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ORIGINAL



August 28, 2007

Hon. Vernon A. Williams
Secretary
Surface Transportation Board
395 E Street, SW
Washington, DC 20423

220176

ENTERED
Office of Proceedings
AUG 30 2007
Part of
Public Record

Dear Secretary Williams:

This refers to Finance Docket No. 35073, Northwestern Pacific Railroad Company—Change in Exemption—Northcoast Railroad Authority, Sonoma-Marine Area Rail Traffic District, and Northwestern Pacific Railway, LLC.

This firm represents Baywood Partners, Inc. of Santa Rosa, California (“Baywood”). On December 19, 1989, Baywood purchased a spur from Northwestern Pacific Railroad Company (“NWPR”) in or near Petaluma, California, and in conveying the property to Baywood, NWPR deeded to Baywood approximately 1,000 feet of its main line track. Copies of the deed, policy of title insurance and an aerial photograph are attached as Exhibits 1-3.

Baywood acquired the realty without any intent to become a railroad. It has not held itself out to render railroad service, and in no way has interfered with – nor does it intend to interfere with -- the railroad operations of the NWPR or its successors in interest.

Nevertheless, the applicant, Northwestern Pacific Railroad Company, is proposing to operate over realty not owned by the North Coast Railroad Authority. Baywood, accordingly, asks that, pursuant to 49 U.S.C. 10901(c), if the Board were to approve the proposed transaction, its approval be conditioned to require the North Coast Railroad Authority and/or the Northwestern Pacific Railroad Company to negotiate with Baywood to arrive at a reasonable rental charge for their use of the Baywood property, failing which the matter would be subject to binding arbitration under terms and conditions to be agreed upon by the parties.

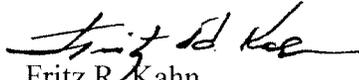
Hon Vernon A. Williams
August 28, 2007
Page Two

Ten copies of this letter are enclosed for you to circulate if required. An additional copy of the letter is enclosed for you to stamp to acknowledge your receipt of it and to return to me in the enclosed stamped and self-addressed envelope.

I certify that I have served this letter upon Northwestern Pacific Railroad Company by facsimile transmitting and mailing by prepaid first-class mail copies of it to its counsel, Robert A. Wimbish, Esq., and Douglas H. Bosco, Esq.

Dated at Washington, DC, this 28th day of August 2007.

Sincerely yours,


Fritz R. Kahn

Enc.

Cc: Robert A. Wimbish, Esq.
Douglas H. Bosco, Esq.

Exhibit 1

RECORDING REQUESTED BY

90011209

3

AND WHEN RECORDED MAIL TO

Name
Street
Address
City
State
Zip

BAYWOOD PARTNERS, INC.
799 Baywood
Petaluma, CA 94952

RECORDED AT REQUEST OF
FIRST AMER
JAN 31 1990 2pm
OFFICE OF THE CLERK
SONOMA COUNTY CALIF.
[Signature]

SPACE ABOVE THIS LINE FOR RECORDER'S USE

AP# 065-060-0

GRANT DEED

DOCUMENTARY TAX
DECLARATION FILED

NORTHWESTERN PACIFIC RAILROAD COMPANY, a California corporation, Grantor, hereby grants to BAYWOOD PARTNERS, INC., a California corporation, Grantee, that certain real property situated at or near Petaluma, County of Sonoma, State of California, and more particularly described in Exhibit "A" attached and hereby made a part hereof.

Grantor excepts from the Property hereby conveyed and reserves unto itself, its successors and assigns, all minerals and mineral rights, interests, and royalties, including without limiting the generality thereof, oil, gas and other hydrocarbon substances, as well as metallic or other solid minerals, in and under the Property; however, Grantor or its successors and assigns, shall not have the right for any purpose whatsoever to enter upon, into or through the surface of the Property in connection therewith.

