE 6 ACCOUNTING AND RECORDS

6.1 BOOKS OF ACCOUNT. WRL, LLC'S books and records, a register showing the names, addresses, and ownership interests of the members, and this Operating Agreement shall be maintained by the managers. Each member shall have access thereto at all reasonable times. The members shall keep books and records of the operation of WRL, LLC which are appropriate and adequate for WRL, LLC's business and for the carrying out of this Agreement.

6.2 FISCAL YEAR. The fiscal year of WRL, LLC shall be the calendar year.

6.3 ACCOUNTING REPORTS. Within 90 days after the close of each fiscal year, the managers shall cause each member to receive an unaudited report of the activities of WRL, LLC for the preceding fiscal year, including a copy of a balance sheet of WRL, LLC as of the end of such year and a statement of income or loss for such year.

6.4 TAX RETURNS. The members shall cause all required federal and state income tax returns for WRL, LLC to be prepared and timely filed with the appropriate authorities. Within 90 days after the end of each fiscal year, each member shall be furnished a statement suitable for use in the preparation of the member's income tax return, showing the amounts of

any distributions, contributions, gains, losses, profits, or credits allocated to the member during such fiscal year.

ARTICLE 7 ALLOCATIONS AND DISTRIBUTIONS

7.1 ALLOCATIONS OF INCOME AND LOSS FOR TAX PURPOSES. All items of income, gain, loss, deduction, and credit shall be allocated among all members in proportion to their ownership interests.

7.2 DISTRIBUTIONS TO PAY TAX LIABILITIES. Within 90 days after the end of each fiscal year, WRL, LLC shall make a distribution in an amount equal to at least (a) WRL, LLC's net taxable income during the fiscal year multiplied by (b) the lesser of (i) 37% or (ii) the sum of the maximum federal and state individual income tax rates of any member in effect for the fiscal year (taking into account the deductibility of stat taxes for federal income tax purposes), less (c) the amount of any distributions made by WRL, LLC during the fiscal year (other than distributions made during the fiscal year that were required to be made under the provisions of this section with respect to a prior fiscal year). For purposes of this section, WRL, LLC's net taxable income shall be the net excess of items of recognized income and gain over the items of recognized loss and deduction reported on WRL, LLC's federal income tax return for the taxable year with respect to which the distribution is being made. WRL, LLC's obligation to make such a distribution is subject to the restrictions governing distributions under the Washington Limited Liability Company Act.

ARTICLE 8 WITHDRAWAL AND DISSOLUTION

8.1 WITHDRAWAL. No member shall have the right to voluntarily withdraw from WRL, LLC. A withdrawal in violation of this section shall constitute a breach of this Operating Agreement for which WRL, LLC and other members shall have the remedies provided under applicable law.

8.2 EVENTS OF DISSOLUTION. Except as otherwise provided in this Operating Agreement, WRL, LLC shall dissolve upon the earlier of: (a) the time, if any, of dissolution specified in the Certificate of Formation; (b) the death, incompetence, withdrawal, expulsion, bankruptcy, or dissolution of any member if within 90 days after any such event all of the remaining members, other than the member to whom such event occurred, do not consent to continue the business and affairs of WRL, LLC; or (c) approval of dissolution by a vote of the members.

8.3 EFFECT OF DEATH OF A MEMBER. In the event of the death of a member, the remaining members may within 120 days elect to:

- (a) Continue WRL, LLC and admit the deceased member's spouse, estate, or other beneficiary as a member in place of the deceased member; or
- (b) Continue WRL, LLC among the surviving members and purchase the interest of the deceased member pursuant to the provisions of Sections 8.6 and 8.7.

The election shall be at the sole discretion of the surviving members and shall require their unanimous consent. If the surviving members do not so elect, WRL, LLC shall be dissolved. If there is not a surviving member, the deceased member's estate may elect to either continue or dissolve WRL, LLC.

8.4 EFFECT OF WITHDRAWAL OR OTHER EVENT. Upon the incompetence, withdrawal, expulsion, bankruptcy, or dissolution of a member, the remaining members may within 120 days, without waiving any remedies in the case of voluntary withdrawal, elect to continue WRL, LLC among themselves and to purchase the interest of the affected member pursuant to the provisions of Sections 8.6 and 8.7. The election shall be at the sole discretion of the remaining members and shall require their unanimous consent. If the remaining members do so elect, WRL LLC shall be dissolved.

8.5 LIQUIDATION UPON DISSOLUTION AND WINDING UP. Upon the dissolution of WRL, LLC managers shall wind up the affairs of WRL, LLC. A full account of the assets and liabilities of WRL, LLC shall be taken. The assets shall be promptly liquidated and the proceeds thereof applied as required by the Washington Limited Liability Company Act. With approval by vote of the members, WRL, LLC may, in the process of winding up WRL, LLC elect to distribute certain property in kind.

8.6 VALUATION OF MEMBER'S INTEREST. Upon an election by WRL, LLC to purchase the interest of a member pursuant to Section 8.3 or 8.4, the value of the affected member's interest shall be determined by multiplying the member's percentage ownership interested by the fair market value of all LLC assets. The fair market value of WRL, LLC assets shall be determined by agreement between the remaining members (acting by vote) and the affected member or the affected member's personal representative. In the event agreement as to such value cannot be obtained, WRL, LLC's assets shall be valued by a third party appraiser acceptable to both WRL, LLC and the affected member or the affected member's personal representative.

8.7 PAYMENT FOR MEMBER'S INTEREST. The purchase price for a member's interest purchased pursuant to Section 8.3 or 8.4 shall be paid with 15% of the purchase price paid as a down payment and the balance paid in 60 substantially equal, consecutive monthly payments, including principal and interest. Interest shall accrue at the prime rate in effect on the date of the event giving rise to the election to purchase as quoted by the Wall Street Journal or, if that publication becomes unavailable, another reputable source chosen by vote of the members. The first payment shall be made not later than 90 days following such date. WRL, LLC may repay the remaining amount of the purchase price at any time.

8.8 EFFECT OF PURCHASE OF MEMBER'S INTEREST. A member shall cease to be a member upon WRL, LLC's election to purchase the member's interest pursuant to Section 8.3 or 8.4. During the period in which WRL, LLC is making payments to the former member, the former member shall have no rights as a member in WRL, LLC.

ARTICLE 9 RIGHT OF FIRST REFUSAL

9.1 FIRST REFUSAL RIGHTS

(A) A Member who intends to sell all or any portion of his or her membership interests pursuant to a bona fide purchase offer ("the seller") shall give written notice of such intention and a copy of the written offer (collectively, the "Notice of Sale") to WRL, LLC and to all the other Members.

(B) WRL, LLC shall have the first right to purchase all (but not less than all) of the interests proposed for sale by giving written notice of such intent to the seller (with copies to the other members) within 20 days WRL, LLC from the date of receipt of the Notice of Sale.

(C) If WRL, LLC fails to timely exercise its first right to purchase under Section (B), the Members other than the seller, on a proportionate basis according to their respective interests, shall then have a right to purchase all (but not less than all) of the interests proposed for sale by giving written notice to the other nonselling Members within 30 days after the Notice of Sale was provided. A member's failure to timely notify all other nonselling Members of exercise of the Member's first refusal rights shall terminate such Member's first refusal rights as to the proposed sale. If one or more Members fail to elect to purchase their respective portion of the interests for sale under this Section (C), Members electing to purchase their shares may acquire the unacquired portions according to their respective interests or as they otherwise agree. If members have collectively agreed to purchase all the interest for sale, the purchasing Members shall then provide notice of that intent to the seller within 30 days WRL, LLC from the date the Notice of Sale was provided under Section (A).

(D) Notwithstanding Sections (B) and (C), if the Seller is either (but not both) spouse(s) of a married couple, each of whom is a Member, and the nonselling spouse is not deceased, said nonselling spouse shall have a first right to purchase all (but not less than all) the interests proposed for sale before either WRL, LLC or the other Members. Such first right to purchase shall be exercised by written notice to the seller within 10 days of receipt of the notice of Sale. Failure to exercise shall invoke the rights of first refusal of WRL, LLC and nonselling Members under Section (B) and (C), except that the time for notifying the Seller of exercise shall, in each case, be extended by 10 days.

(E) If such notice of intent to purchase under Sections (B), (C), or (D) is not timely provided to the seller, first refusal rights under this Section (A) with respect to the proposed sale shall expire, and the seller shall have 45 days thereafter to sell those interests to the prospective purchaser, but only at the price and pursuant to the terms and conditions of the Notice of Sale specified in Section (A) and subject to the remaining limitations and requirements of this Article. Failure to timely consummate such sale will terminate the seller's rights to sell the interests and reinstate the rights of first refusal of this Section as to any subsequent proposed sale of such interests.

(F) If a timely election to purchase of all the interests for sale has been provided to the seller pursuant to Section (B), (C), or (D), the seller shall sell the interests to the electing purchaser(s) upon the same price and payment terms as specified in the Notice of Sale, and the electing purchaser(s) shall have the right to close the purchase within 30 days WRL, LLC from the date they provided their notice of intent to purchase. Any such purchase shall be subject to the remaining limitations and requirements of this Article.

