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February 13, 2004

Vernon A. Williams, Secretary
Surface Transportation Board
1925 K Street, N.W.
Washington, D.C. 20423

Re: STB Docket No. AB-55 (Sub-No. 568X)
CSX Transportation, Inc. – Abandonment
Exemption in Franklin County, Pennsylvania

ENTERED
Office of Proceedings

FEB 17 2004

Part of
Public Record

Dear Mr. Williams:

In response to the Board's Order of January 16, 2004, we submit the enclosed affidavit with attachments concerning our request in the pending matter. Please file the original and 9 copies and return one stamped copy to me in the envelope provided.

Very truly yours,



THOMAS J. FINUCANE
Borough Solicitor

ENTERED
Office of Proceedings

FEB 17 2004

Part of
Public Record



AFFIDAVIT

STATE OF PENNSYLVANIA)
)
COUNTY OF FRANKLIN)

SS.

Eric Oyer, Manager for the Borough of Chambersburg, Pennsylvania, being duly sworn according to law, deposes and states the following:

1. I am the Borough Manager of the Borough of Chambersburg.
2. There are three segments included in the 1.9 mile section of track in the Borough that was the subject of the Board's NITU decision of March 9, 1999 referred to at STB Docket No. AB-55 (Sub-No. 568X).
3. The first segment is the one at issue in the pending matter (Fourth Street to Main Street)("Segment 1").
4. **If the Segment 1 includes the actual street crossing at Main Street then the Borough hereby withdraws its opposition to the Foxes requests.**
5. Segment 3 (from South Street to Commerce Street) has already been disposed of (as a rails-to-trails section owned by the Borough subject to the rail banking requirements).
5. Between the 1st and 3rd segments is "Segment 2.". The Foxes submitted an OFA for this segment but have not, we understand, paid the agreed amount required. The Foxes, as well as others, own some land adjacent to the second segment. The land adjacent to Segment 2 is the "Old Land". The Foxes we understand are trying to market their portion of the Old Land for sale as an industrial park (referred to in their filings in the pending matter).
6. The Foxes (or their controlled company) purchased the land adjacent to the Segment 1 (the "New Land").
7. The track on the Segment 1 can serve both the Old and New Lands.

8. The State entered into an agreement with CSXT a copy of which has already been submitted (the "State Agreement"). Under the terms of the State Agreement the Borough or other public entity was to acquire Segment 1. The Borough made a written offer to purchase (already provided) which the railroad declined to act on the offer while the Fox OFA requests related to the Segment 1 were pending before the Board.

9. If the Borough's request is approved then there is a force account (set up with Federal money under the State Agreement) which will pay the market value of Segment 1 to CSXT.

10. The Borough's intent, as the municipal corporation covering Segment 1, to make it available to shippers on the New Land and the Old Land, subject to reasonable agreements.

11. Since the Foxes intend to sell the Old Land (and since other owners about the Old Land) then it is in the public interest that rail service be available to such Old Land.

12. If the Foxes OFA is successful for Segment 1 then they may choose not to serve the Old Land (or for that matter, even the New Land, if such land is later sold by the Foxes or their corporation, to others).

13. The Foxes are not and have not been Shippers on Segment 1 or 2.

14. The Borough has experience in owning rail trackage. In 1994 there was a federally funded project to create a rail connection in Chambersburg between CSXT and Con Rail. The land was acquired by the Borough, there was a construction contract to provide for the rail connection (called the "Miracle Mile"), and the Borough entered into a lease agreement, which is still in effect, with the local area development corporation ("CADC"). Copies of the implementing agreements are attached as Exhibits "A" (the lease), B (federal agreement on trackage) and "C" (construction agreement).

15. The Borough has the financial ability to own the track and its responsibilities having in excess of 4 million dollars in a self-insurance fund and a bond rating of Aaa (Moody's).



Eric Oyer, Manager
Borough of Chambersburg

Sworn and subscribed to before me
this 13th day of February, 2004


Notary Public

Notarial Seal
Thomas J. Finucane, Notary Public
Chambersburg Boro, Franklin County
My Commission Expires Mar. 15, 2004
Member, Pennsylvania Association of Notaries

LEASE AGREEMENT

THIS Lease Agreement is made between the Mayor and Town Council of the Borough of Chambersburg, 100 S. Second Street, Chambersburg, Pennsylvania ("the Borough"), and Chambersburg Industrial Track, Inc., a Pennsylvania nonprofit corporation, and its office at 75 S. Second Street, Chambersburg, Pennsylvania, 17201 ("CIT").

This Lease Agreement is made within the following background:

- a. As part of its development plan for the Chambers-5 Business Park in the Borough of Chambersburg, Franklin County, Pennsylvania, Chambersburg Area Development Corporation ("CADC"), through the Borough of Chambersburg's cooperation and participation, has brought about the construction and operation of an Industrial Lead Track ("Lead") through the park connecting the CSX Transportation, Inc. railroad tracks on the east with those of Consolidated Rail Corporation on the west. Under terms of the use of the federal money grants for construction of the Lead, this must remain in Borough ownership for at least 10 years.
- b. The Borough has entered into certain agreements with Consolidated Rail Corporation and CSX Transportation, Inc. concerning the construction of certain facilities on either end of the railroad track at or about the respective railroads right-of-way, as well as for giving those railroad companies the right to operate on the Lead, the primary purpose of which is to offer freight shipping facilities to industries located in the Chambers-5 Business Park.
- c. Chambersburg Area Development Corporation has entered into an agreement with the Borough dated as of August 1, 1993, approved by the Borough on August 11, 1993, to which a Rider Agreement was made as of January 15, 1994, whereby the Borough undertook certain responsibilities with regard to the construction of the Lead as a required participant therein, upon the financial undertaking of CADC to indemnify and save the Borough harmless from net financial responsibility for the expenses of that project, whereby it was agreed that after construction was completed, CADC, or a corporation to be established by CADC, would lease the Lead from the Borough for the requisite 10 year holding period, after which ownership of the Lead would become vested in that corporation without payment of additional consideration.

