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273 Lincoln Way East
Chambersburg, PA 17201
717-264-4104
Fax 717-264-0142

September 11, 2003

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



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

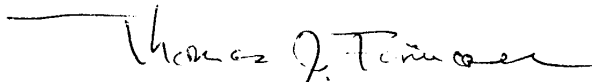
Dear Mr. Williams:

I represent the Borough of Chambersburg. Enclosed herewith please find the original and 10 copies of the Borough's response to the Foxes' petition for permission to file amended offer.

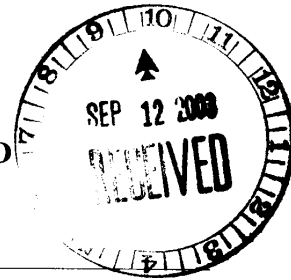
I hereby petition that the Board permit a late filing of the attached response because the Borough was unaware of the 20 day requirement and because of the time needed to prepare the response and because there was a delay in getting the petition to me. Furthermore, the attorney for the Foxes was aware that I represented the Borough but did not serve me with the petition.

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

BEFORE THE
SURFACE TRANSPORTATION BOARD



DOCKET NO. AB-55 (SUB-NO. 568X)

CSX TRANSPORTATION, INC.
ABANDONMENT EXEMPTION
IN FRANKLIN COUNTY, PENNSYLVANIA

IN RE: PETITION OF FREDERICK A. FOX, KAYE A. FOX AND
FREDERICK ARMSTRONG FOX FOR PERMISSION TO FILE AN
AMENDED OFFER OF FINANCIAL ASSISTANCE, OR
ALTERNATIVELY, TO REOPEN THE DECISION SERVED BY
THE BOARD ON MARCH 9, 1999, PURSUANT TO 49 CFR
1152.25(E), TO PERMIT THE FILING OF A NEW OFFER OF
FINANCIAL ASSISTANCE, NUNC PRO TUNC

BOROUGH OF CHAMBERSBURG'S REPLY TO PETITION

September 11, 2003

Thomas J. Finucane
Finucane Law Office LLP
273 Lincoln Way East
Chambersburg, PA 17201
717 264-4104
No. PA 07290

Now comes the Borough of Chambersburg, by its Solicitor,
Thomas J. Finucane, Esq. and replies to the Foxes' Petition as follows:

Background. Petitioners in the above matter, Frederick A. Fox, Kay A. Fox and Frederick Armstrong Fox ("the Foxes") filed a petition for permission to file an amended offer of financial assistance or alternatively for the Board to reopen its March 9, 1999. The Borough of Chambersburg ("Borough"), a Pennsylvania Municipal Corporation, objects to the Petition being granted.

Object of Petition. The petition was presented so that Board would permit the Foxes to acquire from CSX Transportation, Inc. ("CSXT") the CSXT right of way between Fourth Street and Main Street (the "Right of Way") in Chambersburg, Pennsylvania.

CSXT Required by Existing Contract to Convey Right of Way.

CSXT was required by written agreement to convey the right of way to the Borough. This fact was not referred to in the Foxes Motion for Stay of the Petition to make an OFA for the Right of Way.

CSXT entered into an agreement March 18, 1999 (the "Agreement") which required (in paragraph 3 B) as follows: "CSXT shall convey to the Borough by quitclaim deed all CSXT ownership interests in the rights of way in the Borough as defined in Exhibit A. The conveyance to the Borough shall be in lieu of eminent domain proceeding."

Exhibit A of the Agreement included the Right of Way. The Agreement was between all the then interested parties.

The Agreement is attached as Exhibit B to this Answer and is incorporated herein by reference.

Is it too late for the Borough to acquire the Right of Way? No. The Agreement provided 5 years for the Borough and CSXT to implement the Right of Way transfer. Page 4 of Exhibit A to the agreement provided in part:

"4th Street to Main – This shows the estimated cost (\$104,000.00) to sell the line from 4th Street to Main. This also includes the siding that serves Chambersburg Engineering. CSXT will continue to serve Chambersburg Engineering as long as maintenance responsibility of the tract and bridge is assumed by another party. The Borough is willing to assume ownership providing there are funds available to maintain the track and bridge. **CSXT and the Borough have five (5) years to effect this transaction.**" (emphasis added)

Foxes have no interest in the land abutting the Right of Way. The Foxes are individuals. One of them, Frederick Armstrong Fox, is the sole owner of New Franklin Properties, LLC ("New Franklin"), a Pennsylvania Limited Liability Company. New Franklin, not the Foxes, own the land abutting the Right of Way. New Franklin is a separate legal entity from Frederick Armstrong Fox.

Additional reasons to deny the petition.

1. Foxes are asking the Board to reopen the Board's March 9, 1999 decision and such request is untimely and the Borough will be prejudiced by reopening the decision as requested by the Foxes because the Borough has accepted an offer from CSXT for the Borough to acquire the Right of Way (see 4 below).
2. Foxes request for an offer of financial assistance ("OAF") was not timely filed under 49 U.S.C. 1152.27(c)(1).
3. Foxes do not now use nor do they claim to use the rail track on the Right of Way.

4. The petition of the Foxes is moot. CSXT submitted a proposed agreement to the Borough for the Right of Way. The Borough accepted the offer by executing the proposed CSXT agreement, as set forth in Exhibit A. Exhibit A was sent to CSXT by express mail on September 11, 2003 (the transmittal letter accepting the offer is attached to Exhibit A).

Wherefore the Borough of Chambersburg requests that the Foxes' Petition be denied.

Dated: September 11, 2003

Respectfully submitted,

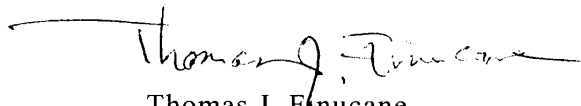

Thomas J. Finucane
Attorney for Borough

Exhibit A

Finucane Law Office
LLP

Thomas J. Finucane
Eileen C. Finucane

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273 Lincoln Way East
Chambersburg, PA 17201
717-264-4104
Fax 717-264-0142

September 11, 2003

Natalie S. Rosenberg, Esq
CSX Transportation, Inc.
Law Department
500 Water Street
Jacksonville, FL 32202

Re: Sale of CSX Transportation, Inc. ("CSXT") property
between S. Fourth Street and Main Street in Chambersburg,
Franklin County, Pennsylvania
(CSXT File No. PA-204-A) STB Docket AB-55;(Sub-no. 568X).

Dear Natalie,

The Borough accepts the CSX offer related to the proposed sale to Chambersburg. Enclosed is the standard Purchase and Sale Agreement ("PSA") prepared by CSXT and submitted to the Borough. It has been signed by the Borough. Two signed copies are enclosed. Please have the PSA countersigned on behalf of CSXT and return one original to me.

As a reminded, CSXT agreed March 18, 1999 (in paragraph 3 B) as follows: "CSXT shall convey to the Borough by quitclaim deed all CSXT ownership interests in the rights of way in the Borough as defined in Exhibit A. The conveyance to the Borough shall be in lieu of eminent domain proceeding."

Page 4 of Exhibit A to the agreement provided in part:

"4th Street to Main – This shows the estimated cost (\$104,000.00) to sell the line from 4th Street to Main. This also includes the siding that serves Chambersburg Engineering. CSXT will continue to serve Chambersburg Engineering as long as maintenance responsibility of the tract and bridge is assumed by another party. The Borough is willing to assume ownership

providing there are funds available to maintain the track and bridge.
CSXT and the Borough have five (5) years to effect this transaction."

As has always been the case, the owner of the property abutting the sidetrack will have to enter into an agreement with the sidetrack owner for use of the sidetrack.

As you are aware the Foxes have requested that the sale to the Borough be stayed by the Surface Transportation Board. To my knowledge no stay has been issued by the Board and there is no impediment to CSXT signing the PSA.

Very truly yours,



Thomas J. Finucane
Borough Solicitor

P.S. 1999 agreement is attached
to our STB reply to Fox
petition for file amended offer.