ARTICLE 10
INDEMNIFICATION

10.1 INDEMNIFICATION. WRL, LLC shall indemnify each of its members to the fullest extent permissible under Washington law, as the same exists or may hereafter be amended, against all liability, loss and costs including, without limitation, attorney fees) incurred or suffered by such person by reason of or arising WRL, LLC from the fact that such person is or was a member of WRL, LLC or is or was serving at the request of WRL, LLC as a member, director, officer, partner, trustee, employee, or agent of another foreign or domestic limited liability company, corporation, partnership, joint venture, trust, benefit plan, or other enterprise. WRL, LLC may, by action of the members, provide indemnification to employees and agents of WRL, LLC who are not members. The indemnification provided in this section shall not be exclusive of any other rights to which any person may be entitled under any state, bylaw, agreement, resolution of members, contract, or otherwise.

10.2 LIMITATION OF LIABILITY. Members of WRL, LLC (who are performing management duties for WRL, LLC shall not be liable to WRL, LLC or its members for monetary damages for conduct as managers except to the extent that the Washington Limited Liability Company Act, as it now exists or may hereafter be amended, prohibits elimination or limitation of manager liability. No repeal or amendment of this section or of the Washington Limited Liability Company Act shall adversely affect any right or protection of a manager for actions or omissions prior to the repeal or amendment.

ARTICLE 11
AMENDMENTS

11.1 BY MEMBERS. The members may amend or repeal the provisions of this Operating Agreement by unanimous agreement set forth in writing or by action taken at a meeting of members called for that purpose. This Operating Agreement may not be amended or repealed by oral agreement of the members.

ARTICLE 12
MISCELLANEOUS

12.1 ADDITIONAL DOCUMENTS. Each member shall execute such additional documents and take such actions as are reasonably requested by the managers in order to complete or confirm the transactions contemplated by this Operating Agreement.

12.2 ARBITRATION. Any dispute among the members or among the members and WRL, LLC concerning this Operating Agreement shall be settled by arbitration before a single arbitrator, using the rules of commercial arbitration of the American Arbitration Association. Arbitration shall occur in Burbank, Washington. The parties shall be entitled to conduct discovery in accordance with the Federal Rules of Civil Procedure, subject to limitation by the

arbitrator to secure just and efficient resolution of the dispute. If the amount in controversy exceeds \$10,000, the arbitrator's decision shall include a statement specifying in reasonable detail the basis for and computation of the amount of the award, if any. A party substantially prevailing in the arbitration shall also be entitled to recover such amount for its costs and attorney fees incurred in connection with the arbitration as shall be determined by the arbitrator. Judgment upon the arbitration award may be entered in any court having jurisdiction. Nothing herein, however, shall prevent a member from resort to a court of competent jurisdiction in those instances where injunctive relief may be appropriate.

12.3 COUNTERPARTS. This operating agreement may be executed in two or more counterparts, which together shall constitute one agreement.

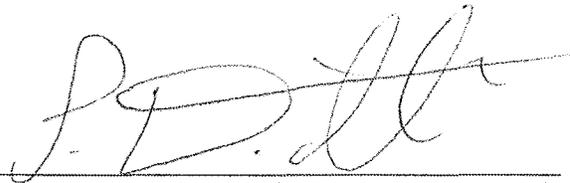
12.4 GOVERNING LAW. This Operating Agreement shall be governed by Washington law.

12.5 HEADINGS. Headings in this Operating Agreement are for convenience only and shall not affect its meaning.

12.6 SEVERABILITY. The invalidity or unenforceability of any provision of this Operating Agreement shall not affect the validity or enforceability of the remaining provisions.

12.7 THIRD-PARTY BENEFICIARIES. The provisions of this Operating Agreement are intended solely for the benefit of the members and shall create no rights or obligations enforceable by any third party, including creditors of WRL, LLC except as otherwise provided by applicable law.

Adopted as of February 12, 2016, by the undersigned, constituting all of the members.

A handwritten signature in black ink, appearing to read "P. S. Didelius", written over a horizontal line.

PAUL S. DIDELIUS, Member

Exhibit B

WRL's Current Interim Financial Statement

WRL LLC

Balance Sheet as of May 5, 2016

ASSETS

Current Assets

Cash \$ 20,000

Fixed Assets

Rolling stock and locomotives leased

Track equipment none to date

Track materials none to date

Other Assets

Leases \$ 350,000

Fixtures none to date

Office furniture and equipment none to date

Office supplies none to date

LLC certificate \$ 30,000

TOTAL ASSETS \$ 400,000

LIABILITIES AND EQUITY**LIABILITIES**

Current Liabilities

Track lease \$ 72,000

Equipment leases \$ 1,800

Formation & legal expenses \$ 5,200

Employee salaries & benefits \$ 60,000

Accounts payable \$ 36,000

Depreciation none to date

Long Term Liabilities

Loans & mortgages none to date

TOTAL LIABILITIES \$ 175,000

EQUITY

Par value of existing shares \$ 20,000

Net value of assets \$ 205,000

TOTAL EQUITY \$ 225,000

TOTAL LIABILITIES & EQUITY \$ 400,000

Exhibit C

PRS-WRL Operating Lease Agreement

Public Version

PORT OF ROYAL SLOPE

OPERATING LEASE FOR THE PROVISION OF FREIGHT RAIL SERVICE FOR

THE ROYAL SLOPE RAILROAD

THIS OPERATING LEASE AGREEMENT ("Agreement") dated 2-12-16, is entered into by and between the Port of Royal Slope ("Port") and WRL, LLC a Washington corporation ("Lessee").

Section 1 Recitals

1.1 The Port owns the **Royal Slope Railroad** defined and described as the rail line and associated rights of way:
From Othello at Milepost (MP) 1989 (of the former Milwaukee Railroad) running west to MP 2009.5; then going north approximately six miles to the industrial parks. The rail line right of way begins at the centerline of 2nd Avenue (which runs north/south) in Othello at the connection to the BNSF owned rail then runs west. A rail line map is annexed to this Lease Agreement as Exhibit A. As per QuitClaim Deed File #310900 Dated 08/07/2015 from Adams County Auditor; Legal Description: Ptn. Secs 9, 8, 6, & 5, T15N, R29E, WM: and Ptn. Secs 1, 12, 11, 10, 9, 8, & 7, T15N, R28E, WM AND QuitClaim Deed File #1351117 Dated 08/05/2015 from Grant County Auditor; Legal Description: Ptn. Secs 12, 11, 10, 9, 6, & 7, 5, 4 & 3, T15N, R27E, WM; Ptn. Sec 1, T15N, R26E, WM; and Ptn. Secs 36, 35, 34, 33, 32, 29, 20, 19, 17, 8, & 7, T16N, R26E, WM, ("Rail Line") attached and incorporated herein as Exhibit B ("Rail Line").

1.2 The Port is authorized to operate the Rail Line for the benefit of economic development pursuant to RCW 53.04.010.

1.3 The Port finds it in the public interest to enter into an agreement with a qualified lessee to provide railroad freight transportation service to the public upon the terms and conditions contained herein.

1.4 The Lessee is qualified and willing to lease the aforesaid Rail Line from the Port of Royal Slope and to provide Freight Rail Service as defined in Section 4.1 to the public on the Rail Line upon the terms and conditions contained herein.

1.5 The Lessee and the Port further intend to work in partnership with one another and with local governments, economic development authorities, shippers, connecting short line railroads, and Class 1 railroads to develop innovative and efficient operating and shipping methods and improvements in order to provide competitive freight transportation for the shipping community.

NOW, THEREFORE, in consideration of the terms and conditions set forth herein, the Parties agree to the following:

Section 2 Right to Provide Freight Rail Services

2.1 The Port hereby leases to Lessee and Lessee hereby leases from the Port the Rail Line and associated railroad rights-of-way and railroad related parcels, all improvements and appurtenances thereon and fixtures affixed thereto, including without limitation, all tracks, rails, ties, ballast, and other track materials, including the Port's stockpiled inventory of track materials, switches, crossings, bridges and bridge abutments, culverts, drainage ditches, buildings, signals, crossing protection devices, communication devices, lines and poles (hereinafter "Rail Line").

2.2 Throughout the term of the Lease, Lessee shall have the exclusive use, right of access to and possession of the Rail Line for the purpose of providing Freight Rail Service on the Rail Line. The Port shall not admit any other railroad, operator, or user to any part of the Rail Line without the prior written consent of the Lessee, which consent may be withheld by Lessee for any reason whatsoever and upon such terms as Lessee shall determine at its sole discretion. Lessee shall retain all income derived from providing Freight Rail Service on the Rail Line, and Lessee shall be responsible for any losses incurred by the Lessee, except as otherwise provided herein.

2.3 In consideration for the rights granted in Subsections 2.1, 2.2, and 2.3 and contained elsewhere herein, the Lessee shall maintain the Rail Line, provide Freight Rail Service to businesses that desire to use its services, develop business along the Rail Line, and perform other obligations, all as set forth in this Agreement. In addition, Lessee shall remit to the Port on a monthly basis rent in the amount of [REDACTED]

Section 3 Term

3.1 The term of this Agreement shall commence as of the date first written above and shall be for an initial term of five (5) years, subject to the termination clauses contained in this Agreement. The Lessee may request to extend this Agreement for additional five year periods, and the Port may grant such extensions at its sole option. The Lessee must make its request to the Port in writing at least one hundred eighty (180) days prior to the expiration of the initial term or any extension of this Agreement, and the Port must notify the Lessee of its decision within one hundred fifty (150) days prior to the expiration of the initial term or any extension of this Agreement. Any extension of the initial Lease term is contingent upon the Parties agreeing to an additional program of Rehabilitation Work as discussed in Section 11 and of Normalized Maintenance as discussed in Section 12.1.