Exhibit A

- d. CADC has caused to be incorporated a nonprofit corporation whose name is Chambersburg Industrial Track, Inc. with its initial registered office at 75 S. Second Street, Chambersburg, Pennsylvania, 17201, which entity is one of the parties hereto, and whose purpose is "to manage and operate an industrial railroad siding within the Chambers-5 Business Park in Chambersburg and Guilford Township, Franklin County, Pennsylvania." By virtue of its bylaws, it has but one member, CADC, who will enter into an agreement with it providing for all funding for the operations of CIT.
- e. It is the intention of this Lease Agreement to provide CIT with the leasehold authority and responsibility for operating the Lead independently of the Borough during such time as the Borough is vested with the ownership of the Lead, which was originally contributed to the Borough by CADC for the railroad project. Such project envisions the enhancement of employment and real estate values within the Borough and the beginning of efforts to modify CSX operations by removing traffic on its existing tracks through the downtown area.

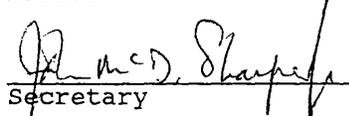
NOW, THEREFORE, the parties hereby agree, intending to be legally bound hereby, as follows:

1. The Borough hereby leases to CIT for a term of 10 years, effective upon the approval of this lease: ALL that certain tract, now improved with railroad tracks, which are wholly within the Borough of Chambersburg, Franklin County, Pennsylvania, containing 10.96 acres and bounded and limited in accordance with Borough Plan RE-816, being the same tract previously conveyed to the Borough under date of March 1, 1994, and recorded in Franklin County Deed Book Vol. 1209, Page 605.
2. The use of this tract shall be limited to operation thereof for movement of traffic of the involved railroads thereon and operation of a public crossing at Nitterhouse Drive, previously approved by the Public Utility Commission.
3. CIT will have full authority to regulate the use of railroad traffic on the Lead and, to the full extent of its contractual ability to do so, may establish tariffs, which tariffs shall be used solely for the operation of the corporation and the maintenance, repair, replacement, and renewal of the Lead. The Borough shall have no obligation nor authority with respect to the operation of the corporation or the Lead, except as otherwise herein provided.

4. CIT is entering into arrangements with CADC for additional funding for future maintenance, repair, replacement, and renewal of the Lead, which it expects to be adequate under all the circumstances.
5. The Borough does not expect any rental income from this Lease Agreement, nor does it obligate itself in any manner to provide financial assistance to the operation of the Lead for the purposes intended. This Agreement is not intended to supersede the referred to Agreement between the Borough and CADC but is complementary to it. In the event of any conflict between this agreement and the earlier agreement with CADC, the earlier agreement shall control.
6. CIT will indemnify and save harmless the Borough from any damage it incurs arising out of any claim, action or suit that charges the Borough with financial responsibility because it owns the Lead.
7. At the end of the 10th year of this Agreement, CIT shall have the obligation to purchase the real estate above described for the purpose of operating the Lead free and clear of any interest of the Borough's ownership, the only consideration therefore being that CIT will pay for all direct costs of such acquisition.

WITNESS the execution of this Agreement by the respective parties as of the date approved by the Borough, the action of the Borough being authorized by virtue of resolution duly passed at a regularly called meeting of Town Council on the 13TH day of September, 1995. '

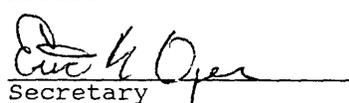
ATTEST:


Secretary

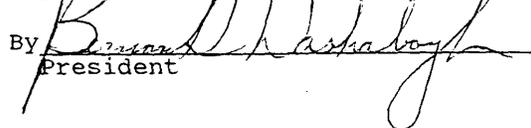
CHAMBERSBURG INDUSTRIAL
TRACK, INC.

By 
President

ATTEST:


Secretary

MAYOR AND TOWN COUNCIL OF THE
BOROUGH OF CHAMBERSBURG

By 
President

CHAMBERSBURG AREA DEVELOPMENT CORPORATION joins in the above agreement to evidence its intent to adhere to the provisions of

the AGREEMENT OF COOPERATION AND INDEMNIFICATION made as of August 1, 1993, with RIDER as of 15th day of January, 1994, between it, assenting to the Borough's leasing of the Lead to CIT.