PURCHASE AND SALE AGREEMENT

This Purchase and Sale Agreement ("Agreement") dated this _____ day of _____, 2003, by and between **CSX Transportation, Inc.**, a Virginia corporation ("CSXT") whose mailing address is 500 Water Street, Jacksonville, FL 32202, and the **Mayor and Town Council of the Borough of Chambersburg, Pennsylvania**, a Municipal corporation organized and existing under the laws of the Commonwealth of Pennsylvania ("Buyer"), whose mailing address is 100 South Second Street, Chambersburg, PA 17201-0909.

WITNESSETH:

WHEREAS, CSXT owns or has an interest in certain rights-of-way and associated property, and track/railroad facilities thereon, over which authority for abandonment of railroad transportation service was granted by the Surface Transportation Board ("STB") in a Decision and Notice of Interim Trail Use or Abandonment served on March 9, 1999 in Docket No. AB-55 (Sub-No. 568X); and

WHEREAS, CSXT desires to sell, and Buyer desires to purchase, the aforesaid right-of-way (hereinafter "Real Property") and track/railroad facilities (hereinafter "Rail Assets") for Buyer's receipt of railroad transportation service after the acquisition contemplated hereby; and

NOW, THEREFORE, CSXT and Buyer, intending to be legally bound, hereby agree as follows:

1. **Acquirer** - At Closing, Buyer shall have the requisite authority to enter into this Agreement and to acquire the below-described Real Property and Rail Assets in its own name and for its own account.

2. **Description of Property** - The property subject of this Agreement consists of approximately 2.19 acres being 0.24 miles of CSXT's right-of-way and associated property from approximately Railroad Valuation Station 1083+20 to approximately Railroad Valuation Station 1096+20, located in Chambersburg, Franklin County, Pennsylvania, as shown and described on Exhibits A through B, attached hereto and made a part hereof, including any and all tracks, rails, ties, switches, crossings, bridges, trestles, culverts, buildings, signals, crossing protection devices, communication lines and poles that are affixed to the Real Property between the above described points as of the date of this Agreement (hereinafter collectively referred to as the "Line"). Excluded from this Agreement are any and all railroad rolling stock, locomotives, automobiles, trucks, automotive equipment, machinery, office and computer equipment, radios, furniture, tools, inventories, materials and supplies, located on the Line as of the date of this Agreement or on the Closing Date. Subsequent to Closing, CSXT shall remove from the Line all excluded personal property.

3. **Purchase Price** - CSXT desires to assist in improving the general welfare of the citizens living in Chambersburg, Franklin County, Pennsylvania. Therefore, the purchase price of the Subject Property is **ONE and 00/100 DOLLAR (\$1.00)**, hereinafter the ("Purchase Price"); CSXT intending to make a charitable donation to Buyer of the fair market value of the Subject Property in excess of the Purchase Price.

4. **Sidetrack Agreement** – Buyer acknowledges that railroad transportation service shall be performed in accordance with the terms of a Sidetrack Agreement to be negotiated between the Buyer and CSXT, and said Sidetrack Agreement shall be executed prior to commencement of railroad transportation service.

5. **Conveyance** - Conveyance of the Line shall be made by Quitclaim Deed, without any warranty express or implied other than that the conveyance is free and clear of all mortgages, deeds of trust and other like financial liens, and shall be made subject to:

- a. Reservations, exceptions and restrictions of record;
- b. Building, zoning, subdivision and other applicable federal, state, county, municipal or local laws, ordinances and regulations;
- c. Property taxes and special assessments which may become due or payable on or after the Closing;
- d. Any and all encroachments which might be revealed from an inspection or proper survey of the Line;
- e. Any and all existing ways and servitudes, and rights of way, howsoever created, for roads, streets and highways;
- f. A reservation by CSXT for itself, its successors and assigns, a perpetual exclusive easement, hereinafter the "Occupancy Easement", in, over, under and along those portions of the Line encumbered by existing occupancies of every type and nature, together with the right to maintain, operate, use, replace, relocate, renew and remove such occupancies, TOGETHER WITH the further right to assign the Occupancy Easement, and/or the rights reserved pursuant thereto, in whole or in part, and to lease, license or permit third parties to use the Occupancy Easement and/or the rights reserved pursuant thereto.

Further reserving unto CSXT, its successors and assigns, a perpetual exclusive utility easement, hereinafter "the Utility Easement", in, over, under and along the entirety of the Line for future construction, maintenance, operation, use, replacement, relocation, renewal and removal of utilities including, but not limited to, water, sewer, natural gas, electricity, telephone, internet, fiber optics, communications systems and systems for the transmission of petroleum-based and other liquid and

gaseous products, consisting of cables, wires, lines, pipes or other facilities beneath the surface of the Line and all ancillary equipment and facilities (both underground and surface), and the rights to attach the same to existing bridges or poles on the Line, and such surface rights as are reasonably necessary to accomplish the same, TOGETHER WITH the further right to assign the Utility Easement, and/or the rights reserved pursuant thereto, in whole or in part, and to lease, license or permit third parties to use the Utility Easement and/or the rights reserved pursuant thereto; PROVIDED that the exercise of such rights does not materially and unreasonably interfere with the safe and efficient use of the Line, or any improvements thereon, by Buyer

Provided, that Buyer, its successors and assigns shall not disturb any existing facilities located within the Occupancy Easement or any facilities subsequently placed within the Utility Easement reserved hereunder, nor cause or permit any interference with the enjoyment or use of the rights, interests and privileges created under the Occupancy Easement or the Utility Easement, EXCEPT that Buyer (or any third party claiming through Buyer) may, with the prior written approval of CSXT or its successors or assigns, as the case may be, and the owner of the occupancy in question, which such approval may not be unreasonably withheld, relocate such occupancy within the Line at the sole risk, cost and expense of Buyer or its successors or assigns, as the case may be.

g. Subject to its right of termination in accordance with the provisions of Section 11, Buyer agrees to waive any defects in CSXT's title. Buyer shall bear and pay any and all costs and expenses for title inspection, subdivision approvals, surveys, transfer taxes, fees, stamps, charges, sales and use taxes and all documentary, recording or filing fees.

6. Proration of Taxes and Charges - All property taxes, special assessments and charges for water, sewer or other utilities assessed or payable in respect of the Line shall be prorated, adjusted and apportioned between Buyer and CSXT as of the Closing Date.

7. Assignment of Agreements –

a. No later than two (2) weeks before Closing, CSXT shall make available for review the contracts, agreements and leases pertaining to the Line set forth and described in Exhibit C hereto (the "Assignment of Agreements"). Except as noted below, at Closing, CSXT shall assign to Buyer all of CSXT's rights and interests in the Assignment of Agreements (unless applicable to an area greater than the Line, in which case Buyer shall be included as a party) and Buyer shall assume and be bound by all of CSXT's obligations and liabilities thereunder. Such Assignment of Agreements shall provide for CSXT's indemnification of Buyer for obligations and liabilities occurring under the Assignment of Agreements prior to the Closing Date and for Buyer's indemnification of CSXT for obligations and liabilities occurring under the Assignment of Agreements on

or after the Closing Date. Any and all prepaid fees, charges, rent or income under any of the Assignment of Agreements due or payable prior to the Closing Date and received by CSXT shall be retained by CSXT.

b. All interests in those contracts, agreements, leases, licenses and easements pertaining in whole or in part to the Line which are set forth and described in Exhibit D hereto shall be retained by CSXT (the "Retained Agreements"). It is understood by the parties hereto that the Retained Agreements, *inter alia*, may grant or confer to others, not party to this Agreement, rights, interests and privileges in or pertaining to the Line, and that, from and after the Closing Date Buyer shall not cause or suffer any interference with the enjoyment and use of the rights, interests and privileges granted or conferred in the Retained Agreements and Buyer shall not cause or suffer any breach of any of the Retained Agreements.

c. In the event that subsequent to Closing CSXT locates any contracts, agreements, leases, licenses or easements which should have been included in Exhibit C and Exhibit D but were omitted, the parties hereto shall amend Exhibits C and D to incorporate any such documents and Buyer shall accept assignment thereof in the manner designated for Assigned Agreements in Section 7a hereof, and in the manner designated for Retained Agreements in Section 7b hereof.