This grant is made subject to easements, covenants, conditions, reservations and restrictions of record; any matter which would be disclosed by survey, investigation or inquiry; and any tax, assessment or other governmental lien against said property.

IN WITNESS WHEREOF, Grantor has caused these presents to be executed in duplicate this 19th day of DECEMBER, 1989.

NORTHWESTERN PACIFIC RAILROAD COMPANY

By: [Signature]
Title: Its Vice President

Attest: [Signature]
Title: ASSISTANT SECRETARY

BAYWOOD .RLM
cmm121889

STATE OF CALIFORNIA }
City and County of San Francisco

On this 19th day of December in the year One Thousand Nine Hundred and Eighty Nine before me, KAREN MONTGOMERY, a Notary Public in and for the City and County of San Francisco, State of California, personally appeared

W. E. Curtis and B. J. Medina



known to me (or proved to me on the basis of satisfactory evidence) to be the Vice President and Assistant Secretary of the corporation described in and that executed the within instrument, and also known to me to be the persons who executed it on behalf of the corporation therein named and the acknowledged to me that such corporation executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal on my office in the City and County of San Francisco, the day and year in this certificate first above written.

Karen Montgomery
Notary Public in and for the City and County of San Francisco, State of California.

Corporation

My commission Expires January 6, 1992

90011209

90011209

fhc
12-14-89

EXHIBIT "A"

A strip or parcel of land situated in the City of Petaluma, County of Sonoma, State of California described as follows:

All of that certain 60 foot wide strip of land thirdly described in deed dated May 14, 1908, from the McNear Company to Northwestern Pacific Railroad Company, recorded June 15, 1908, in Book 249 of Deeds, Page 145, Deed Records of said County, described therein as follows:

"Also a tract of land Sixty (60) feet in width, being Thirty (30) feet on each side of the center line of the Northwestern Pacific Railroad Company's railroad as the same is now constructed, and extending from the Westerly line of land formerly owned by T. M. Chapman to the Easterly line of land formerly owned by Thos. Costello, meaning to convey all the interest any of said parties of the first part may have."

Excepting from the above described 60 foot wide strip of land, all of the 2.75 acre parcel of land described in deed dated April 3, 1935, from Northwestern Pacific Railroad Company to A. Sartori, described therein as follows:

"BEGINNING at the intersection of the center line of the constructed track of the Northwestern Pacific Railroad Company with the westerly line of land now or formerly owned by T. M. Chapman, said point also being at or near engineer station 60 plus 96; thence southerly along the said westerly line of land of T. M. Chapman to a point on the southerly right of way line of the

90011209

Northwestern Pacific Railroad Company, said point being 30 feet southerly, radially from the said center line of constructed track; thence westerly along said southerly right of way line parallel to said center line of constructed track to a point which is 30 feet southerly at right angles from the said center line of constructed track at or near Engineer's station 41 plus 00; thence northerly at right angles 60 feet to a point on the northerly right of way line of the Northwestern Pacific Railroad Company, said point being 30 feet northerly at right angles from the said center line of constructed track; thence easterly along said northerly right of way line parallel to said center line of constructed track to a point on the said westerly line of land of T. M. Chapman; thence southerly along said westerly line to the point of beginning, containing 2.75 acres, more or less."

E N D O F D O C U M E N T

Exhibit 2



Form No. 1402
(10/21/87)
ALTA Owner's Policy

POLICY OF TITLE INSURANCE



ISSUED BY

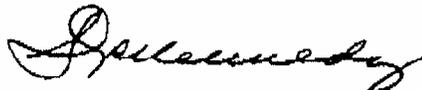
First American Title Insurance Company

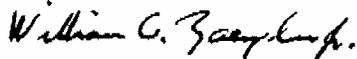
SUBJECT TO THE EXCLUSIONS FROM COVERAGE, THE EXCEPTIONS FROM COVERAGE CONTAINED IN SCHEDULE B AND THE CONDITIONS AND STIPULATIONS, FIRST AMERICAN TITLE INSURANCE COMPANY, a California corporation, herein called the Company, insures, as of Date of Policy shown in Schedule A, against loss or damage, not exceeding the Amount of Insurance stated in Schedule A, sustained or incurred by the insured by reason of:

1. Title to the estate or interest described in Schedule A being vested other than as stated therein;
2. Any defect in or lien or encumbrance on the title;
3. Unmarketability of the title;
4. Lack of a right of access to and from the land.

