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December 30, 2010

Ms. Cynthia T. Brown
Chief of the Section of Administration, Office of Proceedings
Surface Transportation Board
395 E Street, S.W.
Washington, D. C. 20423

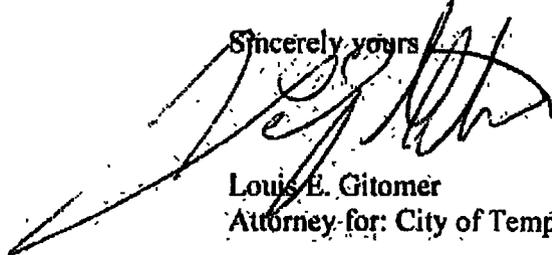
228 557

RE: Finance Docket No. 35446, *City of Temple, TX-Acquisition Exemption-
Georgetown Railroad Company*

Dear Ms. Brown:

Enclosed for e-filing is a redacted version of the Purchase and Sale Agreement between the City of Temple, Texas and the Georgetown Railroad Company. Thank you for your assistance. If you have any questions, please call or email me.

Sincerely yours



Louis E. Gitomer
Attorney for: City of Temple, Texas

Enclosure

PURCHASE AND SALE AGREEMENT

THIS PURCHASE AND SALE AGREEMENT ("Agreement") is entered into as of the date set forth below by and between Georgetown Railroad Company, a Texas corporation ("Seller"), and the City of Temple, a home rule city in Bell County, Texas ("Purchaser"). Seller desires to sell to Purchaser, and Purchaser desires to purchase from Seller the interests of Seller in and to a segment of railway consisting of the "Rights-of-way" and the "Fixtures" hereinafter defined.

IN CONSIDERATION of the mutual covenants set forth herein and the earnest money deposit, Seller and Purchaser hereby agree as follows:

Section 1. Certain Defined Terms. As used in this Agreement,

- (a) "Rights-of-way" means those certain easements and rights-of-way described in Exhibit "A" hereto in, on and across the therein described land in Bell County, Texas, and all other rights of Seller to use and operate a railroad across said land. "Rights-of-way" does not include any portion of or interest in that certain tract or parcel of land containing approximately six (6) acres which is described in Exhibit "B" hereto, and said tract or parcel is hereby excluded from this Agreement.
- (b) "Fixtures" means all railroad rails, crossties and other fixtures and improvements installed in, on, under or across the Rights-of-way. "Fixtures" does not include any locomotives, cars, rolling stock or freight, and the same are hereby excluded from this Agreement.

Section 2. Sale and Purchase. Seller shall sell and assign to Purchaser, and Purchaser shall purchase and accept from Seller, for the Purchase Price (hereinafter defined) and on and subject to the terms and conditions herein, (a) all of Seller's right, title and interest in and to the Rights-of-way and (b) all of Seller's right, title and interest in and to the Fixtures, all subject to a land lease to Belco Manufacturing Co., Inc., dated November 6, 2006, easements of Western Union Telegraph Company for poles, lines, wires and appurtenances, easements for fiber optic cables, all easements, licenses and encumbrances of record in the public records of Bell County, Texas, and crossing rights, licenses and easements visible on the ground, to the extent the same are valid and subsisting and pertain to or affect the Rights-of-way and the Fixtures.

Section 3. Purchase Price. The price for which Seller shall sell and assign its interests in the Rights-of-way and the Fixtures to Purchaser, and which Purchaser shall pay to Seller, is ("Purchase Price"), to be paid in cash or cash equivalent as set forth in Section 7(a)(1) hereof.

Section 4. Earnest Money. Purchaser this date has delivered to Seller the sum of One Thousand Dollars (\$1000.00) as earnest money ("Earnest Money"). Seller and Purchaser stipulate that Purchaser's delivery of the Earnest Money and agreement to pay the Independent Consideration (as hereinafter defined) are sufficient consideration to support this Agreement. The Earnest Money shall be applied to the Purchase Price upon closing.

Section 5. Special Condition; Right of Seller to Terminate. The consummation of the transactions pursuant to this Agreement is subject to the review and approval of the appropriate transportation authorities and the qualification of Purchaser and/or Purchaser's operator as a common carrier. Purchaser, at Purchaser's cost and expense, (a) promptly after the date of this Agreement shall make with the Surface Transportation Board, U.S. Department of Transportation ("STB") and all other governmental agencies and entities having or asserting jurisdiction, all filings and applications necessary for and in connection with the transactions contemplated herein and Purchaser's ownership, qualification and operation of the Rights-of-way and Fixtures and the operation thereon and there over of a common carrier railroad, and (b) shall obtain all permits, approvals and certifications necessary or appropriate from the STB and all other such agencies and entities. Seller agrees to cooperate with Purchaser's applications, to provide at its cost copies to Purchaser upon request of all documents and records (related to Purchaser's Petition for Exemption filing) in Seller's possession or that Seller has reasonable access to, but shall not be obligated to incur any additional costs or expenses in connection therewith. As a condition to Closing, Purchaser shall furnish to Seller evidence satisfactory to Seller that, upon Closing, Seller's common carrier obligations with respect to the segment of railway (i) will have been released in their entirety or (ii) will have been transferred in their entirety to Purchaser and Purchaser will have assumed such obligations; and if Purchaser has not satisfied this condition to closing before the Date of Closing (as hereinafter defined, and, if applicable, as extended pursuant to Section 7(f)), Seller may terminate this Agreement by giving written notice to Purchaser, in which event Section 10(b) shall be applicable.