8. Inspection of Line -

a. Between the date of this Agreement and the Closing, CSXT shall provide Buyer access to the Line in order for Buyer to make such physical and environmental investigation and testing as Buyer may deem appropriate; provided, however, that (i) Buyer shall not disclose to any other party(ies) CSXT's confidential traffic or business matters and (ii) Buyer shall not disclose to anyone other than CSXT or Buyer's financing agency the results of such investigation or testing.

b. CSXT reserves the right to monitor and approve any environmental assessments, tests, studies, procedures, measurements or analyses performed by or for Buyer in, on, to or with respect to the Line ("Environmental Assessment"). Buyer shall include in any contract or bids for site Environmental Assessment of the Line a confidentiality clause limiting disclosure of any report(s) to Buyer, or to CSXT upon its written request.

c. With respect to any Environmental Assessment, Buyer shall (i) notify CSXT in writing no less than fifteen (15) days prior to initiation of any on site work, (ii) keep CSXT fully apprised of the progress of the Environmental Assessment and (iii) cooperate fully with any and all reasonable requests by CSXT with respect to the undertaking or carrying out of the Environmental Assessment.

d. Within five (5) days after Buyer receives results, assessments, reports and/or studies based on the Environmental Assessment, it shall furnish at its cost copies to CSXT.

e. If the Environmental Assessment reveals contamination of the Line in amount(s) and/or concentration(s) beyond the minimum acceptable levels established by applicable governmental authorities, or if Buyer is unwilling to accept the environmental condition of the Line as revealed by the Environmental Assessment, Buyer's **sole and exclusive remedy** shall be to terminate this Agreement. Buyer acknowledges that CSXT is not and shall not be required to correct, remedy or cure any environmental condition or contamination of the Line as a condition to Closing or as an obligation with respect to performance required after Closing.

f. If Buyer elects not to undertake or contract for an Environmental Assessment, or if Buyer does not elect to terminate this Agreement after receiving results of the Environmental Assessment, Buyer shall take the Line **"AS IS, WHERE IS"**, with all faults and defects in its physical or environmental condition as of the Closing; and Buyer assumes all risks of the condition of the Line, regardless of the cause or date of origin of any environmental condition, and agrees to release all rights and/or claims against CSXT for any such condition or for the costs of remediation or cure of any such condition.

g. Buyer hereby agrees to defend, indemnify, and hold harmless CSXT, its officers, agents and employees, from and against any and all liability, cost and expense arising out of or connected with the exercise by Buyer, its officers, agents or employees, of the rights of access and investigation herein granted, regardless of whether such liability, cost and expense is caused in whole or in part by the fault, failure, negligence, misconduct, nonfeasance or misfeasance of CSXT, its officers, agents or employees.

9. **Waiver of Warranties as to Condition of Line** - Buyer acknowledges that CSXT has made and will make no representations, warranties, guarantees, statements or information, express or implied, pertaining to the Line, the physical, environmental or other condition thereof, or its merchantability or suitability for any use or purpose whatsoever.

10. **Indemnity** –

a. CSXT shall defend, indemnify, and hold harmless Buyer, its officers, agents and employees, from and against any and all liability, cost and expense arising out of or connected with any personal injury, property loss or damage occurring prior to Closing on or about the Line, except for any such liability, cost or expense arising out of or connected with any action of Buyer, its officers, agents or employees on or about the Line prior to Closing.

b. Buyer shall defend, indemnify, and hold harmless CSXT, its officers, agents and employees, from and against any and all liability, cost and expense arising out of or connected with any personal injury, property loss or damage occurring after Closing on or about the Line, except for any such liability, cost or expense arising out of or connected with any action of CSXT, its agents or employees on or about the Line after Closing.

c. Nothing contained in this Section 10 shall be construed as modifying the provisions of Sections 8 or 9 hereof. This Section 10 is not intended to create any obligation by CSXT to indemnify Buyer with respect to the physical or environmental condition of the Line, or its merchantability or suitability for any use or purpose whatsoever or for any liability, cost or expense arising out of or connected with the exercise of rights granted in Section 8 hereof.

11. Termination - This Agreement may be terminated prior to the Closing by either Buyer or CSXT, without further liability or obligation to either of them, in the event of any of the following:

a. Claims, litigation or work stoppage shall be threatened or pending in connection with the transactions contemplated by this Agreement;

b. The Closing has not occurred on or before sixty (60) days from the date of this Agreement, for any reason, including the issuance of an injunction prohibiting the consummation of the transactions contemplated herein; provided that a party in default hereunder may not utilize its own failure to close as cause for termination;

c. By the other party hereto based on the failure or inability of Buyer or CSXT, for any reason, to enter into the agreement for assignment and assumption contemplated under this Agreement;

d. The discovery by Buyer of any material defect in CSXT's title to the Line which would preclude Buyer from using the Line as an operating line of railroad; or

e. The right of termination with respect to environmental matters in accordance with the provisions of Section 8e hereof.

12. Closing - Subject to the rights of termination expressly provided in this Agreement, the Closing under this Agreement shall be held at a mutually agreeable location on a mutually agreeable date (the "Closing") on or before sixty (60) days from the date of this Agreement.

13. Entire Agreement - This Agreement and the Exhibits hereto shall constitute the entire understanding and agreement between the parties hereto with respect to the subject matter hereof and supersedes all other prior understandings and agreements, both written and oral, between or among Buyer and CSXT with respect to the subject

matter of this Agreement. This Agreement may be supplemented, amended or modified at any time and in any and all respects only by an instrument in writing executed by Buyer and CSXT. Time is of the essence of this Agreement.

14. Partnership; Expenses - Buyer and CSXT understand that no joint venture or fiduciary relationship between or among them is contemplated by either Buyer or CSXT in connection with this Agreement. Except as otherwise provided herein, any and all expenses incurred by either Buyer or CSXT in connection with this Agreement and the transactions contemplated hereby shall be borne by the party incurring such expenses. Neither CSXT nor Buyer has or will incur any obligation that would result in the other being liable for any brokerage, finder's fee or similar fee in connection with the transactions contemplated hereby.