The Company will also pay the costs, attorneys' fees and expenses incurred in defense of the title, as insured, but only to the extent provided in the Conditions and Stipulations.

First American Title Insurance Company

BY  PRESIDENT

ATTEST  SECRETARY

H 450375

F.A. Son 91150-MM

Form No. 1402(6/87)
ALTA Owner's Policy
Schedule A

SCHEDULE A

Policy No.: H-450375

Amount of Insurance: \$93,000.00

Premium \$290.00

Date of Policy: January 31, 1990 at 2:00 p.m.

1. Name of Insured:

BAYWOOD PARTNERS, INC.

2. The estate or interest in the land which is covered by this policy is:

A FEE

3. Title to the estate or interest in the land is vested in:

**BAYWOOD PARTNERS, INC., a
California corporation**

4. The land referred to in this policy is situated in the City of Petaluma, County of Sonoma, State of California, and is described as follows:

All that certain 60 foot wide strip of land thirdly described in deed dated May 14, 1908, from the McNear Company to Northwestern Pacific Railroad Company, recorded June 15, 1908 in Book 249 of Deeds, page 145, Sonoma County Records, described therein as follows:

"Also a tract of land 60 feet in width, being 30 feet on each side of the centerline of the Northwestern Pacific Railroad Company's railroad as the same is now constructed, and extending from the Westerly line of land formerly owned by T.M. Chapman to the Easterly line of land formerly owned by Thos Costello, meaning to convey all the interest of said parties of the first part."

Excepting from the above described 60 foot wide strip of land, all of the 2.75 acre parcel of land described in deed dated April 3, 1935 from Northwestern Pacific Railroad Company to A. Sartori, described therein as follows:

Cont'd

F.A. Son 91150-MM

"Beginning at the intersection of the centerline of the constructed track of the Northwestern Pacific Railroad Company with the westerly line of the land now or formerly owned by T.M. Chapman, said point also being at or near Engineer's Station 60 plus 96; thence Southerly along the said Westerly line of land of T. M. Chapman to a point on the Southerly right of way line of the Northwestern Pacific Railroad Company, said point being 30 feet Southerly, radially from the said centerline of constructed track; thence westerly along said southerly right of way line parallel to said centerline of constructed track to a point which is 30 feet southerly at right angles from the said centerline of constructed track at or near Engineer's Station 41 plus 00; thence northerly at right angles 60 feet to a point on the northerly right of way line of the Northwestern Pacific Railroad Company, said point being 30 feet northerly at right angles from the said centerline of constructed track; thence easterly along said northerly right of way line parallel to said centerline of constructed track to a point on the said Westerly line of land of T.M. Chapman; thence southerly along said westerly line to the point of beginning.

A.P. No.: 5-060-9

pv/clfeb

F.A. Son 91150-MM

Form No. 1402-C
ALTA Standard Policy
Western Region

SCHEDULE B

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) which arise by reason of:

PART I**SECTION 1**

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records.
2. Any facts, rights, interests, or claims which are not shown by the public records but which could be ascertained by an inspection of said land or by making inquiry of persons in possession thereof.
3. Easements, claims of easement or encumbrances which are not shown by the public records.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by public records.
5. Unpatented mining claims; reservations or exceptions in patents or in Acts authorizing the issuance thereof; water rights, claims or title to water.
6. Any lien, or right to a lien, for services, labor or material theretofore or hereafter furnished, imposed by law and not shown by the public records.