3.2 The Lessee shall have and hereby assume all duties and obligations with relation to the use, repair, maintenance, existence, and operation of the Rail Line for the Lessee's purposes, including all improvements and fixtures thereto and thereon and hereafter located on the Rail Line, except matters, responsibilities and obligations assumed by the Port as provided for in this Agreement.

Section 4 Freight Rail Service

4.1 As used in the Agreement, "Freight Rail Service" shall mean the provision of rail freight transportation service to customers on or along the Rail Line and all services and functions ancillary thereto, including without limitation, movement and placement of railcars, switching, interchanging with line-haul providers, operating track vehicles and track equipment, Lessee sponsored business car trips over the Rail Line, customer service associated with freight transfer, loading and unloading, car storage, car cleaning, car repair and providing such other rail services as are customarily provided to similar industries using rail services. The Lessee shall cooperate in the interchange of loaded and empty railcars and other rail equipment with BNSF Railway Company ("BNSF") and Columbia Basin Railroad Co., Inc. ("CBRW") and any additional railroad that may obtain interchange access to the Rail Line. The Lessee shall meet Freight Rail industry standards to comply with all applicable rules, regulations, and requirements pertaining to the interchange of railcars between rail carriers and the terms of any interchange agreement Lessee enters into with any connecting railroad.

4.2 An operating officer of the Lessee with authority to act on behalf of the Lessee will be available by telephone during normal business hours to answer customer inquiries.

Section 5 Performance Report

5.1 Performance Report: The Lessee shall prepare a Performance Report annually and submit it to the Port. The Performance Report shall include:

A. The number of annual railcars and number of trains that were run on the Royal Slope Rail Line.

B. Annual Track Maintenance performed (ties replaced, etc.)

C. Condition Report describing the current condition of the track, track sub-structure, ballast and all appliances and all structures, and outlining sections of the Rail Line that are at risk for limited service or non-service via embargo.

5.2 Performance Report shall be based on a calendar year. The Performance Report for calendar year 2015 shall be submitted to the Port of Royal Slope by March 1, 2016. The Lessee shall submit subsequent Performance Reports by March 1st, each year thereafter.

5.3 The Lessee shall bear all costs of preparing and submitting all Performance Reports.

Section 6 Utilities

The Lessee, at no cost or expense to the Port, shall arrange for, obtain and pay all bills, charges and assessments in connection with any heat, water, electricity, sewer and other utility services required for the Lessee's use of the Rail Line.

Section 7 Taxes and Assessments

Except as otherwise set forth in this Section, Lessee shall not be liable for any real property taxes or special assessments which may be levied, assessed or imposed upon the real property comprising the Rail Line owned by the Port during the term of this Agreement. Notwithstanding the foregoing, Lessee shall be liable for and shall pay throughout the term of this Lease any leasehold tax assessed by the State of Washington.

Section 8 Third Party Agreements, Easements and Licenses

The Port reserves the right to grant leases and licenses and easements or rights-of-way without limitation on Port property, provided, however, that if such leases, licenses, easements, or rights-of-way include areas of the Rail Line, the grant shall be subject to prior written approval by the Lessee. The Lessee may enter into sidetrack and rail freight service agreements with customers along the Rail Line and shall provide written notice to the Port of such agreements.

The Port shall indemnify Lessee for losses caused by the Port's licensees and invitees and will be responsible for all non-rail related third party agreements, easements and licenses, and shall retain all income therefrom. Prior to execution of this Agreement, the Port shall provide the Lessee with copies of all known third party agreements, easements and licenses of record pertaining to the Rail Line. Any third party permittee granted access by the Port to Lessee's leased premises shall furnish a Certificate of Insurance satisfactory to the Lessee as proof of insurance coverage in the same limits set forth in Section 16.1 and additionally, said permittee(s) shall be subject to termination of permits for such parties as to interfere or conduct construction or maintenance activities in such time, place or manner so as to substantially interfere with Lessee's conduct of safe rail operations.

Section 9 Interchange Agreements

The Lessee shall be responsible for making arrangements for the interchange of loaded and empty rail cars moving to or from the Rail Line.

Section 10 Use

10.1 The Lessee will use the Rail Line only for the provision of Freight Rail Service as defined in Section 4.1 unless Lessee obtains the written consent of the Port to use such property for any other purpose. Lessee agrees to use the Port's existing inventory of track materials only on the Royal Slope Rail Line.

10.2 The Lessee's management and operation of the Rail Line shall comply with all laws, rules, and regulations which apply to the operation, condition inspection and safety of trains, locomotives, cars, and equipment while such trains, locomotives, cars, and equipment are being operated on the Rail Line. The Lessee shall also comply with all applicable industry standards. Throughout the term of this Agreement and any extensions thereof and for a period not to exceed three

(3) years after the expiration of this Agreement and extensions thereof, upon request, the Lessee shall provide to the Port all Federal Railroad Administration and Washington Utilities and Transportation Commission inspection reports, and the Lessee's reports of action taken in response to the inspections.

10.3 The Lessee shall adopt and follow the General Code of Operating Rules, and all other rules necessary for the Lessee to operate on joint interchange tracks of all railroads with which Lessee interchanges.

Section 11 Rehabilitation 11.1 "Rehabilitation Work" means capital expenditures made on a non-annualized basis to improve, rehabilitate or restore the Rail Line to FRA Class 1 track. Lessee shall not be responsible for the cost of performing any Rehabilitation Work on the Rail Line such as reconstruction of any portion of the Rail Line, or extensive replacement or repair of ties, roadbed, ballast or bridges that would fall outside the definition of cyclical/programmed maintenance provided in this Agreement.

11.1.a. Rehabilitation Work resulting from catastrophic loss of any of any kind or nature shall not be the Lessee's responsibility.

11.2 Prior to Lessee commencing operations over the Rail Line the Lessee and the Port will jointly inspect the Rail Line. The Parties will thereafter confer to discuss any defects identified during the inspection and attempt to jointly arrive upon a corrective action plan, if necessary. Defects impairing the safe operation of the Rail Line shall be prioritized for corrective action. 11.3

The Lessee shall conduct an initial engineering bridge study as may be required by the FRA. The Parties shall bear the cost of the study equally. Each Party shall receive a copy of the report. The Lessee shall not be responsible for the cost of any FRA-required bridge repairs or replacement as the result of the initial engineering bridge study. The parties understand that in the future the FRA may require bridge repairs and replacements. The parties acknowledge that the issue of responsibility for the cost of future bridge repairs and replacements is beyond the scope of this Lease Agreement and is reserved for future consideration.

11.4 The Port shall control Rehabilitation Work funded by the State of Washington ("State Funded Rehabilitation") to be performed on the Rail Line. The Port agrees to perform the State Funded Rehabilitation Work in a manner that does not unreasonably impede the Lessee's operation of railcar traffic on the Rail Line. The Port and the Lessee shall each designate a project manager for any State Funded Rehabilitation Work and both Parties agree to seek amicable solutions to any dispute arising in connection with State Funded Rehabilitation Work in accordance with Section 31 of this Agreement.

11.5 Nothing in this Agreement shall restrict the Lessee from providing funds or seeking funds from third Parties or other government agencies to facilitate rehabilitation and/or economic development projects in addition to any State Funded Rehabilitation Work ("Lessee Rehabilitation Projects") so long as the other terms and conditions of this Agreement are satisfied. The Lessee will notify the Port of any planned Lessee Rehabilitation Projects. The Lessee will control any Lessee

Rehabilitation Projects to be performed on the Rail Line subject to the approval of the Port of the plans, location, scope and quality of the work.

11.5.a. The Lessee and the Port shall cooperate to secure the benefits of the federal tax credits signed into law as part of US House Bill HR 4520 for the Lessee or for a Rail Line customer or potential customer.

11.6 The Lessee agrees to keep and maintain all buildings, bridges, structures, appliances and appurtenances over which it has control or use, including those currently constituting the Rail Line and any facilities added to the property, in a reasonably safe condition for the use intended.

11.7 From time to time, additions or extensions to the Rail Line may be desired for the purpose of providing freight service to a user along or in reasonable proximity to the Rail Line. If the Port desires such addition or extension, then Lessee agrees to cooperate with the Port in pursuing funding sources and in design consultations.

Section 12 Normalized Maintenance

12.1 Lessee shall be solely responsible for the cost of performing all Normalized Maintenance on the Rail Line. "Normalized Maintenance" means maintenance expenses which are estimated on a "normalized" basis, or the average annual expenditure required to maintain the Rail Line at a desired level of operation and includes annual maintenance and an allowance for cyclical/programmed maintenance.

12.1.a. Annual Maintenance includes:

- Track inspections and appropriate record keeping
- Weed control
- Brush Cutting
- Snow removal/Storm water maintenance and control
- Incidental track repairs needed to comply with Federal Railroad Administration or ("FRA") laws, rules and regulations applicable to the FRA track class existing on the date of this Agreement and the FRA track class existing after rehabilitation.
- Grade crossing surface repairs
- 'Routine' naturally-caused damage recoveries resulting from a non-catastrophic storm / fire / or similar track outage (time critical responses manageable by local staff within one working day using on-hand materials not exceeding \$1000 in replacement costs).

12.1.b. Cyclical/programmed maintenance includes:

- Cross tie/switch tie replacements and renewals

- Turnout repairs or component replacements
- Bridge deck repairs or tie replacement
- Incidental (non-wholesale) rail replacements
- Grade crossing surface replacement
- Ballast placement, tamping and lining
- Sign replacements
- Maintenance of passing, set out and yard switching tracks
- Ditch and storm water maintenance

12.2 The Lessee agrees to perform all Annual Maintenance as required for safe operations and as needed to maintain the Rail Line at the same or better condition as it currently is, excluding normal deterioration unrelated to usage.