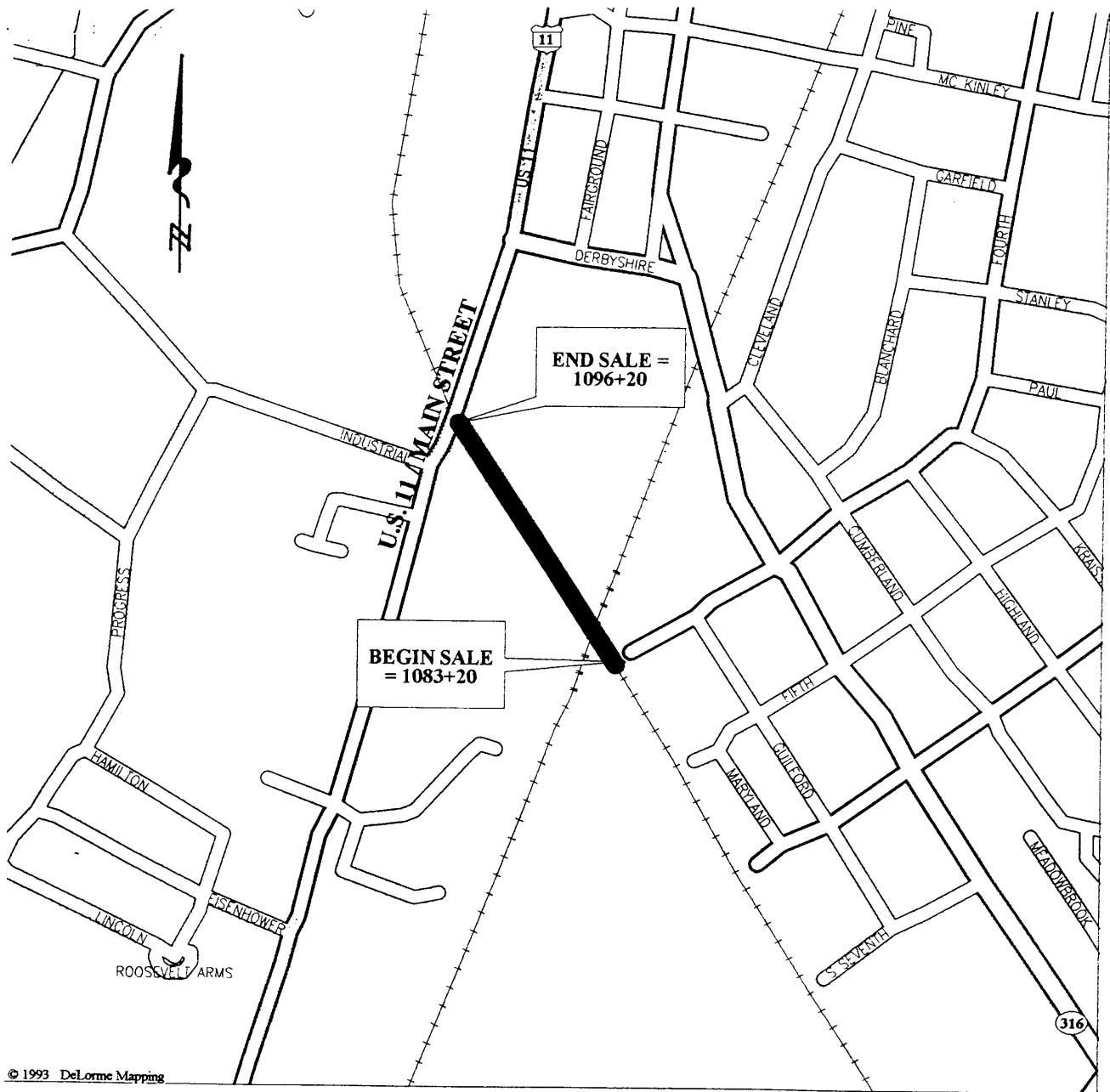
15. Applicable Law - This Agreement shall be construed and enforced in accordance with the laws of the Commonwealth of Pennsylvania, without regard to its conflicts of laws principles.

16. Counterparts - This Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument

17. Assignment, Survivors and Third Party Beneficiaries - This Agreement shall be binding upon Buyer and CSXT, and their respective successors and assigns; provided, however, that Buyer shall not assign this Agreement in whole or in part without the prior written consent of CSXT, which shall not be unreasonably withheld. The terms and conditions of this Agreement shall survive delivery of the Quitclaim Deed whether or not the Quitclaim Deed so states. Subsequent to Closing, this Agreement may not be terminated or rescinded unless mutually agreed to by the parties in writing. Nothing contained in this Agreement is intended to nor shall it be construed to confer upon any party other than Buyer and CSXT and their respective successors and assigns any right or benefit under or by reason of this Agreement. It is understood that the Line may be conveyed to Buyer at Closing subject to mortgages, deeds of trust or other like financial liens in effect prior to Closing, in which event CSXT shall remove or release same from the Line within a reasonable time after Closing at no cost or expense to Buyer.

18. Charitable Donation –

a. Buyer and CSXT believe the Purchase Price is less than the fair market value of the Premises, and CSXT, being interested in assisting Buyer, desires to make a charitable donation to Buyer of the difference between the Purchase Price and the fair market value. Buyer will provide CSXT with any documentation required by the United States Internal Revenue Service (IRS) to substantiate the donation to Buyer and the tax exempt status of Buyer, including Buyer's execution of IRS Form 8283, for land and a separate IRS Form 8283 for improvements attached hereto as Exhibit E, and the



LEGEND

- US Highway
- Population Center
- Street, Road
- Major Street/Road
- Interstate Highway
- State Route
- US Highway

- Railroad
- RR Underpassing
- River



AREA TO BE CONVEYED = 0.24 MILE +/- OR 2.19 ACRES +/-

CSX REAL PROPERTY, INC.

EXHIBIT - A

GENERAL LOCATION MAP
CHAMBERSBURG

FRANKLIN COUNTY

Val. Map: V. 8-1 / 7

V. 21611

PINs: 42055-0014 & 42055-0035

SITE ID: PA-055-0995552

PENNSYLVANIA

Date: 01-08-01

By: JLS

EXHIBIT B

Description of property at: Chambersburg, Franklin County, Pennsylvania

To:

CSXT Deed File No.: 42055-0014

A strip of land situate at or near Chambersburg, Franklin County, Pennsylvania, being a portion of Grantor's Lurgan Subdivision, lying on either side of the following described centerline: **BEGINNING** at the point of intersection of the centerline of Grantor's main line railroad track at or near Railroad Valuation Station 1083+20 with the southwesterly extension of the southerly line of S. Fourth Street, such **BEGINNING POINT** being indicated on a fragment print of Grantor's Railroad Valuation Map V.S. 8-1, sheet 7, marked Exhibit A-1, attached hereto; thence extending generally in a northwesterly direction along the centerline of Grantor's railroad track a distance of 0.24 miles, more or less, to the **ENDING POINT** at the point of intersection of the centerline of the railroad track at or near Railroad Valuation Station 1096+20 with the southeasterly line of Main Street, as indicated on Exhibit A-1; containing 2.19 acres, more or less, as shown in detail on Railroad Valuation Map V.S. 8-1, sheet 7, incorporated herein by reference.

EXHIBIT "C"

FOURTH ST. TO MAIN ST.
CHAMBERSBURG, PA

<u>GIS #</u>	<u>CONTRACT NUMBER</u>	<u>LESSEE</u>	<u>DATE</u>	<u>PURPOSE</u>	<u>FULL/ PART</u>	<u>STATUS</u>	<u>GENERAL</u>
21611	WM-L60203 WM-L60797 CSX-010458 WM-L64512	BOROUGH OF CHAMBERSBURG BOROUGH OF CHAMBERSBURG BOROUGH OF CHAMBERSBURG UNITED TELEPHONE CO. OF PENNSYLVANIA	12/01/1962 02/15/1963 07/18/1989 09/05/1968	PIPELINE POLE/ANCHOR LAND WIRELINE	FULL PART FULL FULL	ACTIVE ACTIVE ACTIVE ACTIVE	NO NO NO NO

EXHIBIT "D"

FOURTH ST. TO MAIN ST.
CHAMBERSBURG, PA

NONE

GIS #
CONTRACT
NUMBER

LESSEE

DATE

PURPOSE

FULL/
PART

STATUS

GENERAL

Form **8283**
(Rev. November 1992)Department of the Treasury
Internal Revenue Service**Noncash Charitable Contributions**▶ Attach to your tax return if the total deduction claimed
for all property contributed exceeds \$500.

▶ See separate instructions.

OMB No. 1545-0908
Expires 11-30-95Attachment
Sequence No. 55

Name(s) shown on your income tax return

Identifying number

Note: Figure the amount of your contribution deduction before completing this form. See your tax return instructions.

Section A—Include in this section only items (or groups of similar items) for which you claimed a deduction of \$5,000
or less per item or group, and certain publicly traded securities (see instructions).**Part I** Information on Donated Property—If you need more space, attach a statement.

1	(a) Name and address of the donee organization	(b) Description of donated property
A		
B		
C		
D		
E		

Note: If the amount you claimed as a deduction for an item is \$500 or less, you do not have to complete columns (d), (e), and (f).