SECTION 2

1. **GENERAL AND SPECIAL** County and City taxes for the fiscal year: 1989-90,

The herein described parcel is taxed by the State Board of Equalization on the unsecured tax roll. Estimates are not obtainable at this time.

(A.P. No.: 005-060-0)

2. **THE LIEN, IF ANY, OF SUPPLEMENTAL TAXES** assessed pursuant to Chapter 3.5, Commencing with Section 75 of the California Revenue and Taxation Code.

3. **RIGHTS OF THE PUBLIC** in common with the Vestee herein to use any portion of said land that lies within the boundaries of any public road or highway.

F.A. Son 91150-MM

4. **EASEMENT** over the herein described property, as granted
To: City of Petaluma
Recorded: December 22, 1969
Book 2436 of Official Records at page 175, Records of Sonoma
County, California.

Grants Easement for the right to construct, reconstruct,
maintain and operate a two inch waterpipe within a six inch
casing.

5. **EASEMENT** over the herein described property, as granted
To: City of Petaluma, a municipal corporation of the
State of California
Recorded: December 22, 1969
Book 2436 of Official Records at page 183, Records of Sonoma
County, California.

Grants Easement for the right to construct, reconstruct,
maintain and use a street or highway.

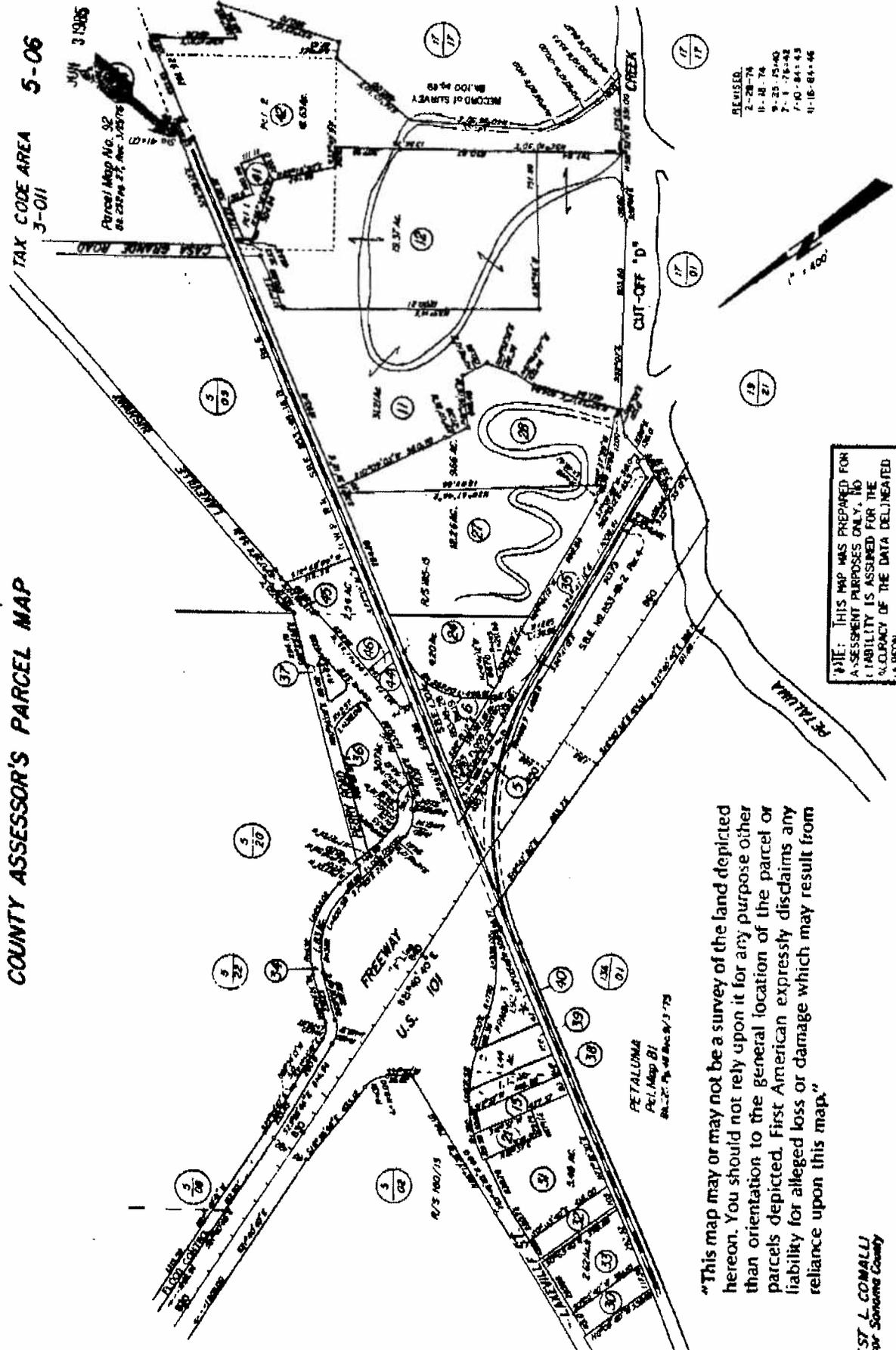
6. **EASEMENT** over the herein described property, as granted
To: City of Petaluma, a municipal corporation of the
State of California
Recorded: September 13, 1973
Book 2799 of Official Records at page 965, Records of Sonoma
County, California.