12.3 Notwithstanding Lessee's obligation to fund and perform maintenance and repair work on grade crossing surfaces necessary to comply with the Washington Utility Transportation Commission orders, the Port may elect to pay for the cost of such repairs in the event funding for such purposes becomes available. Lessee may use the Port's existing inventory of track materials (listed below) at no cost for rail line maintenance and improvements.

INVENTORY LIST

| Quantity | Item |
|----------|---|
| 540 | Cross Ties 7"x9"x 8'6" Treated |
| 221 | 4 x 10 - 16' Timbers Treated |
| 300 | 1" x 6" Track Bolts |
| 200 | Lock Washers |
| 1000 | 5/8" x 12" Lag Bolts |
| 18 | Kegs of Rail Spikes |
| 400 LF | Flange Guard 100RA Flat 3'0" For use on Crab Creek Road Crossing |

12.4 All improvements to the Rail Line and rights-of-way shall become the property of the Port upon installation, unless otherwise agreed to, by and between the Parties in writing.

Section 13 Inspection

The Lessee shall allow an annual joint inspection of the Rail Line by representatives of the Port upon reasonable advance notice. Appropriate representatives from both the Port and the Lessee shall participate in and cooperate with the joint inspection(s) via hi-rail or other suitable means of railroad track inspection. The Port may perform more frequent inspections of the Rail Line at its election at any time during the term of the Agreement so long as the following conditions are met: (1) The Port provides reasonable advance notice to the Lessee; (2) The Port complies with all reasonable safety requirements of the Lessee or as required by law applicable to the Rail Line; (3) The Port obtains the appropriate authorizations from the Lessee to be on the designated portions of the Rail Line, such as track warrants; (4) The Lessee will be allowed to participate in any inspection; and (5) the inspections are planned and coordinated with the Lessee to minimize any interference with Lessee's operations on the Rail Line. Any employee of the Port or the Port's Commissioners participating in such inspections shall execute Lessee's standard release of liability form before participating in such inspections.

Section 14 Assignment

Assignment of this Agreement may occur only with the written consent of the Port. To obtain the Port's consent to such an assignment, the Lessee will provide written notice to the Port of its desire to assign this Agreement, including a letter signed by an authorized officer of the intended assignee stating that the assignee agrees to such assignment and agrees to be bound by all the terms of such assignment and the approvals and evidences required by this Agreement. The prospective assignee shall provide to the Port all documents reasonable and necessary for the Port to determine whether the prospective assignee has the financial, operational, business and maintenance capability to perform the terms of this Agreement at the same level or better than the Lessee. This Agreement will be binding upon and inure to the benefit of successors and assigns of the Port and successors and permitted assigns of the Lessee.

Section 15 Liability

15.1 The Lessee hereby acknowledges that all activities under its control arising out of or connected with its use of the Rail Line are solely for its benefit, and the Lessee shall forever protect, indemnify and hold harmless the Port, its successors and assigns, officers, agents, contractors, and employees from and against all liability, expense, cost, or obligation whatsoever, whether arising from suits, actions, causes of action, claims or demands of any character whatsoever or in connection with the Lessee's use or operation of the Rail Line during the term of this Agreement, excepting the acts or omissions of trespassers, and except those duties, matters, responsibilities and obligations expressly assumed by the Port in this Agreement, or to the extent caused by the intentional, willful or negligent acts or omissions, violations of law or breach of this Agreement by the Port or its officers, agents, and employees during the term of this Agreement or caused by the intentional, willful or negligent acts or omissions, violations of law by the Port's third party permittee(s), including Rehabilitation Work (as defined in Subsection 11.1, which shall result in no liability on the part of the Lessee) performed by or at the request of the Port by a third party permittee during the term of this Agreement or any extension hereof.

15.2 To the extent that the Lessee owes the Port a duty of indemnity under this Agreement, the Lessee shall indemnify, protect, defend and hold harmless the Port, its successors and assigns, its officers, agents, and employees, from and against all liability, cost, claims, suits, causes, causes of action, judgments or any expense whatsoever (including attorney fees and costs of defense) for any personal injury or property damage, however and to whomever caused, arising out of or in connection with its use of the property by anyone other than the Port during the term of this Agreement except to the extent caused by the intentional, willful or negligent acts or omissions, violations of law or breach of this Agreement by the Port during the term of this Agreement; provided, further, that the Lessee's indemnity obligations under this Agreement will be limited, as applicable, by any legal or statutory cap limiting the Port's legal or equitable liability to any third party for which the Lessee would owe the Port a duty of indemnity hereunder.

15.3 The Port shall, for itself, its successors and assigns, to the maximum extent permitted by law, hereby waives, releases, remises, acquits and forever discharges and hold harmless Lessee, its employees, agents, officers, successors and assigns, and against any and all suits, actions, causes of action, legal or administrative proceedings, claims, demands, punitive damages, losses, costs, liabilities, and expenses, including attorney's fees accruing prior to executing this Lease Agreement and in any way arising out of or connected with the known or unknown, pre-existing physical or environmental condition of the leased premises (including, without limitation, any contamination in, on, under or adjacent to the premises by any hazardous or toxic substance or material), or any federal, state or local law, ordinance, rule or regulation applicable thereto (including, without limitation, the Toxic Substances Control Act, the Comprehensive Environmental Response, Compensation and Liability Act, and the Resource Conservation and Recovery Act) including, without limitation, personal injury to or death of persons whomsoever including employees, agents or contractors of the Port or any third-party, and damage to property of the Port or any third-party to the extent attributable to the pre-existing physical or environmental condition of the leased premises.

15.4 The provisions of this Section shall apply to claims by Lessee's own employees and the employees of Lessee's agents, representatives, contractors, and subcontractors to which Lessee might otherwise be immune under Title 51 RCW, solely to the extent of Lessee's applicable insurance coverage. This waiver of immunity under Title 51 RCW has been mutually negotiated by the parties hereto, and Lessee acknowledges that the Lessor would not enter into this Lease Agreement without Lessee's waiver thereof.

15.5 This indemnification shall survive the termination of this Agreement.

Section 16 Insurance

16.1 To comply with its indemnity obligations under Subsection 15.2, Lessee, at Lessee's cost and expense, shall procure or cause to be procured and maintain or cause to be maintained, during the continuance of this Agreement, railroad operating and liability insurance covering liability assumed by the Lessee under this Agreement with a limit of not less than Twenty-Five Million Dollars (\$25,000,000)

single limit for personal injury per occurrence and single limit for property of Five Million Dollars (\$5,000,000) for damage per occurrence, such limits to be reviewed by the Port every five (5) years during the term of this Agreement and any extensions of it. At five (5) years intervals the Port and the Lessee shall meet and confer in good faith to determine whether modifications should be made to the insurance requirement. The Lessee shall furnish to the Port certificates of insurance evidencing the above coverage in the form of a policy (or policies) at the time of execution of this Agreement. Such insurance shall contain a contractual liability endorsement which will cover the obligations assumed under this Agreement and an endorsement naming the Port as "additional insured". In addition, such insurance shall contain notification provisions under which the Lessee's insurance broker shall endeavor to give thirty (30) days' written notice to the Port of any policy changes in or cancellations of the policy. These endorsements and notice provisions shall be stated on the certificate of insurance provided to the Port.

Section 17 Surface Transportation Board Approvals

17.1 Prior to initiation of Rail Freight Service on the Rail line, the Lessee hereby warrants and represents to the Port that the Lessee has secured all necessary orders or approval, if any, from the Surface Transportation Board ("STB") and all other appropriate governmental or regulatory authorities, orders approving or authorizing the Lessee to enter into this Agreement and to conduct railroad operations on the Rail Line according to the terms and provisions hereof, or exempting the Lessee from the requirement of obtaining such approval and authorization. The Parties understand and agree that the entry of an order of the STB approving and authorizing or exempting this transaction and the railroad operations of the Lessee according to the terms and conditions hereof is a condition precedent to the obligations of either Party hereunder. Lessee will apply for a Modified Certificate of Public Convenience and Necessity with the STB and comply with all of the rights and responsibilities as defined in 49 CFR 1150.22.

17.2 Except as provided in Section 18.1 Lessee will not seek authority or an exemption therefrom from the STB or other governmental or regulatory authority to discontinue Freight Rail Service over all or any portion of the Rail Line unless this Agreement is terminated or the Lessee has cause to terminate this Agreement pursuant to the termination provisions of this Agreement.

17.3 The Port, at its sole cost and expense, shall cooperate with the Lessee's efforts to secure STB approval of the transactions referred to in Section 17.1.

Section 18 Termination

18.1 Grounds for Termination.

18.1.a Termination by Election – the Parties may not terminate this Agreement by election except by mutual consent except as follows:

(1) After December 31, 2018 either Party may terminate this Agreement by election if the number of revenue carloads is less than 200 for any calendar year during the term of this Agreement or any extension thereof. The election must be exercised during the month of January following the calendar year in which number of revenue carloads was less than 200. Termination will be effective May 31 of that year.

18.1.b Termination by Breach. So long as the Lessee is not in breach of any material terms and conditions of this Agreement and the Lessee continues to provide Freight Rail Service on the Rail Line, unless otherwise agreed to by and between the Parties, the Port shall not have a right to terminate this Agreement prior to its natural expiration (whether of the initial term or any renewal or extension hereof) except as otherwise provided in Subsection 18.1.a..