Section 6. Representations and Warranties; Disclaimers; Acknowledgments; Covenants.

A. Seller hereby represents and warrants that:

(i) Seller has full right, power, and authority to execute and deliver this Agreement and to consummate the purchase and sale transactions as contemplated herein, subject to the approvals and qualifications contemplated in Section 5.

(ii) This Agreement, when executed and delivered by Seller and Purchaser, will constitute the valid and binding agreement of Seller, enforceable against Seller in accordance with its terms.

B. Purchaser hereby represents and warrants that:

(i) Seller has full right, power, and authority to execute and deliver this Agreement and to consummate the purchase and sale transactions as contemplated herein, subject to the approvals and qualifications contemplated in Section 5.

(ii) This Agreement, when executed and delivered by Seller and Purchaser, will constitute the valid and binding agreement of Purchaser, enforceable against Purchaser in accordance with its terms.

C. Purchaser acknowledges that it has read and understands the following: When acquired by Purchaser the trackage located on the Rights-of-way will constitute an unconnected section of railway. Seller has no affiliation with Union Pacific Railroad, which railroad may own land and/or railroad track abutting the Rights-of-way. Purchaser by this Agreement does not acquire any right (i) to use any trackage other than that located on the Rights-of-way, (ii) to connect with or to use trackage or railway of Union Pacific Railroad, or (iii) to

connect with or to use any trackage or railway of Georgetown Railroad Company abutting or outside the Rights-of-way. Seller has not agreed to provide any carrier service to Purchaser and has made no representation to Purchaser regarding the availability of any service or connection with or from Seller or any other carrier.

D. PURCHASER HEREBY EXPRESSLY ACKNOWLEDGES THAT SELLER HAS NOT MADE AND DOES NOT MAKE ANY REPRESENTATION OR WARRANTIES AS TO THE PHYSICAL CONDITION OF THE RIGHTS-OF-WAY AND THE FIXTURES OR ANY MATTER AFFECTING OR RELATING TO THE RIGHTS-OF-WAY AND THE FIXTURES AND THAT THE PURCHASER IS AFFORDED AN ADEQUATE OPPORTUNITY TO INSPECT AND EVALUATE THE CONDITION OF THE RIGHTS-OF-WAY AND THE FIXTURES. PURCHASER HEREBY FURTHER SPECIFICALLY DISCLAIMS ANY EXPRESS OR IMPLIED WARRANTY, GUARANTY OR REPRESENTATION, WHETHER ORAL OR WRITTEN, PAST, PRESENT, OR FUTURE, OF, AS TO, OR CONCERNING (i) SELLER'S TITLE OR (ii) ANY AND ALL OTHER MATTERS CONCERNING THE RIGHTS-OF-WAY AND THE FIXTURES, INCLUDING WITHOUT LIMITATION THE NATURE AND CONDITION OF THE WATER, SOIL AND GEOLOGY OF THE LAND IN, ON, UNDER OR ALONG THE RIGHTS-OF-WAY AND THE FIXTURES AND THE EXISTENCE OF ANY ENVIRONMENTAL HAZARDS, SUBSTANCES, OR CONDITIONS THEREIN OR THEREON. PURCHASER HEREBY EXPRESSLY ACKNOWLEDGES THAT NO SUCH REPRESENTATION OR WARRANTIES HAVE BEEN MADE. PURCHASER AGREES TO ACCEPT SELLER'S INTEREST IN THE RIGHTS-OF-WAY AND THE FIXTURES "AS IS" AND "WHERE IS" AND WITHOUT WARRANTY, EITHER EXPRESS OR IMPLIED, OR ARISING BY OPERATION OF LAW, INCLUDING, BUT NOT LIMITED TO (i) SELLER'S TITLE OR (ii) THE MERCHANTABILITY OF THE RIGHTS-OF-WAY AND THE FIXTURES OR THEIR FITNESS FOR ANY PARTICULAR USE OR PURPOSE, OR OTHERWISE. AS A MATERIAL PART OF THE CONSIDERATION FOR THIS AGREEMENT, SELLER AND PURCHASER AGREE THAT PURCHASER IS TAKING SELLER'S INTEREST IN THE RIGHTS-OF-WAY AND THE FIXTURES "AS IS" AND "WHERE IS" WITH ANY AND ALL FAULTS AND LATENT AND PATENT DEFECTS AND THAT THERE IS NO WARRANTY BY SELLER THAT THE RIGHTS-OF-WAY AND THE FIXTURES ARE FIT FOR A PARTICULAR PURPOSE. PURCHASER ACKNOWLEDGES THAT IT IS NOT RELYING UPON ANY REPRESENTATION, STATEMENT OR OTHER ASSERTION WITH RESPECT TO THE CONDITION OF THE RIGHTS-OF-WAY AND THE FIXTURES, BUT IS RELYING UPON ITS EXAMINATION OF THE SAME. PURCHASER TAKES SELLER'S INTERESTS IN THE RIGHTS-OF-WAY AND THE FIXTURES UNDER THE EXPRESS UNDERSTANDING THERE ARE NO EXPRESS OR IMPLIED WARRANTIES. THE PROVISIONS OF THIS SECTION 6(D) SHALL SURVIVE THE CLOSING. PURCHASER AGREES THAT THE FOREGOING DISCLAIMERS AND WAIVERS SHALL BE INCORPORATED IN THE ASSIGNMENT, BILL OF SALE AND ASSUMPTION AGREEMENT TO BE EXECUTED BY THE PARTIES AT CLOSING.