Grants Easement for the right to construct, reconstruct,
maintain and operate a longitudinal thirty-six inch forced sewer
main, together with two undertrack crossings.

7. Discrepancies, conflicts in boundary lines, shortage in
area, encroachments, or any other facts which a correct survey
would disclose, and which are not shown by the public record.

COUNTY ASSESSOR'S PARCEL MAP

TAX CODE AREA 5-06
3-011



"This map may or may not be a survey of the land depicted hereon. You should not rely upon it for any purpose other than orientation to the general location of the parcel or parcels depicted. First American expressly disclaims any liability for alleged loss or damage which may result from reliance upon this map."

NOTE: THIS MAP WAS PREPARED FOR ASSESSMENT PURPOSES ONLY. NO LIABILITY IS ASSURED FOR THE ACCURACY OF THE DATA DELINEATED THEREON.

- REVISED:
- 2-28-74
 - 11-18-74
 - 9-23-75
 - 7-1-76
 - 7-10-81
 - 11-16-84

WEST L. COMALLI
ASSOR Sonoma County

Exhibit 3

Brelje & Race
 ENGINEERS ARCHITECTS PLANNERS
 10000 BAYVIEW BLVD
 SUITE 1000
 SAN DIEGO, CA 92121
 P: 619 576 1322
 F: 619 576 0489
 www.brar.com