However, in the event that the Lessee breaches a material term or condition of this Agreement, or without the Port's consent, ceases to provide Freight Rail Service on any portion of the Rail Line for more than fifteen (15) days when there is a bona fide demand for service, the Port shall give Lessee written notice of that fact. If within sixty (60) days of receipt of such notice, the Lessee has not cured such breach, or if the Lessee has not taken all reasonable steps toward affecting such cure, and the Lessee has not reinstated Freight Rail Service, then the Port shall have the right to terminate this Agreement.

18.2 The Lessee, upon termination of this Agreement, shall have three (3) month to remove all personal property and improvements placed by it on the Rail Line, except those improvements that the Port paid for and desires to retain and any Rehabilitation Work, which shall become the property of the Port. If the Lessee fails to so remove its property at the expense of the Lessee, subject to offset by any net salvage proceeds actually received by the Port. The Lessee's obligation to pay the costs of removal shall survive termination of this Agreement.

18.3 Termination of this Agreement by the Lessee which results in cessation of operations shall result in an obligation of the Lessee to reasonably make available operating data (including, but not limited to car tracing, shipper identification and rates, and accounting records) to the Port or the Port's designee at the Port's expense.

18.4 Termination of this Agreement shall not relieve either Party hereto from any obligation under this Agreement arising prior to termination.

Section 19 Notices.

19.1 All notices, demands, requests or other communications which may be or are required to be given, served or sent by either Party to the other pursuant to this Agreement shall be in writing and shall be deemed to have been properly given or sent:

If intended for the Lessee, by mailing by registered or certified mail, return receipt requested, with postage prepaid, or by reputable overnight courier, addressed to Lessee at:

WRL, LLC
Mr. Paul Didelius, owner
396 Grain Terminal Road
Burbank, WA 99323
Phone: (509)540-7111

If intended for the Port, by mailing by registered or certified mail, return receipt requested, with postage prepaid, or by reputable overnight courier, addressed to the Port at:

Port of Royal Slope
PO Box 147
4975 Road 13.5 SW
Royal City, WA 99357

Each notice, demand, request or communication mailed by registered or certified mail to either Party in the manner aforesaid shall be deemed sufficiently given, served or sent for all purposes at the time of such notice, demand, request or communication is either received by the addressee or refused by the addressee upon presentation. Either Party may change the name of the recipient of any notice, or his or her address, at any time by complying with the foregoing procedure.

Section 20 Events Constituting Default.

20.1 Any of the following events shall constitute a default by Lessee hereunder:

20.1.a The failure of Lessee to submit the Annual Performance Report required under Subsection 5.1 or the material non-performance by Lessee of any maintenance required under Section 12, or the failure to adequately perform any other material term, covenant or condition of this Agreement which is not cured within sixty (60) days after written notice from the Port.

20.1.b Any affirmative act of insolvency by the Lessee, or the filing by the Lessee of any petition under any bankruptcy, reorganization, insolvency, or moratorium law, or any law for the relief of, or relating to, debtors.

20.1.c The filing of any involuntary petition under any bankruptcy statute against the Lessee, or the appointment of any receiver or trustee to take possession of the property of the Lessee.

20.1.d The suspension or revocation of the Lessee's federal, state or local regulatory authority to operate Freight Rail Service on the Rail Line.

20.2 Any of the following events shall constitute a default by the Port hereunder:

20.2.a Any act or omission on the part of the Port or its agents, servants or employees which substantially interferes with Lessee's ability to provide freight rail transportation service and is not cured within thirty (30) days after written notice from the Lessee.

Section 21 Rights on Default.

21.1 On the occurrence of any of the events of default listed in Section 20, the Non-defaulting party may terminate this Agreement by written notice to the Party in default and, in addition, may take any other action or exercise any additional remedy available to the Non-defaulting party at law or equity.

Section 22 Obligations of the Parties Upon Termination.

22.1 In case of termination by the Port or the Lessee pursuant to any provision of this Agreement, the parties' obligations on termination shall be governed by the provisions of Section 18 hereof.

22.2 In the event of termination by either party for any reason, the Port shall grant Lessee reasonable access to the leased premises for the purposes of removing Lessee's personal property and improvements in accordance with the provisions of Section 18.2.

Section 23 Amendment

23.1 No term or provision of this Agreement may be changed, waived, discharged or terminated except by an instrument in writing signed by both parties hereto.

Section 24 Clean Air and Water

24.1 In performing Freight Rail Services hereunder, the Lessee shall comply with all applicable standards, orders, or requirements issued under: (i) the Clean Air Act (42 USC 7414 et. Seq.), and any enforceable rules, regulations, guidelines, standards, limitations, orders, controls, prohibitions, or other requirements which are contained in, issued under, or otherwise adopted pursuant to the Clean Air Act or Executive Order 11738 or any applicable implementation plan as described in sections 110 (d), 111 (c), 111 (d), or 112 (d) of the Clean Air Act; (ii) the Clean Water Act (33 USC 1318 et seq.) and any enforceable limitation, control, condition, prohibition, standard, or other requirement promulgated under the Clean Water Act or contained in a permit issued to a discharger by the Environmental Protection Agency ("EPA"). The Lessee shall hold harmless, indemnify and defend the Port from any claims, costs, damages, fines or penalties arising from any violation of the provisions of this Section 24 in the performance of Freight Rail Service on the Rail Line, regardless of the absence of

negligence or other malfeasance by the Lessee. This provision shall survive the termination of this Agreement for any reason.

For the purposes of this Section 24, the term "facility" means any building, plant, installation, structure, location, or site of operations, owned, leased, or supervised by the Lessee or a subcontractor of Lessee, used in the performance of this Lease. When a location or site of operations contains or includes more than one building, plant, installation or structure, the entire location or site shall be deemed to be a facility except when the Administrator, or a Designee, of the Office of Federal Activities, EPA determines that independent facilities are co-located in one geographical area.

24.2 The Port shall, for itself, its successors and assigns, to the maximum extent permitted by law, hereby waives, releases, remises, acquits and forever discharges indemnify, defend and hold harmless Lessee, its employees, agents, officers, successors and assigns, against any and all suits, actions, causes of action, legal or administrative proceedings, claims, demands, punitive damages, losses, costs, liabilities, and expenses, including attorney's fees in any way arising out of or connected with the known or unknown, pre-existing physical or environmental condition of the leased premises (including, without limitation, any contamination in, on, under or adjacent to the premises by any hazardous or toxic substance or material), or any federal, state or local law, ordinance, rule or regulation applicable thereto (including, without limitation (i) the Clean Air Act (42 USC 7414 et. Seq.), and any enforceable rules, regulations, guidelines, standards, limitations, orders, controls, prohibitions, or other requirements which are contained in, issued under, or otherwise adopted pursuant to the Clean Air Act or Executive Order 11738 or any applicable implementation plan as described in sections 110 (d), 111(c), 111 (d), or 112 (d) of the Clean Air Act; (ii) the Clean Water Act (33 USC 1318 et seq.) and any enforceable limitation, control, condition, prohibition, standard, or other requirement promulgated under the Clean Water Act or contained in a permit issued to a discharger by the Environmental Protection Agency ("EPA") including, without limitation, personal injury to or death of persons whomsoever including employees, agents or contractors of the Port or any third-party, and damage to property of the Port or any third-party. This provision shall survive the termination of this Agreement for any reason.

Section 25 Hazardous Materials.

25.1 If the performance of this Agreement creates any solid or hazardous wastes (e.g., the removal of any materials from the trains that require disposal), said waste shall be properly disposed of in accordance with Federal, state and local laws, at the expense of the Lessee. In no event shall the Port be identified as the generator of the wastes. The Lessee shall notify the Port of any such hazardous wastes and the Port shall receive a copy of the results of any tests conducted on the wastes. The Lessee shall hold harmless, indemnify and defend the Port from any claims, costs, damages, fines or other penalties arising from the disposal of any wastes created by the performance of this Agreement, regardless of the absence of negligence or other malfeasance by the Lessee. This provision shall survive the termination of this Agreement for any reason.

25.2 At no time during the term of this Agreement shall the Lessee, without the prior written consent of the Port, maintain, treat, dispose of, store or have on the Rail Line, or permit any other party to have, maintain, treat, dispose of, or store on the Rail Line, anything which is classified by federal, state or local authorities as a Hazardous Substance or Hazardous Waste or which requires a permit for the storage, treatment, disposal, handling or maintenance of it from any government authority. This excludes (1) transport or storage of materials by or on rail as long as said transport or storage complies with the Hazardous Materials Transportation Act, 49, USC Section 1801, et seq., and (2) petroleum products, lubricants, antifreeze and such other materials that may be normally consumed in the daily operations of a railroad.

25.3 The Lessee further agrees to indemnify and hold the Port harmless from all costs, expenses, liabilities, demands, claims, causes of action at law or in equity whatsoever arising from its, or any of its contractors, treatment, disposal, storage, maintenance or handling of any Hazardous Material or Hazardous Waste on the Rail Line during the term of this Agreement, including, but not limited to, the cost of clean-up, environmental damage assessments, defense and reasonable attorney's fees. The Port agrees to cooperate in the prosecution and collection of all costs, expenses, liabilities, demands, and claims, associated with any treatment, disposal, storage, maintenance or handling of any Hazardous Material or Hazardous Waste on the Rail Line, including but not limited to, the cost of clean-up, environmental assessments, defense and reasonable attorney's fees, prior to occupancy by the Lessee, against any identified responsible Party. The Parties acknowledge that the inclusion of this indemnification and hold harmless provision shall in no manner whatsoever evidence a waiver, consent or permission by the Port for the Lessee to violate the provisions of Section 24. This provision shall survive the termination of this Agreement for any reason.