ATTEST:

CHAMBERSBURG AREA DEVELOPMENT CORPORATION

J.D. Sharpe
(Asst) Secretary

By [Signature]
President

COMMONWEALTH OF PENNSYLVANIA :
: SS
COUNTY OF FRANKLIN :

On this 1 day of Sept, 1995, before me, the undersigned officer, personally appeared David Y. Salamone, who acknowledged himself to be the President of Chambersburg Industrial Track, Inc. and that he as such President, being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of the Corporation by himself as President.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

NOTARIAL SEAL
ARLENE B. OTT, NOTARY PUBLIC
CHAMBERSBURG, PA. FRANKLIN CO.
MY COMMISSION EXPIRES MAY 30, 1998

[Signature]
Notary Public

COMMONWEALTH OF PENNSYLVANIA :
: SS
COUNTY OF FRANKLIN :

On this 15th day of September, 1995, before me, the undersigned officer, personally appeared BERNARD L. WASHBAUGH, who acknowledged himself to be the President of Town Council of the Borough of Chambersburg, and that he as such President, being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of the Corporation by himself as President.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

Cleveland R. Forrester
Notary Public

Notarial Seal
Cleveland R. Forrester, Notary Public
Chambersburg Boro, Franklin County
My Commission Expires Oct. 31, 1996
Member, Pennsylvania Association of Notaries

Rev. 5/96

AGREEMENT NO. - 084826B

PMS NO. - 083S001R

FID NO. - 23-6002979

SUPPLEMENTAL FEDERAL AID PROJECT AGREEMENT

COST REALLOCATION

THIS SUPPLEMENTAL AGREEMENT, made and entered into this 30 day of July, 1996, between the Commonwealth of Pennsylvania, acting through the Pennsylvania Department of Transportation, hereinafter called the COMMONWEALTH,
and
the Borough of Chambersburg, of the Commonwealth of Pennsylvania, acting through its proper officials, hereinafter called the MUNICIPALITY:

WITNESSETH:

WHEREAS, COMMONWEALTH and MUNICIPALITY under the dates of March 18, 1994, and May 24, 1994, entered into an Agreement and a Supplement designated in the COMMONWEALTH's files as No. 084826 and No. 084826A, hereinafter call AGREEMENT and SUPPLEMENT, wherein the COMMONWEALTH and MUNICIPALITY agreed to participate in a Federal-Aid Project to create the Chambersburg Industrial Track; and

WHEREAS, the Project has been constructed; and,

Exhibit B

WHEREAS, both COMMONWEALTH and MUNICIPALITY are desirous of supplementing the AGREEMENT and SUPPLEMENT to allow for the reallocation of costs for the completed project.

NOW, THEREFORE, the parties hereto, for and in consideration of the foregoing premises and mutual promises hereinafter set forth with the intention of being legally bound, hereby agree as follows:

1. Paragraph 2, COSTS, of the Supplement dated May 24, 1994, is revised to read as follows:

(a) The Project cost estimate (including construction) is attached as Exhibit "AAA" and made a part of this Supplemental Agreement.

(b) The estimated costs of design, right-of-way and utilities shown on Exhibit "AAA", if different from the costs shown on Exhibit "AA" of the SUPPLEMENT, are updated costs and are substituted for such Exhibit "AA" estimates. The maximum reimbursement to the MUNICIPALITY, as specified in Paragraph 10(b) of the AGREEMENT for right-of-way acquisition and allowable utility relocation costs, is hereby established as \$515,520.

(c) The costs of those construction items which are identified by the Department as non-reimbursable under FHWA criteria are the responsibility of the MUNICIPALITY to the full extent of 100 (%) percentum. In exhibit "AAA" this amount is shown as \$106,400.

IN WITNESS WHEREOF, the parties have executed this agreement the date first above written.

ATTEST:

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF TRANSPORTATION

Susan H. Raebuck

(SEAL)

Gary Z. Hoffman 6/24/96
for Deputy Secretary of Transportation DATE

ATTEST:

MUNICIPALITY
BOROUGH OF CHAMBERSBURG

Tanya Muckey
Title: Borough Secretary

(SEAL)

Bernard Washabyk
Title: President of Council DATE 5/8/96

APPROVED AS TO LEGALITY AND FORM PRELIMINARY APPROVED

Michael J. Hill 6/26/96
for Chief Counsel DATE

Deputy Attorney General DATE

RECORDED No. _____

CERTIFIED FUNDS AVAILABLE UNDER
ACTIVITY PROGRAM _____

SYMBOL _____

AMOUNT _____

BY _____
Signature DATE

APPROVED FOR OFFICE OF THE BUDGET

BY _____
Signature DATE

2. Paragraph 7(b), PAYMENT PROCEDURES AND RESPONSIBILITIES of the Supplement dated May 24, 1994, is revised to read as follows:

(b) In addition to the COMMONWEALTH's commitment to pay MUNICIPALITY as outlined in Paragraph 1 of this Supplemental AGREEMENT, the COMMONWEALTH will pay the MUNICIPALITY for all but the MUNICIPALITY's share of the Project costs to the extent of 80 (%) percentum up to a maximum of \$1,611,680 for construction costs (Refer to Exhibit "AAA").

3. All other provisions of the AGREEMENT and SUPPLEMENT, unaffected by this Supplemental Agreement, shall remain in full force and effect.

Agreement No. 084826A, is split 80%, expenditure amount of \$2,127,200 for Federal funds and 0%, expenditure amount of \$0 for State funds. The related Federal Assistance program name and number is Innovative Projects; Section 1107;367. The State assistance program name and number is N/A.