PROJECT NAME
 LONG NAME SPACE
 EXTRA LONG NAME

FACILITY NAME
 NUMBER, STREET
 CITY OR COUNTY, CALIFORNIA

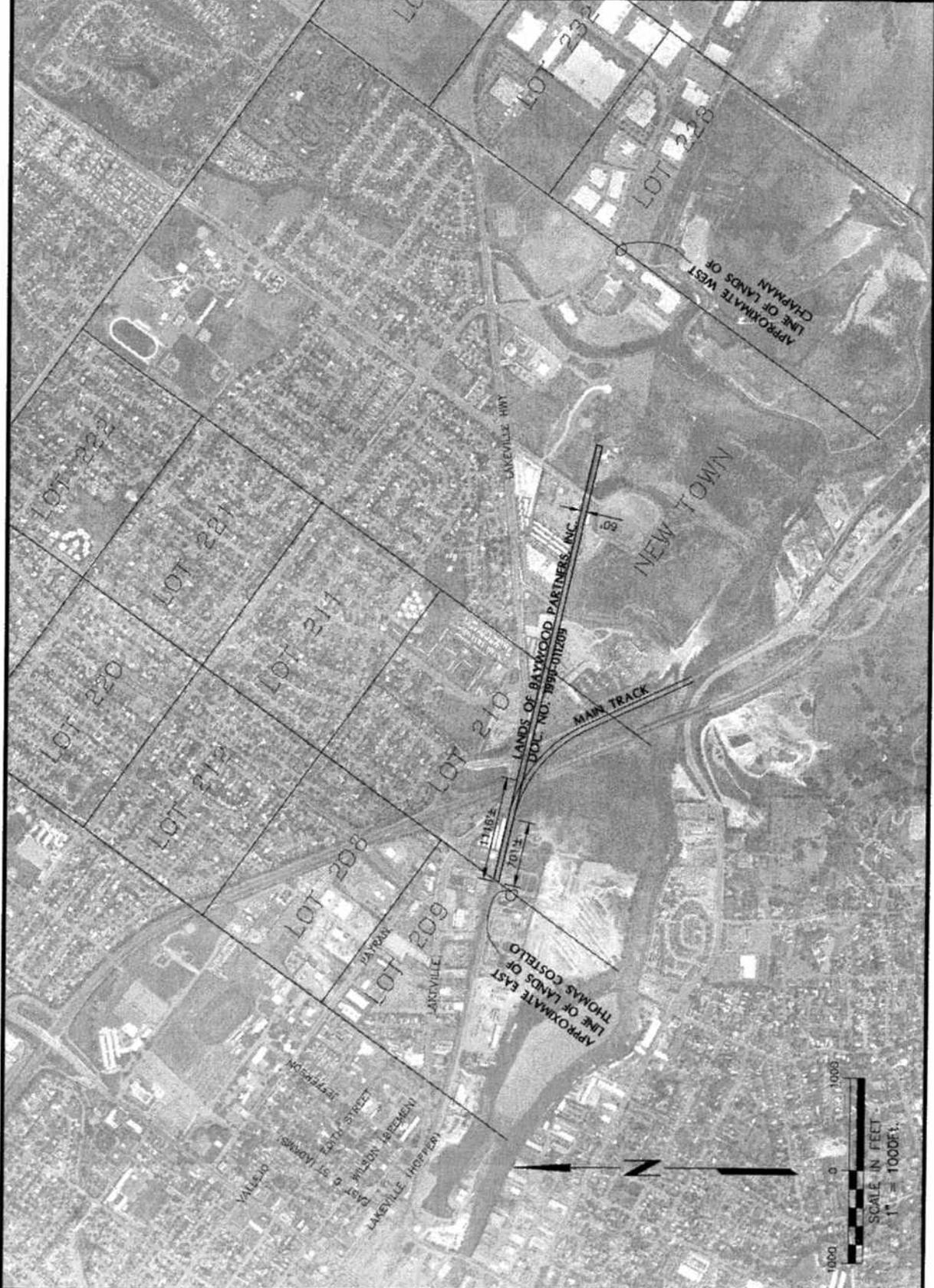
NO. DATE
 NO. DATE
 NO. DATE

BY A LICENSED PROFESSIONAL ENGINEER OR ARCHITECT
 THIS PLAN IS VALID FOR PERMITS
 ISSUED AT A SPECIFIED SCALE WHICH
 IS A REQUIREMENT OF REGULATORY
 AGENCIES

JOB NO. DATE
 SHEET NO. DATE 2007
 DRAWN BY CHECKED BY

SHEET TITLE
 MORE TITLE SPACE
 VERY LONG TITLE
 SUPER LONG TITLE

SHEET NO.
 1 of 1



DATE: 06/28/07
 DRAWN BY: [Name]
 CHECKED BY: [Name]