E. Purchaser releases Seller from any claims that it may have against Seller now or in the future under the Comprehensive Environmental Response, Compensation, and Liability Act, 42 U.S.C. §§ 9601 *et seq.* as amended, the Resource Conservation and Recovery Act, 42 U.S.C. §§ 6901 *et seq.* as amended, the Texas Solid Waste Disposal Act, Tex. Health & Safety Code Chapter 361 as amended, any other similar or analogous state or federal statute, and common law arising from or on account of the environmental conditions of the Rights-of-way or the Fixtures or the

presence of hazardous substances, solid wastes, or any other pollutants or contaminants in, on, under or along the Rights-of-way and the Fixtures.

Section 7. Closing. The closing ("Closing") of the sale of Seller's interest in the Rights-of-way and the Fixtures by Seller to Purchaser shall occur on or before ninety (90) days from the date of this Agreement ("Closing Date"); provided, however, Purchaser shall have the option to extend the Closing Date in accordance with Section 7(f) hereof. Time is of the essence with regard to the Closing Date. The Closing shall occur in the offices of Seller at 5300 IH 35 South, Georgetown, Texas, commencing at 10 a.m. on the Closing Date. At the Closing the following, which are mutually concurrent conditions, shall occur:

(a) Purchaser, at its sole cost and expense, shall deliver or cause to be delivered to Seller the following:

(1) Cashier's check drawn on a national banking association with offices in Texas, made payable to the order of Seller, or wire transfer to an account to be designated by Seller, in immediately available cash funds, in the amount of the Purchase Price specified in Section 3 hereof; and

(2) Evidence satisfactory to Seller that the person executing the Closing documents on behalf of Purchaser has full right, power, and authority to do so.

(b) Seller, at its sole cost and expense, shall deliver or cause to be delivered to Purchaser the following:

(1) Assignment, Bill of Sale and Assumption Agreement in the form of Exhibit "C" attached hereto, fully executed and acknowledged by Seller, transferring Seller's right, title and interest in and to the Rights-of-way and the Fixtures to Purchaser;

(2) Certificate in the form of Exhibit "D" hereto meeting the requirements of Section 1445 of the Internal Revenue Code of 1986, executed and sworn to by Seller; and

(3) If applicable under the provisions of Section 9, Seller shall deliver to Purchaser any condemnation awards received by Seller or an assignment of Seller's right to condemnation awards, as appropriate.

(c) Purchaser shall sign the Assignment, Bill of Sale and Assumption Agreement.

(d) Seller shall credit the amount of the Earnest Money to the Purchase Price.

(e) Real estate and personal property taxes for the year in which Closing occurs shall be prorated between Seller and Purchaser as of the Closing Date; Seller shall deliver to Purchaser Seller's prorated share; and Purchaser shall assume the obligation of paying real estate and personal property taxes for the year in which Closing occurs to the appropriate taxing authorities. If the actual amounts to be prorated are not known as of the Closing Date, the prorations shall be made on the basis of the best evidence then available, and thereafter, when actual figures are received, a cash settlement will be made between Seller and Purchaser. Notwithstanding the foregoing, there shall not be prorated, and Purchaser shall be solely responsible for and shall indemnify Seller from and against, any "rollback taxes" and subsequent tax assessments of any

type for prior years due to change in land usage or ownership, including without limitation any taxes imposed under sections 23.55 and 23.76 of the Property Tax Code of the State of Texas pertaining to land previously appraised for usage as timber land or agriculture land.

(f) Purchaser shall have the option to extend the Closing Date for a period of thirty (30) days by delivering notice and payment to Seller of the sum of Nine Thousand Dollars (\$9000.00) before the original Closing Date. Thereafter, Purchaser shall have the options to extend the Closing Date as extended for not more than two (2) additional thirty (30) day periods by delivering notice and payment to Seller, on or before the date of expiration of the previous extension, of the sum of Nine Thousand Dollars (\$9000.00) for each such additional thirty (30) day extension; provided, however, in no event shall the original Closing Date be extended for more than ninety (90) days in the aggregate. Time is of the essence with regard to exercise of any option by Purchaser.