LIA/SUPPFED.RWB

Rev. 5/1/96

EXHIBIT "AAA"
PROJECT COSTS
FEDERAL AID

	Municipality Incurred Costs	Commonwealth Incurred Costs
Right-of-Way	\$403,400	\$ 0
Utilities	<u>\$241,000</u>	<u>\$6,000</u>
SUBTOTAL (Right-of-Way/Utilities)	\$644,400	\$6,000
Construction	<u>\$2,121,000 *</u>	<u>\$131,000</u>
TOTAL PROJECT COST	\$2,765,400 *	\$137,000

COST SHARING
MUNICIPALITY INCURRED COSTS

Commonwealth/Federal Share

Right-of-Way and Utilities:		
FEDERAL SHARE	\$515,520	(80%)
COMMONWEALTH	<u>\$ 0</u>	(0%)
SUBTOTAL	\$515,520	

Construction:		
FEDERAL SHARE	\$1,611,680	(80%)
COMMONWEALTH	<u>\$ 0</u>	(0%)
SUBTOTAL	\$1,611,680	
TOTAL COMMONWEALTH/ FEDERAL SHARE	\$2,127,200	

Municipal Share

Right-of-Way and Utilities:	\$128,880		
Construction	<u>\$509,320 *</u>		*Includes \$106,400 of nonreimbursable utility costs.
TOTAL MUNICIPAL SHARE	\$638,200 *		

COST SHARING
COMMONWEALTH INCURRED COSTS

Federal Share	\$109,600	(80%)
Commonwealth Share	\$ 0	(0%)
Municipal Share	\$ 27,400	(20%)

COUNTY - Franklin
MUNICIPALITY - Chambersburg Borough
PROJECT NAME - Chambersburg Industrial Track

Borough of Chambersburg

100 South Second Street • P.O. Box 1009
Chambersburg, PA 17201-0909
(717) 264-5151 • FAX (717) 264-0224

100 YEARS
OF CONSUMER OWNED
ELECTRIC SERVICE



* INCORPORATED 1803 *

RESOLUTION OF MAYOR AND TOWN COUNCIL

BOROUGH OF CHAMBERSBURG

ADOPTED MAY 8, 1996

SUPPLEMENTAL FEDERAL REIMBURSEMENT AGREEMENT BETWEEN COMMONWEALTH OF PENNSYLVANIA AND BOROUGH OF CHAMBERSBURG CHAMBERSBURG INDUSTRIAL TRACK

On being presented by the Borough Manager; on motion of Councilman
W. F. McLaughlin, seconded by Councilman
R. A. Wareham, Sr., it was unanimously resolved to
authorize Bernard L. Washabaugh, President of Council, and Tanya
Mickey, Borough Secretary to execute Supplemental Federal Aid
Project Agreement No. 084826B between the Commonwealth of
Pennsylvania, acting through the Pennsylvania Department of
Transportation, and the Borough of Chambersburg.

CERTIFICATION

I, Tanya Mickey, Borough Secretary, hereby certify that the above is
a true and correct copy of a resolution approved by the Mayor and
Town Council of the Borough of Chambersburg at a Regular Public
Council Meeting held May 8, 1996.

Tanya Mickey
Tanya Mickey
Borough Secretary

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BOROUGH OF CHAMBERSBURG, PENNSYLVANIA
CONSTRUCTION AND TRackage AGREEMENT

THIS AGREEMENT, made this 15th day of June,
1994, between the Mayor and Town Council of The Borough of
Chambersburg, hereinafter called "BOROUGH", and CSX
TRANSPORTATION, INC., a corporation, hereinafter called
"RAILROAD".

W I T N E S S E T H:

WHEREAS, in the interest of public safety and convenience
and industrial development, BOROUGH proposes to construct a
railroad track (the "Track") that will serve both as a connection
track between the tracks of Consolidated Rail Corporation
("Conrail") and RAILROAD through the Chambersburg 5 Industrial
Park (the "Industrial Park") at Chambersburg, Pennsylvania, and
as an industrial lead track to provide rail service to industries
located in the aforementioned park; and

WHEREAS, the construction of the Track will also involve the
construction of a switch and turnout by RAILROAD from its
existing track and right of way in order to connect with the
Track; and

WHEREAS, it is possible that the Track may be used by
RAILROAD in the future both to serve other industries in the
Chambersburg area that are not located in the industrial park and
to provide access to Conrail's tracks for RAILROAD's through
trains; and

EXHIBIT C

BOROUGH OF CHAMBERSBURG, PENNSYLVANIA
CONSTRUCTION AND TRackage AGREEMENT

THIS AGREEMENT, made this ____ day of _____,
19____, between the Mayor and Town Council of The Borough of
Chambersburg, hereinafter called "BOROUGH", and CSX
TRANSPORTATION, INC., a corporation, hereinafter called RAILROAD.