	(c) Date of the contribution	(d) Date acquired by donor (mo., yr.)	(e) How acquired by donor	(f) Donor's cost or adjusted basis	(g) Fair market value	(h) Method used to determine the fair market value
A						
B						
C						
D						
E						

Part II Other Information—If you gave less than an entire interest in property listed in Part I, complete lines 2a–2e.
If restrictions were attached to a contribution listed in Part I, complete lines 3a–3c.

2 If less than the entire interest in the property is contributed during the year, complete the following:

- a Enter letter from Part I that identifies the property _____. If Part II applies to more than one property, attach a separate statement.
- b Total amount claimed as a deduction for the property listed in Part I: (1) For this tax year _____
(2) For any prior tax years _____
- c Name and address of each organization to which any such contribution was made in a prior year (complete only if different than the donee organization above).

Name of charitable organization (donee)

Address (number, street, and room or suite no.)

City or town, state, and ZIP code

d For tangible property, enter the place where the property is located or kept _____

e Name of any person, other than the donee organization, having actual possession of the property _____

3 If conditions were attached to any contribution listed in Part I, answer the following questions and attach the required statement (see instructions):

- a Is there a restriction, either temporary or permanent, on the donee's right to use or dispose of the donated property?
- b Did you give to anyone (other than the donee organization or another organization participating with the donee organization in cooperative fundraising) the right to the income from the donated property or to the possession of the property, including the right to vote donated securities, to acquire the property by purchase or otherwise, or to designate the person having such income, possession, or right to acquire?
- c Is there a restriction limiting the donated property for a particular use?

Yes	No
☐	☐
☒	☐
☐	☐

For Paperwork Reduction Act Notice, see separate instructions.

Cat No 62299J

Form **8283** (Rev. 11-92)

1/11/93

Published by Tax Management Inc., a Subsidiary of The Bureau of National Affairs, Inc.

8283 1

EXHIBIT F

**SAMPLE LETTER OF ACKNOWLEDGMENT FOR
DONATION / SALE TRANSACTIONS**

TO BE WRITTEN ON DONEE/GRANTEE'S LETTERHEAD

DATE:

CSX Real Property, Inc.
301 West Bay Street, 8th Floor
Bellsouth Tower, J-915
Jacksonville, FL 32202

RE: Chambersburg, Franklin County, PA – Acquisition of land and track –
CSXT's Lurgan Subdivision – Railroad Line Segment between S. Fourth
Street and Main Street.

TO WHOM IT MAY CONCERN:

The undersigned Donee/Grantee hereby acknowledges receipt of certain CSX Transportation, Inc. ("CSXT") property and improvements situated between the southwesterly extension of the southerly line of S. Fourth Street and the southeasterly line of Main Street, in Chambersburg, Franklin County, PA.

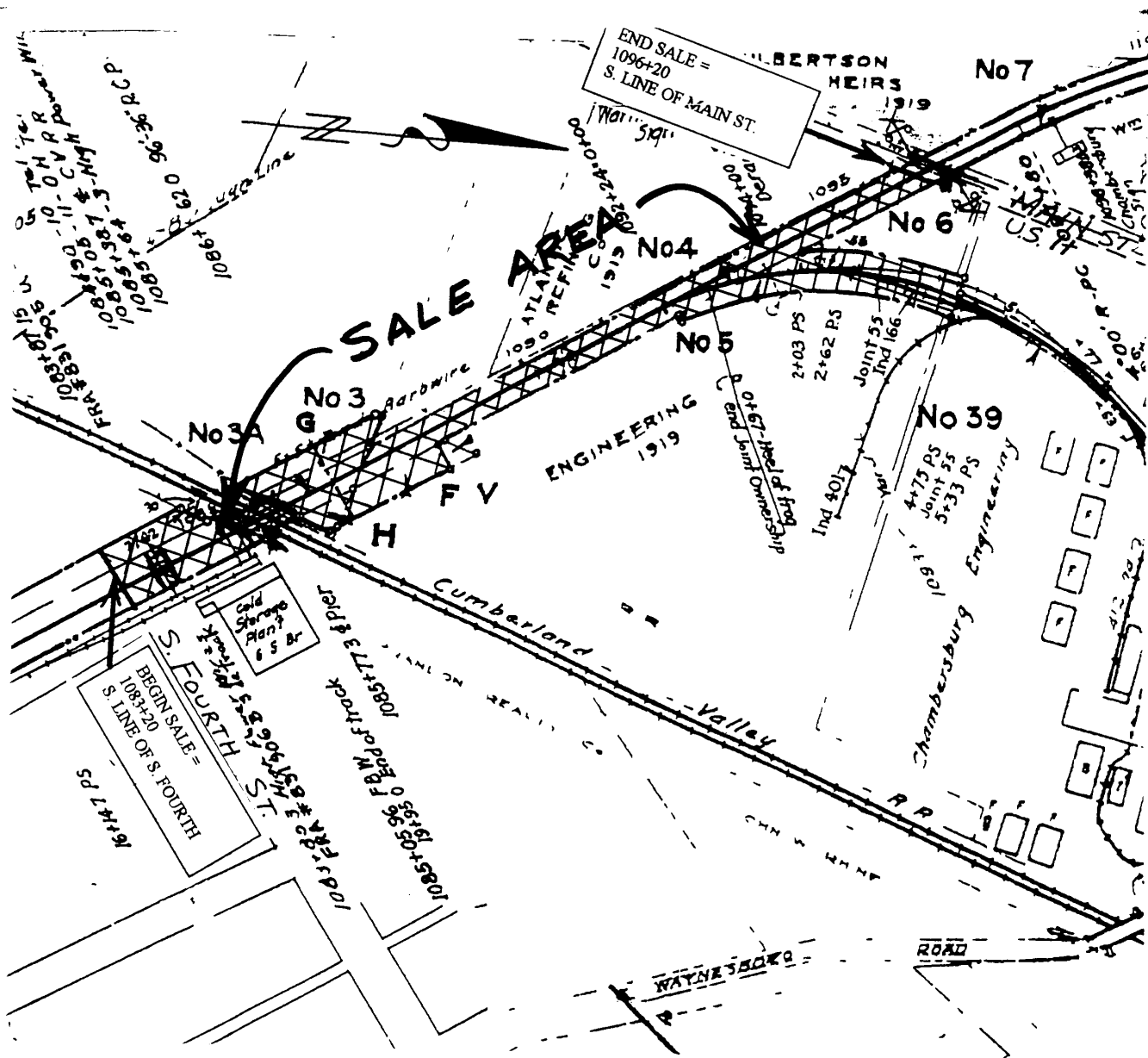
This letter confirms that no additional goods or services, other than the consideration stipulated in the deed, were provided to CSXT in exchange for this contribution. The full amount of the donation should be tax deductible to the extent allowed by law for Federal tax purposes.

Very truly yours,

EXHIBIT B

Description of property at: Chambersburg, Franklin County, Pennsylvania
To:
CSXT Deed File No.: 42055-0014

A strip of land situate at or near Chambersburg, Franklin County, Pennsylvania, being a portion of Grantor's Lurgan Subdivision, lying on either side of the following described centerline: **BEGINNING** at the point of intersection of the centerline of Grantor's main line railroad track at or near Railroad Valuation Station 1083+20 with the southwesterly extension of the southerly line of S. Fourth Street, such **BEGINNING POINT** being indicated on a fragment print of Grantor's Railroad Valuation Map V.S. 8-1, sheet 7, marked Exhibit A-1, attached hereto; thence extending generally in a northwesterly direction along the centerline of Grantor's railroad track a distance of 0.24 miles, more or less, to the **ENDING POINT** at the point of intersection of the centerline of the railroad track at or near Railroad Valuation Station 1096+20 with the southeasterly line of Main Street, as indicated on Exhibit A-1; containing 2.19 acres, more or less, as shown in detail on Railroad Valuation Map V.S. 8-1, sheet 7, incorporated herein by reference.