Section 8. Commissions. Seller represents and warrants to Purchaser, and Purchaser represents and warrants to Seller, that neither Seller nor Purchaser, as the case may be, has contracted with any person for the payment of a brokerage, commission, finders, or other fees relative to this Agreement or the sale of Seller's interest in the Rights-of-way and the Fixtures. Seller shall defend, indemnify, and hold harmless Purchaser, and Purchaser shall defend, indemnify, and hold harmless Seller, from and against all claims by third parties for brokerage, commission, finders, or other fees relative to this Agreement or the sale of Seller's interest in the Rights-of-way and the Fixtures, and all court costs, attorneys' fees, and other costs or expenses arising there from, and alleged to be due by authorization of the indemnifying party. Purchaser is advised to have an abstract of title with regard to the Rights-of-way examined by an attorney of its choice, or to obtain a policy of title insurance. This Section 8 shall survive Closing or termination of this Agreement.

Section 9. Destruction, Damage, or Taking Before Closing. If, before Closing, all or any part of the Rights-of-way and the Fixtures becomes subject to condemnation or eminent domain proceedings or Seller receives a threat thereof, then Seller shall promptly notify Purchaser thereof. Purchaser shall have the right to elect to proceed with the Closing (subject to the other provisions of this Agreement) by delivering notice thereof to Seller within ten (10) business days of receipt of Seller's notice respecting the taking, but Purchaser shall be entitled to all condemnation awards payable as a result of such taking and, to the extent the same may be necessary or appropriate, Seller shall assign to Purchaser at Closing Seller's rights to such awards; or Purchaser may elect to terminate this Agreement by notice to Seller, in which event Section 10(a) shall be applicable. If, within ten (10) business days of receipt of Seller's notice respecting the taking, Purchaser gives no such notice to terminate, then Purchaser shall be deemed to have elected to waive its right to terminate and to proceed with the Closing. If Purchaser does not terminate, Seller shall not compromise or settle any award for such taking.

Section 10. Termination and Remedies.

(a) If Purchaser terminates this Agreement pursuant Section 9 hereof, then Purchaser shall, within three (3) days of such termination, deliver to Seller all originals, copies and records of environmental or other reports or studies performed by Purchaser, its agents, its representative, or any party engaged by Purchaser to perform such studies relating to the Rights-of-way and the Fixtures, and Seller shall deliver to Purchaser the Earnest Money less the Independent Consideration, which shall be retained by Seller as independent consideration for this Agreement; and, thereafter, neither party hereto shall have any further rights or

obligations hereunder except, Section 8 and Section 16.

(b) If Seller terminates this Agreement pursuant to Section 5 hereof, then Purchaser shall, within three (3) days of such termination, deliver to Seller all originals, copies and records of environmental or other reports or studies performed by Purchaser, its agents, its representative, or any party engaged by Purchaser to perform such studies relating to the Rights-of-way and the Fixtures, and Seller shall deliver to Purchaser the Earnest Money less the Independent Consideration, which shall be retained by Seller as independent consideration for this Agreement; and, thereafter, neither party hereto shall have any further rights or obligations hereunder except under Section 8 and Section 16.

(c) If this Agreement has not been terminated pursuant to Section 5, or Section 9 hereof and Purchaser fails to consummate the purchase of Seller's interest in the Rights-of-way and the Fixtures in accordance with this Agreement for any reason other than Seller's wrongful failure to perform or tender the performance of its obligations at Closing, then Seller shall have the right, as Seller's sole and exclusive remedy, to retain the Earnest Money as liquidated damages, and Purchaser not later than three (3) days after the Closing Date shall deliver to Seller all originals, copies and records of environmental or other reports or studies performed by Purchaser, its agents, its representative, or any party engaged by Purchaser to perform such studies relating to the Rights-of-way and the Fixtures, and this Agreement shall terminate; and, thereafter, neither Purchaser nor Seller shall have any further rights or obligations hereunder except under Section 8 and Section 16.

(d) If this Agreement has not been terminated pursuant to Section 5, or Section 9 hereof and Seller wrongfully fails to perform or tender the performance of its obligations at Closing, then Purchaser, as its sole remedy, shall have the right to either: (i) terminate this Agreement by notifying Seller thereof and delivering to Seller all originals, copies and records of environmental or other reports or studies performed by Purchaser, its agents, its representative, or any party engaged by Purchaser to perform such studies relating to the Property, in which case Seller shall return to Purchaser the amount of the Earnest Money less the Independent Consideration, which shall be paid to Seller as independent consideration for this Agreement, and neither party hereto shall have any further rights or obligations hereunder except under Section 8 and Section 16, or (ii) enforce specific performance of the obligations of Seller hereunder.