25.4 The Port shall, for its successors and assigns, to the maximum extent permitted by law, hereby waives, releases, remises, acquits and forever discharges indemnify, defend and hold harmless Lessee, its employees, agents, officers, successors and assigns, against any and all suits, actions, causes of action, legal or administrative proceedings, claims, demands, punitive damages, losses, costs, liabilities and expenses, including attorney's fees in any way arising out of or connected with the known or unknown, pre-existing physical or environmental condition of the leased premises (including, without limitation, any contamination in, on, under or adjacent to the premises by any hazardous or toxic substance or material), or any federal, state or local law, ordinance, rule or regulation applicable thereto (including, without limitation, the Toxic Substances Control Act, the Comprehensive Environmental Response, Compensation and Liability Act, and the Resource Conservation and Recovery Act) including, without limitation, personal injury to or death of persons whomsoever including employees, agents or contractors of the Port or any third-party, and damage to property of the Port or any third-party. This provision shall survive the termination of this Agreement for any reason.

Section 26 Public Records.

26.1 The Port is a Special Purpose District and subject to the Public Disclosure requirements in Chapter 42.56 RCW. This Agreement and any records, data or other information received or used by

the Port in the course of this Agreement shall become a public record as defined in RCW 42.56.010(3). Any specific information that is claimed by the Lessee to be confidential or proprietary must be clearly identified as such by the Lessee. To the extent consistent with Chapter 42.56 RCW, et seq., the Port will maintain the confidentiality of all such information marked confidential or proprietary. If a request is made to view the Lessee's information, the Port will notify the Lessee of the request and the date that such records will be released to the requester unless the Lessee obtains a court order enjoining disclosure. The Port will release the requested information on the date specified.

Section 27 Entire Agreement

27.1 This Agreement constitutes the entire agreement between the Lessee and the Port and no other representations, warranties or agreements, either oral or written will be binding upon the Lessee and the Port.

Section 28 Governing Law

28.1 This Agreement shall be governed and construed in accordance with the laws of the State of Washington. Venue of any action hereunder shall be in Grant County Superior Court, Washington.

Section 29 Compliance with Applicable Laws

The Lessee, subject to federal preemption, as applicable, shall comply with all statutes, laws and ordinances of all federal, state and local governments or other governmental authorities, regulatory authorities and commissions, foreseen and unforeseen, ordinary as well as extraordinary, for the entire term of this Agreement.

Section 30 Warranty of Signature

The Port warrants to the Lessee that the person executing this Agreement for the Port is fully authorized to sign this Agreement for the Port and to bind the Port to the terms of this Agreement. The Lessee warrants to the Port that the person executing this Agreement for the Lessee is fully authorized to sign this Agreement for the Lessee and to bind the Lessee to the terms of this Agreement.

Section 31 Disputes

31.1 Any disputes relative to obligations, remedies, or performance of this Agreement shall be resolved by the President of Lessee and the Port Commissioners, or their designees at a meeting to be held at the offices of the Port of Royal Slope in Royal City, Washington within ten (10) days of written submission of the dispute by one party to the other.

Section 32 Headings

The headings in this Agreement are for ease of reference only and shall not be used to construe or interpret the provisions of this Agreement.

Section 33 Attorney's Fees

Should it become necessary for the Port or Lessee to engage in arbitration or other legal proceedings as may be necessary for the purpose of enforcing this Agreement for the purpose of recovering damages or otherwise, each Party, shall be responsible for its own costs, attorneys' fees and any other reasonable expenses incurred in connection with those legal proceedings.

Section 34 Counterparts

This Agreement may be executed in several counterparts, each of which shall be deemed to be an original having identical legal effect.

Section 35 Miscellaneous

35.1 NONDISCRIMINATION

To the extent applicable, the Lessee shall comply with the regulations for compliance with Title VI of the Civil Rights Act of 1964 (42 USC Section 2000d, et.seq.) and 23 CFR Section 710.405 (b).

Contracting: the Lessee shall not create barriers to open and fair opportunities for all businesses including MWBE's to participate in all State contracts and to obtain or compete for contracts and subcontracts as sources of supplies, equipment, construction, and services. In considering offers from and doing business with subcontractors and suppliers, the Lessee shall not discriminate on the basis of race, color, creed, religion, sex, age, nationality, marital status, or the presence of any mental, or physical disability in an otherwise qualified disabled person.

35.2 WORKERS RIGHT TO KNOW

Except where such matters are regulated by the FRA, Lessee shall comply with the requirements of WAC 296-62-054 of the State of Washington Department of Labor and Industries regarding worker awareness of hazardous substances in the work environment. WAC 296-62-054 requires among other things that all manufactures or distribution of hazardous substances must include with each delivery completed Material Safety Data Sheets (MSDS) for each hazardous material. Additionally, each container must be labeled with:

- The identity of the hazardous material
- Appropriate hazardous warnings, and
- Name and address of the chemical manufacture, importer, or other responsible Party.

Labor and Industries may levy appropriate fines against employers for noncompliance. It should be noted that OSHA Form 20 is not acceptable in lieu of this requirement unless it is modified to include appropriate information relative to “carcinogenic ingredients: and “routes of entry” of the product(s) in question.

35.3 FORCE MAJEURE

Neither Party shall be liable to the other or deemed in default under this Agreement if and to the extent that such Party’s performance of this Agreement is prevented by reason of force majeure. The term “force majeure” means an occurrence that is beyond the control of the Party affected and could not have been avoided by exercising reasonable diligence. Force majeure shall include acts of God, war, riots, strikes, fire, floods, epidemics, or other similar occurrences.

If either Party is delayed or its performance is prevented by force majeure, said Party shall provide written notification within forty-eight (48) hours. The notification shall provide evidence of the force majeure to the satisfaction of the other Party. Such delay shall cease as soon as practicable and written notification of same shall be provided. The time of completion for a requirement under this Agreement shall be extended by contract modification for a period of time equal to the time that the results or effects of such delay prevented the delayed Party from performing in accordance with this Agreement.

Section 36 Independent Contractor

The Lessee shall be deemed an independent contractor for all purposes and the employees of the Lessee, or any of its contractors, subcontractors, lessees, and the employees thereof, shall not in any manner be deemed the employees or agents of the Port. Lessee shall develop and maintain for the duration of this Agreement, a safety program that will effectively incorporate and implement all required safety provisions under state and federal law.

Section 37 Severability

If any term or provision hereof is or becomes invalid or unenforceable, the Lessee and the Port shall in good faith negotiate to replace the invalid or unenforceable term or provision with a term or provision which is valid and enforceable, and which comes as close as possible to expressing the intention of the invalid or unenforceable term or provision. The validity or enforceability of the remainder of the Agreement shall not be affected by the invalidity or unenforceability of any provision if

the remainder conforms to the terms and requirements of applicable law and the intent of this Agreement.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be duly executed under seal by their duly authorized representatives.

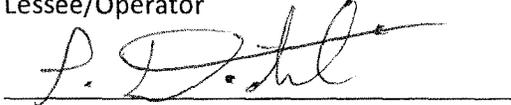
Port of Royal Slope



Alan Schrom, Commissioner
Chairman of the Board

Date: 2-12-16

Lessee/Operator



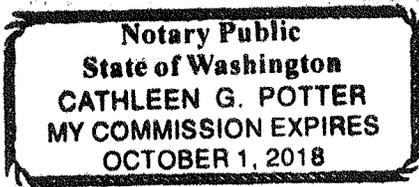
Paul Didelius, owner
WRL, LLC

Date: 2-12-2016

STATE OF WASHINGTON
COUNTY OF GRANT

I certify that I know or have satisfactory evidence that Alan Schrom signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledge it as the Chairman of the Port of Royal Slope, Grant Co. District No. 2 to be the free and voluntary act of such party for the uses and purposes mentioned in this instrument.

DATED: 2/12/16, 2016



Cathleen G. Potter
Signature

Cathleen G. Potter
Printed Name

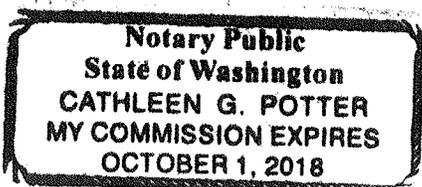
NOTARY PUBLIC _____
Title

My appointment expires: 10/01/18

STATE OF WASHINGTON
COUNTY OF GRANT

I certify that I know or have satisfactory evidence that Paul Didelius signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledge it as the Owner of WRL, LLC to be the free and voluntary act of such party for the uses and purposes mentioned in this instrument.