AREA TO BE CONVEYED = 0.24 MILE +/- OR 2.19 ACRES +/-

CSX REAL PROPERTY, INC.
EXHIBIT - "A-1"

SITUATION PLAN AT CHAMBERSBURG

FRANKLIN COUNTY

Val. Map: V. 8-1 / 7

V. 21611

PINs: 42055-0014 & 42055-0035

SITE ID: PA-055-0995552

PENNSYLVANIA

Date: 01-08-01

By: JLS

1" = 200'

EXHIBIT "C"

FOURTH ST. TO MAIN ST.
CHAMBERSBURG, PA

<u>GIS #</u>	<u>CONTRACT NUMBER</u>	<u>LESSEE</u>	<u>DATE</u>	<u>PURPOSE</u>	<u>FULL/ PART</u>	<u>STATUS</u>	<u>GENERAL</u>
21611	WM-L60203 WM-L60797 CSX-010458 WM-L64512	BOROUGH OF CHAMBERSBURG BOROUGH OF CHAMBERSBURG BOROUGH OF CHAMBERSBURG UNITED TELEPHONE CO. OF PENNSYLVANIA	12/01/1952 02/15/1963 07/18/1989 09/05/1968	PIPELINE POLE/ANCHOR LAND WIRELINE	FULL PART FULL FULL	ACTIVE ACTIVE ACTIVE ACTIVE	NO NO NO NO

EXHIBIT "D"

FOURTH ST. TO MAIN ST.
CHAMBERSBURG, PA

NONE

<u>GIS #</u>	<u>CONTRACT NUMBER</u>	<u>LESSEE</u>	<u>DATE</u>	<u>PURPOSE</u>	<u>FULL/ PART</u>	<u>STATUS</u>	<u>GENERAL</u>
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Form **8283**
(Rev. November 1992)Department of the Treasury
Internal Revenue Service**Noncash Charitable Contributions**▶ Attach to your tax return if the total deduction claimed
for all property contributed exceeds \$500.

▶ See separate instructions.

OMB No. 1545-0008
Expires 11-30-95Attachment
Sequence No. 55

Name(s) shown on your income tax return

Identifying number

Note: Figure the amount of your contribution deduction before completing this form. See your tax return instructions.

Section A—Include in this section only items (or groups of similar items) for which you claimed a deduction of \$5,000 or less per item or group, and certain publicly traded securities (see instructions).**Part I** Information on Donated Property—If you need more space, attach a statement.

1	(a) Name and address of the donee organization	(b) Description of donated property
A		
B		
C		
D		
E		

Note: If the amount you claimed as a deduction for an item is \$500 or less, you do not have to complete columns (c), (e), and (f).

	(c) Date of the contribution	(d) Date acquired by donor (mo., yr.)	(e) How acquired by donor	(f) Donor's cost or adjusted basis	(g) Fair market value	(h) Method used to determine the fair market value
A						
B						
C						
D						
E						

Part II Other Information—If you gave less than an entire interest in property listed in Part I, complete lines 2a–2e. If restrictions were attached to a contribution listed in Part I, complete lines 3a–3c.**2** If less than the entire interest in the property is contributed during the year, complete the following:

- a Enter letter from Part I that identifies the property _____. If Part II applies to more than one property, attach a separate statement.
- b Total amount claimed as a deduction for the property listed in Part I: (1) For this tax year _____
(2) For any prior tax years _____
- c Name and address of each organization to which any such contribution was made in a prior year (complete only if different than the donee organization above).

Name of charitable organization (donee)

Address (number, street, and room or suite no.)

City or town, state, and ZIP code

- d For tangible property, enter the place where the property is located or kept _____
- e Name of any person, other than the donee organization, having actual possession of the property _____

3 If conditions were attached to any contribution listed in Part I, answer the following questions and attach the required statement (see instructions):

- a Is there a restriction, either temporary or permanent, on the donee's right to use or dispose of the donated property?
- b Did you give to anyone (other than the donee organization or another organization participating with the donee organization in cooperative fundraising) the right to the income from the donated property or to the possession of the property, including the right to vote donated securities, to acquire the property by purchase or otherwise, or to designate the person having such income, possession, or right to acquire?
- c Is there a restriction limiting the donated property for a particular use?

Yes	No
☐	☐
☒	☐
☐	☐

For Paperwork Reduction Act Notice, see separate instructions.

Cat. No. 62299J

Form **8283** (Rev. 11-92)

1/11/93

Published by Tax Management Inc., a Subsidiary of The Bureau of National Affairs, Inc.

8283 I

EXHIBIT F

**SAMPLE LETTER OF ACKNOWLEDGMENT FOR
DONATION / SALE TRANSACTIONS**

TO BE WRITTEN ON DONEE/GRANTEE'S LETTERHEAD

DATE:

CSX Real Property, Inc.
301 West Bay Street, 8th Floor
Bellsouth Tower, J-915
Jacksonville, FL 32202

RE: Chambersburg, Franklin County, PA – Acquisition of land and track –
CSXT's Lurgan Subdivision – Railroad Line Segment between S. Fourth
Street and Main Street.

TO WHOM IT MAY CONCERN:

The undersigned Donee/Grantee hereby acknowledges receipt of certain CSX Transportation, Inc. ("CSXT") property and improvements situated between the southwesterly extension of the southerly line of S. Fourth Street and the southeasterly line of Main Street, in Chambersburg, Franklin County, PA.

This letter confirms that no additional goods or services, other than the consideration stipulated in the deed, were provided to CSXT in exchange for this contribution. The full amount of the donation should be tax deductible to the extent allowed by law for Federal tax purposes.

Very truly yours,

Letter of Acknowledgment, attached hereto as Exhibit F, at Closing or thereafter as needed.

b. Provisions of this Section shall survive Closing and delivery of the deed, whether or not the deed so states, there being neither express nor implied merger hereof into said deed

IN WITNESS WHEREOF, the parties hereto, by their duly authorized representatives, have executed and delivered this Purchase and Sale Agreement as of the day and year first above written.

ATTEST:

CSX TRANSPORTATION, INC.

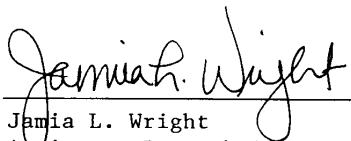
Approved as to form

Assistant Secretary

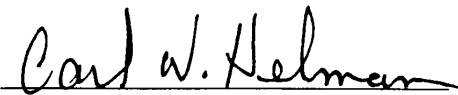
By: _____
Print Name: _____
Print Title: _____

ATTEST:

**MAYOR AND TOWN COUNCIL OF THE
BOROUGH OF CHAMBERSBURG,
PENNSYLVANIA**



Jamia L. Wright
Assistant Borough Secretary

By: 

Print Name: Carl W. Helman
Print Title: Vice President Town Council

Exhibit *B*

JMT4/k/chambri.k
rev. September 30, 1998
Franklin County

Agreement No. 829873
Conrail Fed. I.D. # 231989084
NSRC Fed. I.D. # 521188014
CSXT Fed. I.D. # 546000720
Borough Fed. I.D. # 236002979

COPY

REIMBURSEMENT AND COOPERATION AGREEMENT

THIS AGREEMENT, made the 16 day of March, 1999 by and among the Commonwealth of Pennsylvania, acting through its Department of Transportation ("Department"); Consolidated Rail Corporation, with offices at P.O. Box 41412, 2001 Market Street, Philadelphia PA 19101-1412 ("Conrail"); Norfolk Southern Railway Corporation, with offices at 99 Spring Street, Atlanta, GA 30303 ("NSRC"); CSX Transportation, Inc., with offices at 500 Water Street, Jacksonville, FL 32202 ("CSXT"); and the Borough of Chambersburg, with offices at 100 South Second Street, P.O. Box 1009, Chambersburg, PA 17201-0909 ("Borough").