(e) Seller and Purchaser hereby acknowledge and agree that they have included the provision for liquidated damages in this Section 10 because, in the event of a breach by Purchaser, the actual damages to be incurred by Seller can reasonably be expected to approximate or exceed the amount of liquidated damages called for herein and because the actual amount of actual damages would be difficult if not impossible to measure accurately.

(f) For purposes of this Agreement, "Independent Consideration" means One Hundred Dollars (\$100.00).

Section 11. Notices. All notices provided or permitted to be given under this Agreement must be in writing, and may be served by depositing same in the United States mail, addressed to the party to be notified, postage prepaid and registered or certified with return receipt requested; or by delivering the same in person to such party. Notice given in accordance herewith shall be effective upon actual delivery to such person, or two (2) business days after depositing same in the United States mail in accordance with the above provisions. For purposes of notice, the respective address of the parties shall be as follows:

Mailing Address if to Seller, to: Georgetown Railroad Company
Marked "Attn: William B. Snead"
P.O. Box 1000 529 WBS
Georgetown, Texas 78627

Physical Address if to Seller, to: Georgetown Railroad Company
Marked "Attn: William B. Snead"
5300 IH 35 South
Georgetown, Texas

With a copy to:

Mailing Address if to Purchaser, to: City of Temple
Marked "Attn: City Manager"
2 North Main Street, Suite 306
Temple, Texas 76501

Physical Address if to Purchaser, to: (Same)

With copy to: Jonathan Graham
City Attorney
2 North Main Street, Suite 308
Temple, Texas 76501

Either party hereto may change its address for notice by giving three (3) days prior written notice thereof to the other party.

Section 12. Assigns; Beneficiaries. Purchaser shall not have the right to assign this Agreement. Subject to the foregoing, this agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns. This Agreement is for the sole benefit of Seller and Purchaser, and no third party is intended to be a beneficiary of this Agreement.

Section 13. Governing Law. This Agreement shall be governed by and construed in accordance with laws of the State of Texas.

Section 14. Entire Agreement. This Agreement is the entire agreement between Seller and Purchaser concerning the sale of Seller's interest in the Rights-of-way and the Fixtures, and no modification hereof or subsequent agreement relative to the subject matter hereof shall be binding on either party unless reduced to writing, and signed by the party to be bound. Exhibits "A" through "D," inclusive, attached hereto, are incorporated herein by this reference for all purposes.

Section 15. Recordation. Purchaser shall not record or cause to be recorded this Agreement or any memorandum or reference to this Agreement. If Purchaser breaches the provisions of this Section 15, Seller may terminate this Agreement and unilaterally release any such recordation. In this regard, Purchaser grants to Seller an irrevocable power of attorney for the sole and limited purpose of executing, and recording a release of any recordation that is in breach of this Section 15.

Section 16. Confidentiality. Purchaser hereby agrees that this Agreement and all documents, copies and records of any environmental reports or studies relating to the Rights-of-way and the Easements that Purchaser may cause to be produced, or any information contained therein, are confidential and shall be used only with regard to negotiating, executing, and administering this Agreement, and not for any other purpose, and shall not be disclosed by Purchaser except to its attorneys, consultants, investors, and lenders. This Section 16 shall continue to be binding and shall survive the termination of this Agreement. The Parties recognize specifically that the City is subject to the Texas Public Information Act, Chapter 552 of the Texas Government Code and must comply therewith.

Section 17. No Construction in Favor of Either Party. Seller and Purchaser acknowledge that despite the fact that Seller's attorney drafted the first draft of this Agreement, both Seller and Purchaser and their respective attorneys have jointly engaged in the drafting and negotiation of this final Agreement. In addition, both Seller and Purchaser have had ample opportunity to consult with counsel of their choice in connection with this Agreement. Consequently, there shall be no presumption in favor of either party upon any judicial interpretation or construction of any provision hereof or any alleged ambiguity contained herein.

Section 18. Waiver of Rights Under Texas Deceptive Trade Practices Act. Purchaser in negotiating this Agreement has been represented by legal counsel of its own choosing who is not directly or indirectly identified, suggested or selected by Seller, or any agent of Seller. To the extent permitted by law, Purchaser hereby expressly waives its rights and all protections under the Texas Deceptive Trade Practices—Consumer Protection Act (Chapter 17, Section E of the Texas Business and Commerce Code) with respect to this Agreement and the transactions contemplated by this Agreement.

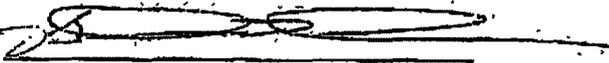
Section 19. Choice of Law; Venue; Dispute Resolution. This Agreement will be construed under the laws of the State of Texas, without regard to choice-of-law rules of any jurisdiction. Venue for any action brought under or with regard to this Agreement or the breach of this Agreement is in Bell or Williamson County, Texas, except to the extent otherwise mandated by applicable law. Time permitting, the parties will submit in good faith to an alternative dispute resolution process before filing a suit concerning this Agreement or the breach of same.