W I T N E S S E T H:

WHEREAS, in the interest of public safety and convenience
and industrial development, 'BOROUGH proposes to construct a
railroad track (the "Track") that will serve both as a connection
track between the tracks of Consolidated Rail Corporation
("Conrail") and RAILROAD through the Chambersburg 5 Industrial
Park (the "Industrial Park") at Chambersburg, Pennsylvania, and
as an industrial lead track to provide rail service to industries
located in the aforementioned park; and

WHEREAS, the construction of the Track will also involve the
construction of a switch and turnout by RAILROAD from its
existing track and right of way in order to connect with the
Track; and

WHEREAS, it is possible that the Track may be used by
RAILROAD in the future both to serve other industries in the
Chambersburg area that are not located in the industrial park and
to provide access to Conrail's tracks for RAILROAD's through
trains; and

WHEREAS, it is desired by BOROUGH and RAILROAD to carry out the work required to accomplish the construction of the Track and related improvements herein described and to determine and agree upon the manner of doing said work, and the portions to be performed by and the responsibilities of the parties hereto and the mode and time of reimbursing RAILROAD for the portion of the work to be performed by it under the terms and provision hereinafter set forth:

NOW, THEREFORE, in consideration of the mutual covenants hereinafter stipulated to be kept and performed, it is agreed between BOROUGH and RAILROAD as follows:

SECTION 1: The plans and specifications of the BOROUGH for the construction of the Chambersburg Industrial Track are identified by title as follows: Chambersburg Industrial Track Project (SR 6000-RRZ), CSX Drawing No. 123 and Johnson Mirmiran and Thompson final plans for Chambers¹-5 Business Park, dated September 20, 1993. These plans and specifications relating to RAILROAD facilities were approved by RAILROAD on October 19, 1993. Any revisions and additions thereto shall have the written approval of RAILROAD, and upon such approval shall become a part of this Agreement by reference.

The work described herein and indicated on the plans referred to above is sometimes herein referred to as "Project"

and the cost thereof is sometimes herein referred to as "Project Expense".

SECTION 2. The Track will be constructed, owned and maintained by the BOROUGH. The switch and turnout to connect the Track with RAILROAD's track, as shown on RAILROAD drawing No. 123, will be constructed, owned and maintained by RAILROAD. Upon completion of construction of the Track and the connecting switch and turnout, RAILROAD shall have the right, free of charge, to operate over the Track with its locomotives and crews, to provide rail freight service to any and all industries located in the Industrial Park which may be covered by a separate agreement(s) with the industry(s) involved outlining the terms and conditions for the actual use of the trackage. RAILROAD understands that Conrail will construct a similar switch and turnout to the Track at the opposite end of the Industrial Park and that Conrail will have a similar right to operate over the Track to serve industries in the Industrial Park.

The BOROUGH recognizes that RAILROAD's tracks through the downtown area of the BOROUGH may be removed at some point in the future if RAILROAD acquires trackage rights over Conrail's tracks in the Chambersburg area. Should it be necessary that RAILROAD acquire trackage rights over the Track, to provide rail freight service to other industries in the Chambersburg area that are not located in the Industrial Park or to provide a connection with

the Conrail tracks for its through trains that would operate over Conrail tracks, BOROUGH agrees that it will grant trackage rights to RAILROAD over the track after construction is complete. Upon request of RAILROAD to use the Track for purposes other than providing service to industries in the Industrial Park (as provided in Section 2), BOROUGH will negotiate a reasonable and suitable Trackage Rights Agreement with the RAILROAD with respect thereto, and further, it will support RAILROAD in obtaining any local, state or federal permits, authorities or approvals that might be required. This section shall survive completion of construction of RAILROAD's work.

SECTION 3. The responsibilities and obligations of the work for the completion of the Project to be performed or caused to be performed by the parties hereto in accordance with the terms of this agreement shall be at project expense as specified in Addendum "A", Scope of the Work, attached hereto and made a part hereof.

SECTION 4. BOROUGH shall require its contractor: To bear all cost of protecting RAILROAD's trains, property and equipment made necessary or occasioned by its operations. RAILROAD agrees to furnish BOROUGH's contractor at said contractor's sole expense, and BOROUGH shall require said contractor to use, such flagmen, watchmen or other protective services and devices, other than engineering personnel, as in the opinion of RAILROAD are

required to promote safety and insure continuity of railroad traffic. RAILROAD will bill BOROUGH's contractor promptly for such protective services and devices.

To reimburse the RAILROAD promptly upon receipt of bills for the services rendered the contractor in connection with this Project, and BOROUGH will withhold final payment to the contractor until BOROUGH has proof that such bills have been paid.

To submit to RAILROAD's Chief Engineer at Jacksonville, Florida to obtain his approval therefor, before commencing work on RAILROAD's right of way, (1) Data regarding methods and procedures for performing work on RAILROAD's right of way, and (2) To abide by his instructions insofar as the safety of the railroad operations is concerned, and to give RAILROAD's Division Superintendent or his authorized representative at least 48 hours advance notice of the need for flagmen or watchmen.

To perform all work in connection with the construction of the Project upon or adjacent to RAILROAD's property in accordance with the plans and specifications for the Project and at such a time and in a manner agreeable to the RAILROAD's Chief Engineer or his authorized representative. Such work shall consist primarily of the grading and placing sub-base on the right of way for RAILROAD's switch and turnout that will connect with the Track.

To use at all times reasonable care and diligence to cooperate with officials of RAILROAD in order to avoid accidents, damages or unnecessary delay to, or interference with trains of RAILROAD. BOROUGH's contractor shall perform no work by operating upon RAILROAD's tracks and shall not place or operate any equipment, nor place any material closer than the following minimum construction clearances without first obtaining authority from RAILROAD's Chief Engineer or his authorized representative:

Horizontal - 18.0 feet, measured at right angle to the centerline of the nearest track.