DATED: 2/12/16, 2016



Cathleen G. Potter
Signature

Cathleen G. Potter
Printed Name

NOTARY PUBLIC _____
Title

My appointment expires: 10/01/18

EXHIBIT A
Quit Claim Deeds - Grant & Adams

1351117 08/05/2015 10:52 AM QCD
Page 1 of 3 R 74.00 Grant Co, WA
DEPT TRANSPORTATION

AFTER RECORDING RETURN TO



ATTN: REAL ESTATE SERVICES
DEPARTMENT OF TRANSPORTATION
P.O. BOX 47338
OLYMPIA, WA 98504-7338

NO REAL ESTATE EXCISE TAX PAID

AFFIDAVIT No. 222964

Date 8.5.15 By D. Pheasant
DARRYL PHEASANT, Treasurer
Grant County, Washington

Document Title: Quitclaim Deed
Reference Number of Related Document: N/A
Grantor(s): State of Washington
Grantee(s): Port of Royal Slope
Legal Description: Ptn. Secs 12, 11, 10, 9, 6, 5, 4 & 3, T15N, R27 E, WM; Ptn. Sec 1, T15N, R26E, WM; and Ptn. Secs 36, 35, 34, 33, 32, 29, 20, 19, 17, 8 & 7, T16N, R2 E, WM
Additional Legal Description is on Pages 1 & 2 of document
Assessor's Tax Parcel Number: 160024002, 160080000, 160092000, 160125000, 160135000, 160139000, 160158001, 160168001, 160170001, 160172001, 160173001, 160174001, 161105001, 161106001, 161110001, 161112001, 161121001, 161123001, & 161125001

QUITCLAIM DEED

The STATE OF WASHINGTON acting by and through its DEPARTMENT OF TRANSPORTATION, Grantor, for and in consideration of the TERMS AND CONDITIONS SET FORTH IN SUBSTITUTE HOUSE BILL 1586, hereby conveys and quitclaims unto the PORT OF ROYAL SLOPE, Grantee, all right, title, and interest in and to the following described real property situated in Grant County, State of Washington:

All right, title and interest of the railroad real property, and including tracks, ties, ballast, bridges, culverts, fencing and any other improvements situated on railroad property, conveyed to the State of Washington, by Quit Claim Deed dated February 1, 1994, recorded October 28, 1994, under Auditor's File Number 941031004, being all of that portion of the former Chicago, Milwaukee, St. Paul & Pacific Railroad, as conveyed to Beverly-Royal Slope Port District by deed recorded May 26, 1983 and filed under Grant County Auditor's File Number 744602, in Book 425 of Deeds, pages 474 through 476, over, across and through the following sections:

Sections 12, 11, 10, 9, 6, 5, 4 and 3, all in Township 15 North, Range 27 East, W.M.; Section 1, Township 15 North, Range 26 East, W.M.; and Sections 36, 35, 34, 33, 32, 29, 20, 19, 17, 8 and 7, all in Township 16 North, Range 26 East, W.M., in Grant County, State of Washington. EXCEPT that portion of Section 7, Township 16 North, Range 26 East, W.M., not conveyed to the State of Washington, as set forth therein under Quit Claim Deed dated February 1, 1994, recorded October 28, 1994, under Auditor's File Number 941031004.

This conveyance is intended to convey the railroad real property as established by construction or usage or as described on the official Chicago, Milwaukee, St. Paul and Pacific railway right-of-way maps, together with the improvements thereon. Said lands herein conveyed are specifically depicted on those certain maps of definite location now of record and on file at the office of the Secretary of Transportation in Olympia, Washington.

Subject to all existing encumbrances, including easements, restrictions and reservations, if any.

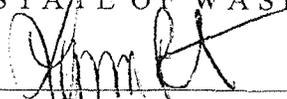
Also Subject to the terms and conditions set forth in SHB 1586 tasked by the legislature in the 2015 regular session and signed by the governor.

The Grantee, on behalf of themselves and its heirs, successors or assigns, as part consideration herein, do hereby agree to comply with all civil rights and anti-discrimination requirements of chapter 49.60 RCW as to the lands herein conveyed.

The lands herein described are not required for state highway purposes and are conveyed pursuant to the provisions of 47.76 RCW.

Dated at Olympia, Washington, this 29th day of July, 2015.

STATE OF WASHINGTON



Lynn Peterson
Secretary of Transportation



APPROVED AS TO FORM:

By: [Signature]
Assistant Attorney General

REVIEWED AS TO FORM:

Port of Royal Slope

By: [Signature]

Name: David Miller

Title: Chairman

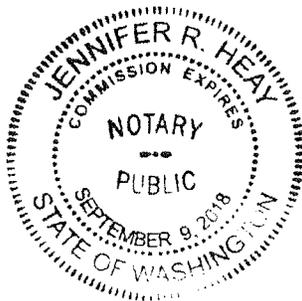
STATE OF WASHINGTON)

) : ss

County of Thurston)

On this 29th day of July, 2015, before me personally appeared Lynn Peterson, known to me as the Secretary of Transportation, Washington State Department of Transportation, and executed the foregoing instrument, acknowledging said instrument to be the free and voluntary act and deed of the State of Washington, for the uses and purposes therein mentioned, and on oath stated that she was authorized to execute said instrument.

Given under my hand and official seal the day and year last above written.



Jennifer R Heay
Notary (print name) Jennifer R Heay

Notary Public in and for the State of Washington, residing at Olympia

My Appointment Expires 9/9/2018



Quit Claim Deed
WA STATE DEPARTMENT OF TRANSPORTATION
Adams County Auditor, Heidi K. Hunt



AFTER RECORDING RETURN TO:

ATTN: REAL ESTATE SERVICES
DEPARTMENT OF TRANSPORTATION
P.O. BOX 47338
OLYMPIA, WA 98504-7338

EXEMPT

| | |
|------------------------|--------------------|
| EXCISE TAX | |
| Rec # | 30882 |
| Amnt Pd | EXEMPT |
| Date | 8-7-2015 |
| LAURA DANEKAS | |
| Adams County Treasurer | |
| By | <i>[Signature]</i> |

Document Title: Quitclaim Deed
 Reference Number of Related Document: N/A
 Grantor(s): State of Washington
 Grantee(s): Port of Royal Slope
 Legal Description: Ptn. Secs 9, 8, 6, & 5, T15N, R29E, WM; and Ptn. Secs 1, 12, 11, 10, 9, 8, & 7, T15N, R28E, WM
 Additional Legal Description is on Pages 1 & 2 of document
 Assessor's Tax Parcel Number: 1529030740739, 2100490300739, 2100490370739, 2100490740200, 2100492120243, 2100492250739, 2528070130739, 2528070230739, 2528080140740, 2528100110739, & 2529060440739

QUITCLAIM DEED

The STATE OF WASHINGTON acting by and through its DEPARTMENT OF TRANSPORTATION, Grantor, for and in consideration of the TERMS AND CONDITIONS SET FORTH IN SUBSTITUTUTE HOUSE BILL 1586, hereby conveys and quitclaims unto the PORT OF ROYAL SLOPE, a municipal corporation, Grantee, all right, title, and interest in and to the following described real property situated in Adams County, State of Washington:

All right, title and interest of the railroad real property, and including tracks, ties, ballast, bridges, culverts, fencing and any other improvements situated on railroad property, conveyed to the State of Washington, by Quit Claim Deed dated February 1, 1994, recorded October 28, 1994, under Auditor's File Number 236249, being all of that portion of the former Chicago, Milwaukee, St. Paul & Pacific Railroad, as conveyed to Beverly-Royal Slope Port District by deed recorded May 26, 1983 and filed under Adams County Auditor's File Number 197695, in Volume 98 of Deeds, pages 250 through 252, over, across and through the following sections:

Quit Claim Deed
WA STATE DEPARTMENT OF TRANSPORTATION
Adams County Auditor: Heidi K. Hunt



Sections 9, 8, 6 and 5, all in Township 15 North, Range 29 East, W.M.; and Sections 1, 12, 11, 10, 9, 8 and 7, all in Township 15 North, Range 28 East, W.M., in Adams County, State of Washington.

EXCEPT that portion of Farm Unit 45, Irrigation Block 49, according to the official Plat thereof, recorded with the Adams County Auditor, and also approximately thirty-two acres of non-railroad real property situated in the South one-half of the South one-half of the North one-half of Section 8, Township 15 North, Range 28 East, W.M., not conveyed to the State of Washington, as set forth therein under Quit Claim Deed dated February 1, 1994, recorded October 28, 1994, under Auditor's File Number 236249 in Volume 217, pages 713 and 714.

This conveyance is intended to convey the railroad real property as established by construction or usage or as described on the official Chicago, Milwaukee, St. Paul and Pacific railway right-of-way maps, together with the improvements thereon. Said lands herein conveyed are specifically depicted on those certain maps of definite location now of record and on file at the office of the Secretary of Transportation in Olympia, Washington.

Subject to all existing encumbrances, including easements, restrictions and reservations, if any.

Also Subject to the terms and conditions set forth in Substitute House Bill 1586 tasked by the legislature in the 2015 regular session and signed by the governor.

The Grantee, on behalf of themselves and its heirs, successors or assigns, as part consideration herein, do hereby agree to comply with all civil rights and anti-discrimination requirements of chapter 49.60 RCW as to the lands herein conveyed.

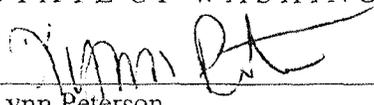
The lands herein described are not required for state highway purposes and are conveyed pursuant to the provisions of 47.76. RCW.

Quit Claim Deed
WA STATE DEPARTMENT OF TRANSPORTATION
Adams County Auditor: Heidi K. Hunt



Dated at Olympia, Washington, this 29th day of July, 2015.

STATE OF WASHINGTON

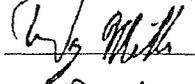

Lynn Peterson
Secretary of Transportation

APPROVED AS TO FORM:

By: 
Assistant Attorney General

REVIEWED AS TO FORM:

Port of Royal Slope

By: 

Name: David Miller

Title: Chairman

Quit Claim Deed
WA STATE DEPARTMENT OF TRANSPORTATION
Adams County Auditor, Heidi K. Hunt



STATE OF WASHINGTON)

): ss

County of Thurston)

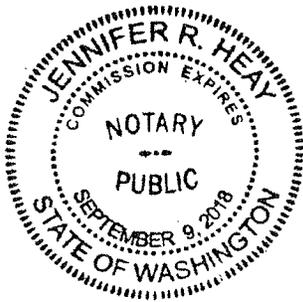
On this 29th day of July, 2015, before me personally appeared Lynn Peterson, known to me as the Secretary of Transportation, Washington State Department of Transportation, and executed the foregoing instrument, acknowledging said instrument to be the free and voluntary act and deed of the State of Washington, for the uses and purposes therein mentioned, and on oath stated that she was authorized to execute said instrument.