Section 20. Counterparts. This Agreement may be executed in counterparts. Each of the counterparts shall be deemed an original instrument, but all of the counterparts shall constitute one and the same instrument.

EXECUTED BY Purchaser and by Seller as of the 12 day of NOV, 2010.

PURCHASER

CITY OF TEMPLE, TEXAS

By: 
Name: David A. Blackburn
Title: City Manager

Attest:

Approved as to form:

City Secretary



City Attorney

SELLER

GEORGETOWN RAILROAD COMPANY

By: 

Name: W. E. SNEAD

Title: CHAIRMAN OF BOARD

.....

Exhibits attached:

Exhibit "A" – Description of the Rights-of-way

Exhibit "B" – Description of the excepted tract

Exhibit "C" – Form of Assignment, Bill of Sale and Assumption Agreement

Exhibit "D" – Form of FIRPTA Certificate

EXHIBIT "A"

1. The following easements and rights-of-way: All easements and rights-of-way in and along a line of railroad in Bell County, Texas, currently operated by Georgetown Railroad Company, running generally in a westerly direction from Smith, Bell County, Texas, to Belton, Bell County, Texas, a length of 5.87 miles, more or less, said line of railroad and the lands affected by said easements and rights-of-way being more particularly described as Tract I in that certain Quitclaim Deed dated June 3, 1991, from Belton Railroad Company to Georgetown Railroad Company, filed on June 3, 1991 in the office of the County Clerk of Bell County, Texas, and recorded in Volume 27, Page 515 of the Official Records of Real Property of Bell County, Texas.
2. Drainage Easement: Easement for drainage ditch at Hobbs opposite chaining station 201 plus 00, 40 feet wide and 1000 feet long, being more particularly described as Tract III in the above described Quitclaim Deed dated June 3, 1991, from Belton Railroad Company to Georgetown Railroad Company.
3. Right-of-way easement across 0.70 acre tract: Right-of-way easement for railroad purposes over and across that certain tract of 0.70 acres described in that certain warranty deed dated June 3, 1991, from Fred Guffy, Jr. to Georgetown Railroad Company, filed on June 3, 1991 in the office of the County Clerk of Bell County, Texas, and recorded in Volume 27, Page 519 of the Official Records of Real Property of Bell County, Texas.

WTS
12/22/09

EXHIBIT "B"

The following described tract or parcel of land in Bell County, Texas, containing 6.22 acres, more or less, being the same property described in warranty deed dated June 3, 1991, from Belton Railroad Company to Georgetown Railroad Company, filed in the office of the County Clerk of Bell County, Texas on June 3, 1991, and recorded in Volume 2729, Page 521 of the Official Records of Real Property of Bell County, Texas (note: references in the following description to the Belton Railroad Company right-of-way are to the right-of-way formerly held by Belton Railroad Company and now held by Georgetown Railroad Company):

All that certain lot, tract, or parcel of land lying and being situated in the County of Bell, State of Texas, and being part of the Wm. Frazier Survey, Abstract Number 310 and part of the W.W. Oxshar Survey Abstract Number 643 and being part of a 18.67 acre tract as recorded in Volume 1260, Page 795 of the Deed Records of Bell County, Texas and being more particularly described as follows:

BEGINNING at a 60 D nail found on the South right-of-way line of the Belton Railroad Company, said 60 D nail being the Northwest corner of above mentioned 18.37 acres for the Northwest corner of this;

THENCE along the South right-of-way line of the Belton Railroad Company a curve to the left with a radius of 2864.79 feet a chord of S 76° 07' 30" E 564.12 feet an arc distance of 585.03 feet to an iron pin found on the West right-of-way line of FM 83 for the Northeast corner of this;

THENCE along the East right-of-way line of FM 93 S 27° 10' 20" E 172.53 feet to an iron pin found and S 32° 44' 18" W 182.34 feet to an iron pin found on the North right-of-way line of New FM 83 for the Southeast corner of this;

THENCE along the North right-of-way line of New FM 93 S 80° 30' 26" W 67.03 feet to an iron pin found; S 79° 18' 32" W 218.71 feet to an iron pin found; S 86° 23' 41" W 207.36 feet to an iron pin found and N 84° 53' 30" W 197.27 feet to an iron pin found for the Southwest corner of this;

THENCE along a fence N 17° 32' 25" E 512.92 feet to the place of BEGINNING and containing 6.22 acres of land more or less.

WB3
FD. Nov 20

ASSIGNMENT, BILL OF SALE AND ASSUMPTION AGREEMENT

THIS ASSIGNMENT, BILL OF SALE AND ASSUMPTION AGREEMENT ("Assignment") is by and between GEORGETOWN RAILROAD COMPANY, a Texas corporation ("Assignor"), whose mailing address is P.O. Box 1000, Georgetown, Texas 78627, and THE CITY OF TEMPLE, a home rule city in Bell County, Texas ("Assignee"), whose mailing address is 2 North Main Street, Temple, Texas 76501.