Vertical - 22.0 feet above top of highest rail of RAILROAD's track.

To arrange with RAILROAD in writing if at any time the BOROUGH's contractor desires a temporary grade crossing of RAILROAD's tracks, or to use existing unprotected grade crossings, and, if required by RAILROAD, execute its regular form of private grade crossing agreement covering the crossing desired, paying all construction, maintenance, removal and other costs, including flagging service furnished contractor by RAILROAD in connection with the aforesaid crossings.

To remove, upon completion of the work and before final payment is made, from within the limits of RAILROAD's land, all machinery, equipment, surplus material, falsework, rubbish or temporary buildings and other property of such contractor and to leave the said land in a condition satisfactory to the Chief Engineer of RAILROAD or his authorized representative.

SECTION 5. The estimated cost of RAILROAD's Force Account Work, engineering and inspection to be performed by RAILROAD to install the switch and turnout to connect with the Track as outlined in Addendum "A", hereof is \$99,809. Detailed estimates of cost of such work are attached hereto and made a part hereof.

RAILROAD may bill BOROUGH either monthly or when the amount due it equals one thousand dollars (\$1,000.00) or more, for cost and expense incurred by it in connection with the Project. BOROUGH shall pay such bills within thirty (30) days after receipt thereof.

SECTION 6. Work provided for in this Agreement shall be commenced by the parties within thirty (30) days from the date on which BOROUGH notifies RAILROAD that this Agreement is effective, final approval is received for the Project, and all funds necessary therefor on the part of BOROUGH have been properly certified and made available; and such work shall be completed within a reasonable time thereafter. Preparation of plans, or buying and assembling of materials shall be construed as compliance with the foregoing thirty (30) day provision. Neither this paragraph or any other provision of this agreement shall be construed as being for the benefit of BOROUGH's contractor or any other third person. If notification has not been received by September 1, 1994, then either party may cancel this Agreement.

SECTION 7. It is understood that the construction costs of the Project herein contemplated are to be financed from funds provided by BOROUGH and expended under Federal regulations, that all plans, specifications, estimates of cost, and award of contracts, acceptance of work and procedure in general are subject at all times to all Federal laws, rules, regulations, orders and approvals applying to it as a Federal-aid-Project, and that BOROUGH shall reimburse RAILROAD for construction costs and for preliminary and construction engineering costs developed in accordance with the Federal Highway Administration's Federal-aid-Highway Program Manual, Volume 1, Chapter 4, Section 3, and supplements and amendments thereto.

In the event that delays or difficulties arise in securing necessary approvals or in securing necessary rights of way or settling damages or damage claims which, in the opinion of BOROUGH, render it impracticable to utilize funds from the current appropriation for the construction of the Project, then at any time before a construction contract is executed by BOROUGH, BOROUGH may serve formal notice of cancellation upon RAILROAD and this agreement shall thereupon become null and void. BOROUGH shall reimburse RAILROAD for all costs and expenses incurred by it at the request of BOROUGH on account of the Project, prior to such cancellations.

It is understood and agreed between the parties hereto that in the event any costs incurred by RAILROAD with the written

approval of BOROUGH in connection with the Project herein contemplated are not reimbursable under the rules, regulations and administrations of the Federal Highway Administration, then BOROUGH shall be reimbursed by RAILROAD for all such costs.

SECTION 8. BOROUGH shall have general charge of engineering for the Project, but nothing herein shall deny RAILROAD the reasonable right to place, at Project Expense, inspectors on work being performed by BOROUGH's contractor on RAILROAD's property, or to perform such reasonable engineering services as may be necessary for the work performed by its force.

SECTION 9. Insurance: In addition to the insurance required of the contractor on all contracts, BOROUGH shall require its contractor to take out RAILROAD Protective Insurance.

BOROUGH shall require its contractor to take out before work is commenced and to keep in effect until work is completed and accepted a RAILROAD Protective Liability Policy of Insurance in the name of RAILROAD and policy to be on the ISO/RIMA Form of Railroad Protective Insurance ISO Form CG 00 35 11 85 with endorsement No. CG 28 31 11 85. Limits of liability shall be in the amount of \$2,000,000 per occurrence for bodily injury or death and property damage combined. Property damage liability shall have aggregate limits of not less than \$6,000,000 per annual policy period.

The policy of insurance specified in this section shall be countersigned by a resident agent of the State of Pennsylvania in accordance with the applicable statutes of the Commonwealth of Pennsylvania. the original of the policy shall be submitted to and be approved by RAILROAD before work on its right of way shall commence. To provide RAILROAD adequate protection on Force Account Work, it will be necessary to purchase insurance in accordance with Federal Highway Administration's Federal-Aid-Highway Program Manual, Volume 1, Chapter 4, Section 3. The amount of such insurance coverage and the rate to be paid thereon will be included in RAILROAD's Force Account Estimate.

SECTION 10. Upon completion of the project herein contemplated, BOROUGH shall maintain, repair and renew at its expense, all parts of the Track and right of way. RAILROAD shall, at its cost and expense, maintain its connecting switch and turnout.

SECTION 11. The Federal Highway Administration's Federal-aid Highway Program Manual, Volume 6, Chapter 6, Section 2, Subsection 1, and supplements and amendments thereto, classified this Project within the term and provisions of Paragraph 6b(2), thus resulting in no ascertainable benefit to RAILROAD. RAILROAD's contribution shall be zero dollars.