WITNESSETH:

WHEREAS, the United States Congress, in Section 1107(b)24 of the Intermodal Surface Transportation Efficiency Act of 1991, appropriated funding from the Highway Trust Fund ("Federal Funds") for execution of an innovative project to "relocate [a] section of railroad tracks between Hagerstown, Maryland and Shippensburg, Pennsylvania in order to eliminate 23 at-grade crossings and to make [a] connection to an existing railroad line" ("Relocation"); and,

WHEREAS, approximately 85 percent of the Relocation is to be done within the Commonwealth of Pennsylvania ("Project"); and,

WHEREAS, the Federal Funds for the Project are designated to flow through the Department; and,

WHEREAS, in a transaction approved by the United States Department of Transportation Surface Transportation Board, NSRC has acquired the right to operate Conrail's lines in the Project area, with a final transfer date of August 22, 1998 ("Transaction Date"); and,

WHEREAS, for purposes of this Agreement, Conrail has designated NSRC to act as its agent in connection with the Project prior to the Control Date; and,

WHEREAS, NSRC and CSXT (together, the "Railroads") have come to an understanding with the Department as to the mechanism for the relocation, which involves an existing CSXT line which will be removed in part and connected at Hagerstown to an existing Conrail/NSRC line; and,

WHEREAS, the Project will be performed substantially by the Railroads' own forces and the Railroads will directly bill the Department for reimbursement of eighty (80) percent of the eligible Project costs as defined in this Agreement; and,

WHEREAS, NSRC has agreed to contribute the twenty (20) percent match required for its portion of the Project, either in cash or in services as applicable, and to upgrade its line from Hagerstown (the control point town) to Shippensburg to support the increased traffic which will result from the relocation; and,

WHEREAS, CSXT will, as a part of its twenty (20) percent local match for its portion of the Project, contribute the railroad operating land to be vacated by the removal of the line segment and associated crossings by quitclaim deed to the municipality in which each segment is located, contribute its services to the Project as specified in this Agreement, and provide any monetary contribution necessary to constitute the remainder of that match; and,

WHEREAS, the Railroads will obtain all rights-of-way necessary for their respective portions of the Project, subject to the terms and conditions outlined in this Agreement.

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

1. Incorporation by reference. The foregoing recitals are hereby incorporated by reference as a material part of this Agreement.

2. Scope of work. The Railroads will, with their own forces or by contract, prepare design and construction specifications ("Work Plans") for the Project, which Work Plans shall be submitted to the Department for approval prior to commencement of construction. Upon the Department's written approval of the design Work Plan ("Notice to Proceed Date"), the Railroads shall commence design work on their respective sections of the Project. The design shall be in conformity with all applicable state and federal regulatory standards, and the Railroads agree to obtain, with Department assistance as needed, any and all required governmental approvals, including Department approval of the final design, prior to the commencement of Project construction.

A. Final design work shall be completed no later than six months from the Notice to Proceed date, and the completion of Project construction shall be no later than 18 months from the Notice to Proceed Date.

B. Upon written notice to the Department, which notice shall be delivered no later than 30 days prior to the final design or construction deadline under this Paragraph, the Railroads may request an extension of the Project design or construction period. The Department shall inform the Railroads in writing of approval or disapproval of the extension within ten days of the receipt of any request.

3. Real estate requirements. The Railroads agree to cooperate for purposes of the Project as follows:

A. The Railroads certify that they have obtained, or will obtain prior to commencement of Project construction, in fee simple or in any other manner accepted by the Department in writing, any and all rights of way necessary for construction of their respective portions of the Project. The Project limits shall be those as shown on

the attached map and work summary designated as Exhibit A to this Agreement.

B. CSXT shall convey to the Borough by quitclaim deed all CSXT ownership interests in rights of way in the Borough as defined in Exhibit A. The conveyance to the Borough shall be in lieu of eminent domain proceedings. Prior to the conveyance, CSXT shall complete all Project work on its lines in the Borough in accordance with the Project work plan approved by the Department in consultation with the Borough. CSXT agrees to obtain an independent appraiser who shall make an appraisal of the parcels to be vacated in order to determine the value of the property to be transferred. The appraiser must be approved by the Department prior to the start of the appraisal. Upon acceptance of the rights of way and conveyance of title, the Borough shall assume all future maintenance responsibility and liability for the property so conveyed. The Borough shall record the deeds conveying rights-of-way and any other necessary property to the Borough and shall be responsible for all recording fees and transfer taxes, if any, from such transactions.

C. CSXT understands that the Department's reimbursement to CSXT under the description in Exhibit B for the line sales from Commerce to Lurgan and from Main Street to Fourth Street is contingent upon CSXT's successful negotiation to transfer the lines within five years of the date of this Agreement either to the Borough or to another public entity charged with maintaining the affected segments.

D. The Railroads shall obtain any rights of way necessary to construct their respective portions of the Project as approved by the Department after submission of final design drawings. Upon such conveyance, the Railroads shall record the property deed in the appropriate governmental office; be responsible for recording fees and transfer taxes, if any; and assume all future maintenance responsibility and liability for their respective portions of the property. The parties understand that right-of-way costs are included within the total Project cost for reimbursement purposes under this Agreement.

4. Project clearances. The Railroads agree to obtain from the appropriate governmental agencies all necessary utility clearances, permits, licenses, and other approvals necessary for the Project to proceed, for their respective portions of the Project, prior to the commencement of Project construction. The Department will cooperate with the Railroads to the extent practicable. This shall include, but not be limited to, the preparation or revision of environmental reports or other documents such as environmental impact statements, and the defense of environmental litigation resulting from the planning, design, and/or construction of the Project. It is understood that the Department will provide the clearance document required by National Environmental Policy Act of 1969, as amended. The Railroads shall furnish plans for their respective portions of the Project to utilities known to have facilities within the Project limits and to all other utilities subsequently discovered to be within the Project limits. The Railroads shall comply with Department policy on

utility relocations and shall submit all required documentation to the Department for approval.

5. Elimination of grade crossings. CSXT shall perform all work required on its lines to upgrade signalization at or eliminate the grade crossings in and around the Borough as shown in the work plan approved by the Department. The preliminary work plan is contained in Exhibit A to this Agreement, and a final Work Plan shall be developed in accordance with Paragraph 2 of this Agreement; the parties, however, may amend the Work Plan upon the written approval of the Department, without need to amend this Agreement.

A. CSXT certifies that it will conform to the Department's satisfaction to all applicable Federal and Department specifications and regulations in its work on the grade crossings, including but not limited to the provisions of the Federal Highway Administration's Federal Aid Policy Guide, Department Publication No. 70 (Design Manual), Department Highway Specifications (Publication 408), Bureau of Design Specifications for Consultant Agreements (Form 442), and Department Policy Letters, all of which may be amended and supplemented from time to time.

B. CSXT shall file and bear all responsibility for, all necessary applications with the Pennsylvania Public Utility Commission and other required regulatory authorities to abolish the crossings. The Parties subject to the Commission proceeding agree to request a Commission order consistent with the terms of this Agreement.

C. CSXT agrees that the grade crossing eliminations required by this Agreement will be performed within ninety (90) days of the rerouting of its traffic to the NSRC line, unless such rerouting occurs after October 15, 1998, in which case the crossings will be eliminated no later than June 30, 1999. The parties understand that these dates are contingent upon required regulatory approvals, and in the event such approvals have not been obtained in time for CSXT to complete the crossing eliminations by June 30, 1999, the work will be completed within ninety (90) days of receipt of the necessary regulatory approvals.

6. Upgrade of existing rail lines. NSRC agrees to upgrade its rail lines as shown on Exhibit A to support the increased traffic generated by the relocation of the CSXT line under the Project. Such work shall be accomplished in accordance with the provisions of Paragraph 2 of this Agreement. To the extent required by law and the applicable regulatory agency, NSRC agrees to petition the appropriate regulatory authority to assess each crossing on its affected line for adequacy of existing warning devices and, if necessary, with the concurrence of the appropriate regulatory agency, shall increase or upgrade the warning devices consistent with national standards.