Given under my hand and official seal the day and year last above written.

Jennifer R Heay
Notary (print name) Jennifer R Heay

Notary Public in and for the State of Washington, residing at Olympia

My Appointment Expires 9/9/2018



operated over the line since 1998.

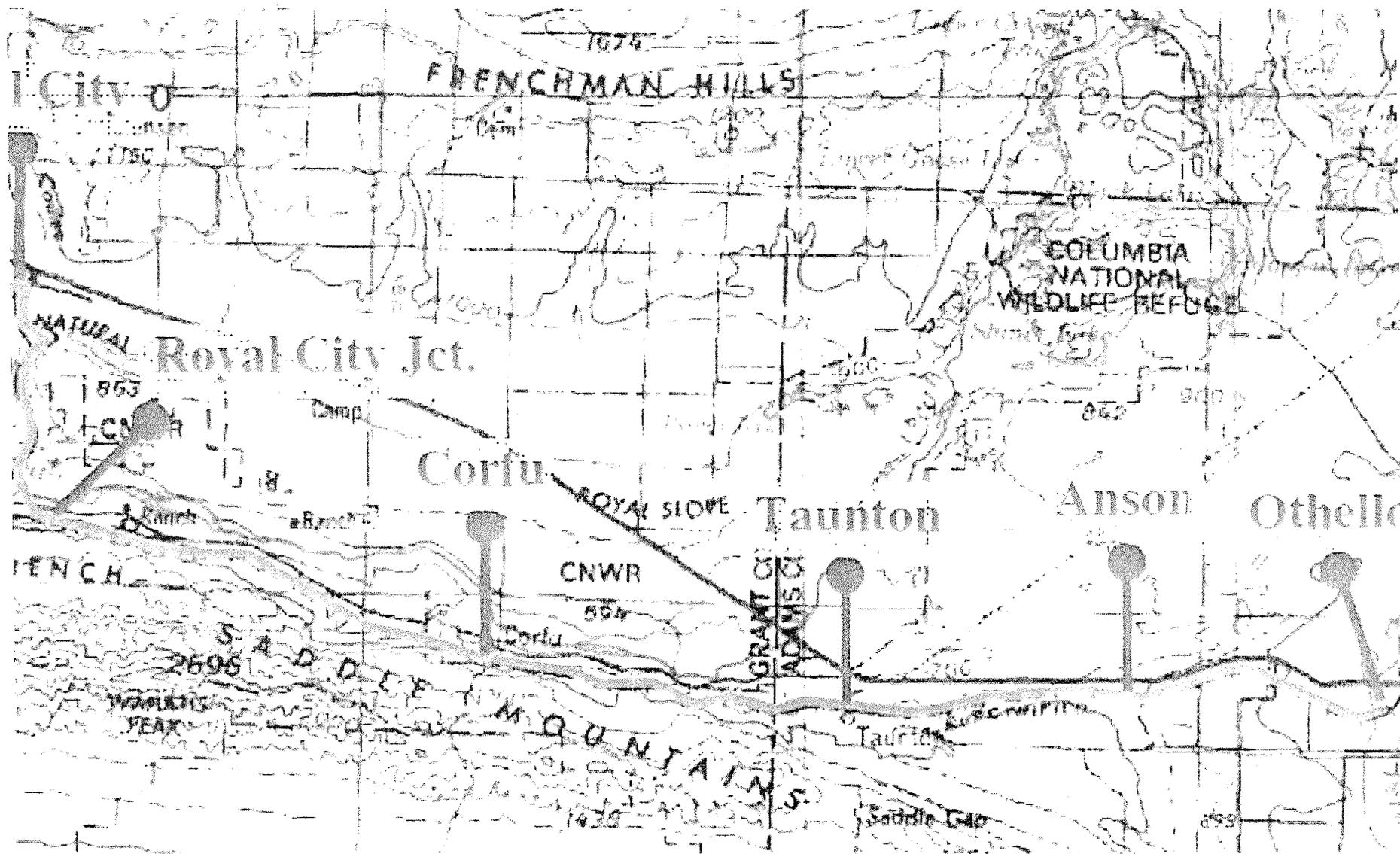


EXHIBIT B
Map of Royal Slope RR

Figure 6 – Map of Royal Slope Railroad with rail line traced in orange

116 (Mile Post (MP) 1000) to Anson (MP 1002) the line runs through

Exhibit D

WRL Insurance Certificate



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

4/22/2016

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

| | | |
|--|--|---------------|
| PRODUCER Borden Perlman Salisbury & Kelly d/b/a McRail P. O. Box 243 New Bethlehem PA 16242 | CONTACT NAME: Laura Keen | |
| | PHONE (A/C. No. Ext): _____ FAX (A/C. No.): _____ E-MAIL ADDRESS: laura@mcrail.com | |
| INSURED WRL, LLC 396 Grain Terminal Road Burbank WA 99323 | INSURER(S) AFFORDING COVERAGE | NAIC # |
| | INSURER A: Arch Specialty Insurance Company | 21199 |
| | INSURER B: Liberty Surplus Insurance | 10725 |
| | INSURER C: | |
| | INSURER D: | |
| | INSURER E: | |
| INSURER F: | | |

COVERAGES **CERTIFICATE NUMBER:** CL1642225695 **REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

| INSR LTR | TYPE OF INSURANCE | ADDL. SUBR. INSD. / WVD. | POLICY NUMBER | POLICY EFF (MM/DD/YYYY) | POLICY EXP (MM/DD/YYYY) | LIMITS |
|----------|--|--------------------------|---------------|-------------------------|-------------------------|---|
| A | <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input checked="" type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> OCCUR <input checked="" type="checkbox"/> Railroad Liability | X | SLR0056077-02 | 10/1/2015 | 10/1/2016 | EACH OCCURRENCE \$ 10,000,000 |
| | GEN'L AGGREGATE LIMIT APPLIES PER: <input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PROJECT <input type="checkbox"/> LOC OTHER: | | | | | DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 50,000 |
| | | | | | | MED EXP (Any one person) \$ |
| | | | | | | PERSONAL & ADV INJURY \$ INCLUDED |
| | | | | | | GENERAL AGGREGATE \$ 20,000,000 |
| | | | | | | PRODUCTS - COM/OP AGG \$ INCLUDED |
| | | | | | | \$ |
| | AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON-OWNED AUTOS | | | | | COMBINED SINGLE LIMIT (Ea accident) \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$ |
| B | <input checked="" type="checkbox"/> UMBRELLA LIAB <input type="checkbox"/> OCCUR <input checked="" type="checkbox"/> EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE | X | XSNY408922-3 | 10/1/2015 | 10/1/2016 | EACH OCCURRENCE \$ 15,000,000 |
| | <input type="checkbox"/> DED <input type="checkbox"/> RETENTION \$ | | | | | AGGREGATE \$ 30,000,000 |
| | WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below | Y/N | N/A | | | <input type="checkbox"/> PER STATUTE <input type="checkbox"/> OTHER E.L. EACH ACCIDENT \$ E.L. DISEASE - EA EMPLOYEE \$ E.L. DISEASE - POLICY LIMIT \$ |

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)
 Port of Royal Slope is included as an additional insured by only with respect to liability arising out of the operations of and or facilities owned or used by the named insured.

| | |
|--|--|
| CERTIFICATE HOLDER Port of Royal Slope PO Box 147 Royal City, WA 99357 | CANCELLATION SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. AUTHORIZED REPRESENTATIVE Robert McCarthy/SDR <i>Robert McCarthy</i> |
|--|--|

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VERIFICATION AND CERTIFICATE OF COMPLIANCE

I, Paul Didelius, declare under penalty of perjury that I am the Owner of WRL, LLC, that I have read the foregoing Application for a Modified Rail Certificate, know the facts asserted therein, and that the foregoing is true and correct. Further, I verify that I am qualified and authorized to file this notice.

I also hereby certify that WRL, LLC's projected annual revenues will not as a consequence of this transaction result in WRL, LLC becoming a Class II or Class I rail carrier, and that WRL, LLC's projected annual revenue for the lines to be operated pursuant to this notice, combined with WRL, LLC's projected annual revenue from other operations, do not exceed \$5 million dollars.



Paul Didelius
Owner, WRL, LLC

Dated: 9-22, 2016

CERTIFICATION OF SERVICE

I, James H. M. Savage, an attorney-at-law of the District of Columbia, certify that I have served this day by electronic mail a true copy of the application of WRL, LLC for a modified certificate of public convenience and necessity in STB Finance Docket No. 36002 upon the following persons:

Cathy Potter
Executive Director
Port of Royal Slope
P O Box 147
4975 Road 13.5 SW
Royal City, WA 99357
portofroyal@centurytel.net
Voice: (509) 346-2317

and

Anna Franz
Lemargie Kenison Franz and Whitaker
107 D Street NW / PO Box 965
Ephrata, WA 98823
Voice: (509) 754-2493
E-mail: afranz@basinlaw.com
Counsel for Port of Royal Slope


James H. M. Savage
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