SECTION 12. This Agreement, when properly executed shall be binding upon the parties hereto, their successors and assigns.

IN WITNESS WHEREOF, BOROUGH and RAILROAD have caused their names to be signed and seals affixed by their duly authorized officials as of the date hereof.

WITNESS:

Tanya Mickey

Borough of Chambersburg

By: Bernard Washburn - PRESID.

Its: _____

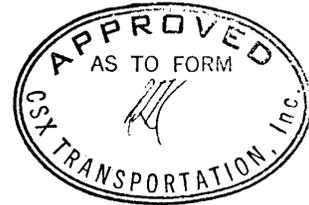
WITNESS:

C. L. Brown

CSX Transportation, Inc.,
a corporation

By: D. L. Heuchent

Its: Assistant Vice President
Joint Facilities



ADDENDUM "A"

Work to be performed or caused to be performed at Project Expense.

A. By BOROUGH

1. All grading necessary for the project.

B. By RAILROAD

1. Preliminary and construction engineering and inspection.
2. Construct (CSXT's) turnout from P.S. to clearance point on RAILROAD's right of way.

CSX Transportation
Signal Design Section
Signal Project Estimating System
Summary Sheet for Estimate PA92070
Date of printout: 05/12/94

Project location: CHAMBERSBURG, PA Type of project: Federal/state

Description of project:
INSTALL #10 HAND-OPERATED TURNOUT TO SERVE CSXT/CONRAIL INDUSTRIAL PARK

Estimator: BBC Date of estimate: 05/12/94 Number of locations: 1

- Material Costs -

		Capital	Operating Expense
Material:	\$	13,064	\$ 0
Misc. material (12.00%):	\$	1,568	\$ 0
Material handling (4.00%):	\$	523	\$ 0
Sales tax (4.40%):	\$	575	\$ 0
Store expense (5.00%):	\$	653	\$ 0
Total material costs -----	\$	16,383	\$ 0

- Labor Costs -

Labor - Capital:			
60 man-days X \$132.00/man-day =	\$	7,920	
Subsistence:			
60 man-days X \$60.00/man-day =	\$	3,600	
Labor - Operating Expense:			
5 man-days X \$132.00/man-day =			\$ 660
Subsistence:			
5 man-days X \$60.00/man-day =			\$ 300
Fringes on labor (59.80%):	\$	4,736	\$ 395
Total labor costs -----	\$	16,256	\$ 1,355

- Other Costs -

CSX engineering (5.00%):	\$	1,571	\$ 68
Contract engineering (10.00%):	\$	3,264	\$ 136
Contingencies (10.00%):	\$	3,264	\$ 136
Special additives to labor (92.88%):	\$	7,356	\$ 613
Special additives to engineering (61.89%):	\$	972	\$ 42
Outside services:	\$	0	
Shipping:	\$	1,240	
Pole line removal:			\$ 500
Total other costs -----	\$	17,667	\$ 1,495
Sub-totals -----	\$	50,306	\$ 2,850

GRAND TOTAL ----- \$ 53,156

CSX Transportation
Signal Design Section
Signal Project Estimating System
Material List for Estimate PA92070
Date of report: 05/12/94

Location No. 1 Milepost: BAV-19.60 Location name: CHAMBERSBURG, PA

Qty.	U/M	Class	Item	Cond.	Description	Unit Cost
5	JO	013	5000160	1	JOINT INSULATED 136-RE 13' 0" LG	397.3300
2	EA	020	0013686	1	BOOTLEG KIT CSX RAIL CONN W/15 FT	26.9507
650	FT	020	0013845	1	CABLE UG-AER CODE 2 COND NO 10	0.7591
650	FT	020	0013880	1	CABLE UG 7 COND NO 14 AWG	1.1430
650	FT	020	0053245	1	CABLE UG 3 COND NO 9 AWG	1.1182
50	FT	020	0057275	1	WIRE UG TRK TWIST PAIR NO 6 AWG	0.7074
4	EA	020	0600190	1	ARM 3052 10 PIN WOOD CROSSARM 10'	29.8612
14	EA	020	2900180	1	INSULATOR PORCELAIN SPOOL SILEN	0.9000
4	EA	020	2900720	1	INSULATOR 440VAC PIN TYPE ANSI	3.6000
4	EA	020	3260395	1	BOLT CARRIAGE HOT DIP GALV 3/8"X4"	1.3756
2	EA	020	3260850	1	BOLT MACHINE GALV 5/8" X 18"	1.6648
4	EA	020	3261160	1	BRACE CROSSARM 28" HUBBARD 8028	2.0029
2	EA	020	3262360	1	SCREW 1/2IN X 4 1/2 IN FETTER DRIVE	0.7286
16	EA	020	3263200	1	SHACKLE DEADEND COMPLETE W/CLEVIS	2.5786
4	EA	020	3264190	1	WASHER 2-1/4" SQUARE 11/16" HOLE	0.1920
1	EA	020	3270240	1	LAYOUT RH T-21 US&S SWITCH MACHINE	1852.3250
1	EA	020	3280005	1	MACHINE RH T-21 US&S N385636-0002	2684.0610
600	FT	250	0010780	1	CONDUIT GALV RIGID 4"STL 10'LENGTH	5.3440
10	EA	Non-catalog			KIT, THERMITE WELDING (280 8020180-	40.1500
4	EA	Non-catalog			5/8" SPREADER BOLT 18" LONG (020 00	4.3500
2	EA	Non-catalog			BOX, LINE JUNCTION TERMINAL	328.0000