As used in this Assignment, the following terms shall have the respective meanings ascribed to them below:

- (a) "Rights-of-way" means those certain easements and rights-of-way described in Exhibit "A" hereto in, on and across the therein described land in Bell County, Texas, and all other rights of Assignor to use and operate a railroad across said land; provided, however, "Rights-of-way" does not include any portion of or interest in that certain tract or parcel of land containing six (6) acres, more or less, described in Exhibit "B" hereto, and said tract or parcel is hereby excepted and reserved by Assignor.
- (b) "Fixtures" means all railroad rails, crossties and other fixtures and improvements installed in, on, under or across the Rights-of-way; provided, however, "Fixtures" does not include any locomotives, cars, rolling stock or freight, and the same are hereby excepted and reserved by Assignor.

IN CONSIDERATION of Ten Dollars (\$10.00) and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, ASSIGNOR, subject to the terms, provisions and reservations herein, hereby SELLS AND ASSIGNS to ASSIGNEE the following:

- (a) all of Assignor's right, title and interest in and to the Rights-of-way and
- (b) all of Assignor's right, title and interest in and to the Fixtures,

subject, however, to the following, to the extent the same are valid and subsisting and pertain to or affect the Rights-of-way and the Fixtures: land lease to Belco Manufacturing Co., Inc. dated November 6, 2006; easements of Western Union Telegraph Company for poles, lines, wires and appurtenances; easements for fiber optic cables; all easements, licenses and encumbrances of record in the public records of Bell County, Texas; and all crossing rights, licenses and easements visible on the ground.

This Assignment is made by Assignor and accepted by Assignee expressly subject to the following terms and provisions:

1. The trackage located on the Rights-of-way constitutes an unconnected section of railway. Assignor has no affiliation with Union Pacific Railroad, which railroad may own land and/or railroad track abutting the Rights-of-way. Assignee by this Assignment does not acquire any right (i) to use any trackage other than that located on the Rights-of-way, (ii) to connect with or to use trackage or railway of Union Pacific Railroad, or (iii) to connect with or to use any trackage or railway of Georgetown Railroad Company abutting or outside the Rights-of-way. Assignor has not agreed to provide any carrier service to Assignee and has made no

representation to Assignee regarding the availability of any service or connection with or from Assignor or any other carrier.

2. Assignee assumes full responsibility for management and operation of, and eventual abandonment of, the section of railway on the Rights-of-way in accordance with all applicable laws, rules and regulations; agrees to perform and complete all filings with and requirements of the Surface Transportation Board, U.S. Department of Transportation in connection with this transaction and such management and operation, and eventual abandonment; and agrees to defend, indemnify and hold harmless Assignee from and against all claims, causes of action, lawsuits and judgments by or for third parties and all proceedings, hearings and actions by or before the Surface Transportation Board arising out of or as a result of this transaction or the management and operation of, and eventual abandonment of, the section of railway on the Rights-of-way.

3. ASSIGNEE HEREBY EXPRESSLY ACKNOWLEDGES THAT ASSIGNOR HAS NOT MADE AND DOES NOT MAKE ANY REPRESENTATION OR WARRANTIES AS TO THE PHYSICAL CONDITION OF THE RIGHTS-OF-WAY AND THE FIXTURES OR ANY MATTER AFFECTING OR RELATING TO THE RIGHTS-OF-WAY AND THE FIXTURES AND THAT THE ASSIGNEE HAS BEEN AFFORDED AN ADEQUATE OPPORTUNITY TO INSPECT AND EVALUATE THE CONDITION OF THE RIGHTS-OF-WAY AND THE FIXTURES. ALL OF THE FOLLOWING ARE HEREBY EXPRESSLY DISCLAIMED AND EXCLUDED: ANY EXPRESS OR IMPLIED WARRANTY, GUARANTY OR REPRESENTATION, WHETHER ORAL OR WRITTEN, PAST, PRESENT, OR FUTURE, OF, AS TO, OR CONCERNING (i) ASSIGNOR'S TITLE OR (ii) ANY AND ALL OTHER MATTERS CONCERNING THE RIGHTS-OF-WAY AND THE FIXTURES, INCLUDING WITHOUT LIMITATION THE NATURE AND CONDITION OF THE WATER, SOIL AND GEOLOGY OF THE LAND IN, ON, UNDER OR ALONG THE RIGHTS-OF-WAY AND THE FIXTURES AND THE EXISTENCE OF ANY ENVIRONMENTAL HAZARDS, SUBSTANCES, OR CONDITIONS THEREIN OR THEREON. ASSIGNEE HEREBY EXPRESSLY ACKNOWLEDGES THAT NO SUCH REPRESENTATION OR WARRANTIES HAVE BEEN MADE. ASSIGNEE AGREES TO ACCEPT ASSIGNOR'S INTEREST IN THE RIGHTS-OF-WAY AND THE FIXTURES "AS IS" AND "WHERE IS" AND WITHOUT WARRANTY, EITHER EXPRESS OR IMPLIED, OR ARISING BY OPERATION OF LAW, INCLUDING, BUT NOT LIMITED TO (i) ASSIGNOR'S TITLE OR (ii) THE MERCHANTABILITY OF THE RIGHTS-OF-WAY AND THE FIXTURES OR THEIR FITNESS FOR ANY PARTICULAR USE OR PURPOSE, OR OTHERWISE. AS A MATERIAL PART OF THE CONSIDERATION FOR THIS AGREEMENT, ASSIGNOR AND ASSIGNEE AGREE THAT ASSIGNEE IS TAKING ASSIGNOR'S INTEREST IN THE RIGHTS-OF-WAY AND THE FIXTURES "AS IS" AND "WHERE IS" WITH ANY AND ALL FAULTS AND LATENT AND PATENT DEFECTS AND THAT THERE IS NO WARRANTY BY ASSIGNOR THAT THE RIGHTS-OF-WAY AND THE FIXTURES ARE FIT FOR A PARTICULAR PURPOSE. ASSIGNEE ACKNOWLEDGES THAT IT IS NOT RELYING UPON ANY REPRESENTATION, STATEMENT OR OTHER ASSERTION WITH RESPECT TO THE CONDITION OF THE RIGHTS-OF-WAY AND THE FIXTURES, BUT IS RELYING UPON ITS EXAMINATION OF THE SAME. ASSIGNEE TAKES ASSIGNOR'S INTERESTS IN