DEPT. NO. SPNS9434: 744

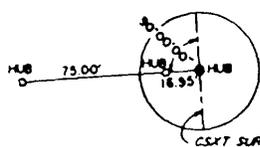
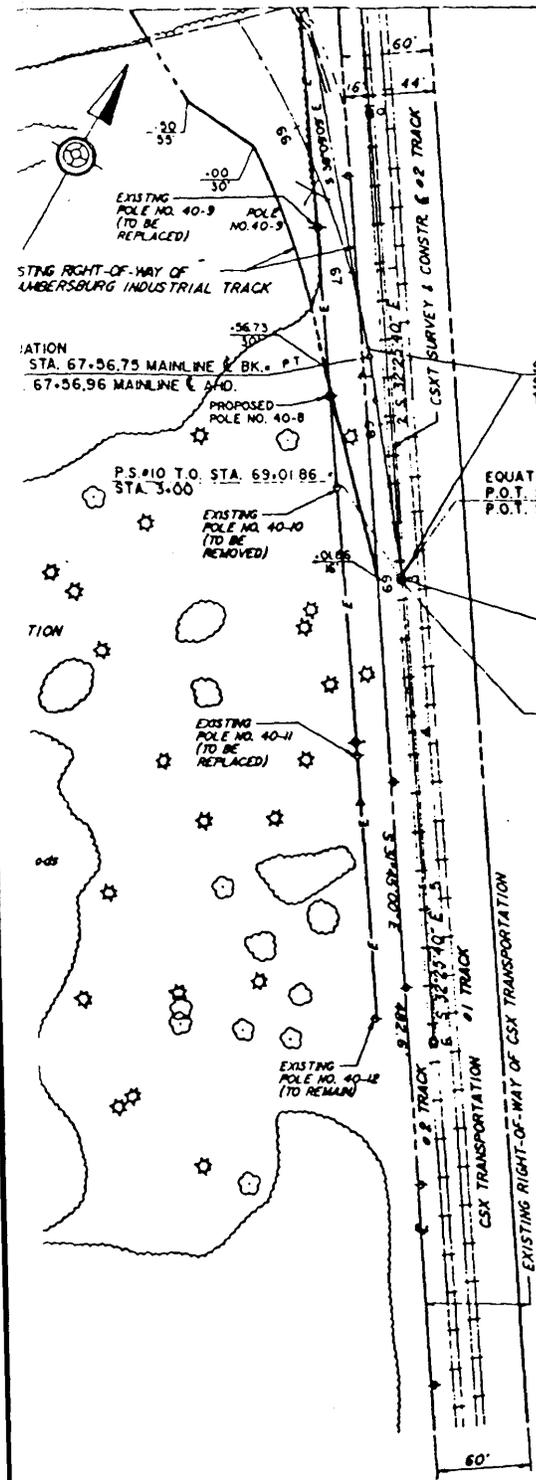
AFE NO. 000000

PAGE NO

ITEM	QUANTITY	UNIT	UNIT-PR	INVESTMENT	CRS
STAMP EXPENSE				1145	
REPRODUCTION				1500	
PRINTING ON LISTS				3318	
ENCLOSURES				2021	
CONTINGENCIES				4241	
DESIGN TOTALS				46653	
RETIREMENTS:					
GRAND TOTALS				46653	
TOTAL AFE					46653

SEE SHEET NO. 16

DATE	
BY	
REVISION NUMBER	



EQUATION
 P.O.T. STA. 69-01.86 MAINLINE &
 P.O.T. STA. 3-00.00 CSXT #2 TRACK

STA. 67-51.65 TO STA. 69-01.86
 SWITCH, NO. 10 TURNOUT AND TRACK ONLY
 TO BE SUPPLIED AND CONSTRUCTED BY CSXT

EQUATION
 P.O.T. STA. 69-01.86 MAINLINE &
 P.O.T. STA. 3-00.00 CSXT #2 TRACK

STOP WORK
 STA. 69-01.86 MAINLINE &

LIMIT OF WORK
 STA. 69-01.86 MAINLINE &
 CHAMBERSBURG INDUSTRIAL TRACK
 CHAMBERSBURG BOROUGH
 FRANKLIN COUNTY

CSX DRAWING 123
 DATED 4-25-94

CERTIFICATE OF SERVICE

I, Connie M. Lippy, a secretary in the law offices of Finucane Law Office LLP, hereby certify that I have served this day the foregoing document, by depositing same in the United States First Class Mail, postage prepaid, in Chambersburg, Pennsylvania, to the person and address indicated below:

Natalie S. Rosenberg, Esquire
Senior Counsel
CSX Transportation, Inc.
Law Dept.
500 Water Street
Jacksonville, FL 32202

Charles O. Beckley, II, Esquire
Beckley & Madden
P.O. Box 11998
Harrisburg, PA 17108

Lynn MacBride, Esquire
247 Lincoln Way East
Chambersburg, PA 17201

February 13, 2004



Connie M. Lippy
Finucane Law Office LLP