THE RIGHTS-OF-WAY AND THE FIXTURES UNDER THE EXPRESS UNDERSTANDING THERE ARE NO EXPRESS OR IMPLIED WARRANTIES.

4. Assignee hereby releases Assignor from any claims that Assignee may have against Assignor now or in the future under the Comprehensive Environmental Response, Compensation, and Liability Act, 42 U.S.C. §§ 9601 *et seq.*, as amended, the Resource Conservation and Recovery Act, 42 U.S.C. §§ 6901 *et seq.*, as amended, the Texas Solid Waste Disposal Act, Tex. Health & Safety Code Chapter 361 as amended, any other similar or analogous state or federal statute, and common law arising from or on account of the environmental conditions of the Rights-of-way or the Fixtures or the presence of hazardous substances, solid wastes, or any other pollutants or contaminants in, on, under or along the Rights-of-way and the Fixtures.

5. Real estate and personal property taxes for the year 2010 have been prorated as of the date of this Assignment. Purchaser shall assume the obligation of paying real estate and personal property taxes for the year 2010 to the appropriate taxing authorities. Assignee shall be solely responsible for and shall indemnify Assignor from and against, any "rollback taxes" and subsequent tax assessments of any type for prior years due to change in land usage or ownership, including without limitation any taxes imposed under sections 23.55 and 23.76 of the Property Tax Code of the State of Texas pertaining to land previously appraised for usage as timber land or agriculture land.

6. Assignor shall defend, indemnify, and hold harmless Assignee, and Assignee shall defend, indemnify, and hold harmless Assignor, from and against all claims by third parties for brokerage, commission, finders, or other fees relative to this transaction, and all court costs, attorneys' fees, and other costs or expenses arising therefrom, and alleged to be due by authorization of the indemnifying party.

7. Assignee shall not disclose, except to its attorneys, consultants, investors, lenders, successors or assigns any environmental reports or studies relating to the Rights-of-way and the Fixtures caused to be produced by Assignee, or any information therein.

8. To the extent provided by law Assignee hereby expressly waives its rights and all protections under the Texas Deceptive Trade Practices—Consumer Protection Act (Chapter 17, Section E of the Texas Business and Commerce Code) with respect to this transaction.

9. The terms and provisions of this Assignment shall be binding upon and shall inure to the benefit of Assignor and Assignor and their respective successors and assigns.

EXECUTED by Assignor and Assignee this _____ day of _____, 2010.

[Signature blocks and acknowledgments for Assignor and Assignee]

LJS
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EXHIBIT "D"

FIRPTA CERTIFICATE

Section 1446 of the Internal Revenue Code provides that a transferee (buyer) of a U. S. real property interest must withhold tax if the transferor (seller) is a foreign person. To inform the transferee that withholding of tax is not required upon the disposition of a U. S. real property interest by Georgetown Railroad Company ("GRR"), the undersigned hereby certifies the following on behalf of GRR:

1. GRR is not a foreign corporation, foreign partnership, foreign trust or foreign estate (as those terms are defined in the Internal Revenue Code and Income Tax Regulations);
2. The U. S. Employer Identification Number of GRR is _____;
3. The office address of GRR is 5300 IH 35 South, Georgetown, Texas.

I understand that this certification may be disclosed to the Internal Revenue Service by the transferee and that any false statement I have made herein could be punished by fine, imprisonment, or both.

Title: _____
Date: _____

On behalf of transferee I have examined this certification, and to the best of my knowledge and belief it is true, correct and complete.

Title: _____
Date: _____

WBS
12 Nov 10