7. Funding and reimbursement. The respective financial obligations of the parties under this Agreement shall be as follows:

A. The Department shall contribute eighty (80) percent, up to a maximum of \$9,000,000, toward the actual cost of Project work from ISTEA funds earmarked for the Project. The Railroads, with their own funds, shall be responsible for the remaining

total cost of the Project. Approved Project budget estimates are attached to this Agreement as Exhibit B. It is specifically understood that the Department shall have no obligation for any Project cost overruns, which shall be the sole responsibility of the Railroads, and that the Department's total obligation under this Agreement will not exceed the available Federal Funds authorized therefor. Reimbursement shall be made to each Railroad by the Department upon the Department's acceptance of that Railroad's respective portion of the completed Project. The Department agrees to accept the current documentation used by the Railroads' field offices and Non-Revenue Billing Department as a basis for payment of Project costs. NSRC specifically agrees to contribute any funds or in-kind services necessary to constitute its twenty (20) percent local match for the Project.

B. CSXT specifically agrees to contribute any funds or in-kind services necessary to attain its twenty (20) percent local match of the total Project cost which may remain to be satisfied after the appraised value of the property deeded to the Borough under Paragraph Three (3) of this Agreement is taken into consideration. Should CSXT's contributions to the Project exceed the required twenty (20) percent local match, the Department will reimburse CSXT for such excess contribution, provided, however, that the total reimbursement to the Railroads shall not exceed the amount permitted under this Agreement.

C. The Railroads agree that the costs to the Department for preparation of the environmental clearance document ("Department Costs") will be set off against the Railroads' shares of the federal funds available under this agreement in proportion to the percentage of environmental work allocated to each railroad. NSRC's share of the environmental costs will be seventy-nine (79) percent of the total; CSXT's share will be twenty-one (21) percent of the total. Reimbursement from the Department to the Railroads under this Agreement will not exceed eighty (80) percent of the total of the Department Costs plus the Railroads' Project costs, minus one hundred (100) percent of the Department Costs.

8. Permit requirement. The Railroads agree to take any and all required action to obtain from the Department any Highway Occupancy Permit or permits required for their respective portions of the Project prior to the commencement of Project construction. The Railroads also agree to obtain any temporary easements or licenses necessary to proceed with construction of their respective portions of the Project prior to the commencement of construction. The Department agrees that Project completion dates will be extended to the extent necessary if the Railroads encounter delays in the approval and issuance of permits, easements, or licenses for which applications have been filed by the Railroads in a timely manner.

9. Availability of Funds. The Railroads, by executing this Agreement, certify that they have on hand sufficient funds to meet all of their obligations for the Project, and that all funds needed to

pay any costs incurred in excess of those eligible for Department reimbursement under this Agreement will be borne and provided for by the Railroads, per their respective interests, and not the Department.

10. Construction Inspection. The Railroads shall, with their own forces or by contract, provide staff to adequately inspect and supervise all construction work for their respective portions of the Project in accordance with the approved plans and specifications. Proper contractor supervision and construction inspection must be provided to ensure that all Project work is completed in compliance with state and federal regulatory requirements. The Department will monitor and oversee this process.

11. Maintenance of records. The Railroads and their consultants and/or contractors shall maintain all books, documents, papers, records, supporting cost proposals, accounting records, employee time cards, payroll records, and other evidence pertaining to Project costs and shall make such materials available to the Department and its designees for inspection and audit at all reasonable times during the contract period and for three (3) years after submission of an invoice to the Department or seven (7) years after the date of final payment to any contractor, whichever is later in time. Time records of personnel performing any work shall account for direct labor performed on the Project as well as the time of any personnel included in the computation of overhead costs. A complete record shall also be kept for personnel assigned part-time to the Project, which record shall include such personnel's time dedicated to work outside of the Project.

12. Contract requirements. The Railroads and the Borough certify that they will conform with the requirements of the Commonwealth Contractor Integrity Provisions, Nondiscrimination Clause, Federal Equal Opportunity Provisions, Federal Audit Clause, Antilobbying Provision, Contractor Responsibility Clause, and the Provisions Concerning the Americans With Disabilities Act, which are attached to this Agreement as Exhibits C through I, respectively, to this Agreement.

13. Maintenance requirements. The Railroads, as their respective interests shall appear, shall be responsible for all maintenance of the Project property after construction is completed, and the Department shall have no maintenance obligation in connection with the Project facilities.

14. Switching and trackage rights. NSRC agrees to provide CSXT with switching and trackage rights necessary to permit CSXT to transport freight (including but not limited to shipments from Letterkenny Army Depot as needed) over specific NSRC lines as part of the relocation. Such rights shall be provided by separate agreement between NSRC and CSXT, at fair and reasonable rates. CSXT agrees that service as needed to the Letterkenny Army Depot will not terminate for a period of at least five (5) years.

15. Assignment. This agreement may not be assigned by Conrail, NSRC, or CSXT without the prior written consent of the Department. Any such assignment will be recognized through an amendment to this Agreement. Any assignment of this Agreement shall be binding on the assigning party's successors and assigns as if they were parties to the original Agreement.

16. Points of contact. All notices or other communications that are required or may be given

under this Agreement shall be addressed as follows:

If to the Department:

Elizabeth Sarge Voras
Deputy Secretary for Aviation and Rail Freight
9th Floor, Forum Place
555 Walnut Street
Harrisburg, Pennsylvania 17101-1900
Telephone (717) 783-2026

-- a copy of all work plans and design drawings shall also be provided to:

Chandis L. Klinger, P.E.
Bureau of Rail Freight, Ports and Waterways
8th Floor, Forum Place
555 Walnut Street
Harrisburg, Pennsylvania 17101-1900
Telephone (717) 783-8489

If to Conrail:

Richard J. Cantwell, P.E.
Assistant Chief Engineer - Public Improvements
Consolidated Rail Corporation
P.O. Box 41412, 2001 Market Street
Philadelphia, Pennsylvania 19101-1412
Telephone (215) 209-2927

If to NSRC:

David C. Orrison
Assistant Chief Engineer, Special Projects
99 Spring Street
Atlanta, GA 30303

If to CSXT:

James T. Derwin
Assistant Vice President - Asset Management
CSX Transportation, Inc.
500 Water Street J200
Jacksonville, Florida 32202
Telephone (904) 359-3574

If to the Borough:

Eric W. Oyer
Borough Manager
100 South Second Street
P.O. Box 1009
Chambersburg, PA 17201-0909
Telephone (717) 261-3245

or to such other person or address as the parties may provide to each other in writing.

17. Insurance and indemnification. The Railroads shall include, and require their design

contractors to include, the Department as an additional insured on their liability insurance policies to the extent they cover incidents arising out of this Agreement or the Project. If a Railroad is historically self-insured, no separate policy of insurance need be purchased to fulfill the terms of this Paragraph. The Railroads agree to indemnify and hold harmless, and to require their contractors to indemnify and hold harmless, the Commonwealth, the Department, its officers, agents, and employees, from all claims or causes of action arising out of their respective obligations under this Agreement. This indemnification shall apply without regard to any limitation in insurance coverage.

18. Default. If any Railroad fails to comply with the terms of this Agreement to the reasonable satisfaction of the Department, the Department may, at its sole option, provide a notice of termination of the Agreement to the Railroads. Any notice so provided shall take effect within ten (10) days of the notice date unless the noncompliant Railroad shall have corrected its default to the Department's satisfaction within the intervening period. In the event this Agreement is so terminated, the Department shall have no obligation to pay the Railroads for any work not done in conformity with this Agreement, and the noncompliant Railroad agrees to restore the affected right-of-way to its condition prior to commencement of the Project. The costs of work completed by any Railroad in accordance with the terms of this Agreement prior to such termination shall be reimbursed by the Department.

19. Offset provision. The Railroads agree that the Commonwealth may set off the amount of any state tax liability or other debt of the Railroads that is owed to the Commonwealth and not being contested on appeal against any payments due the Railroads under this or any other agreement with the Commonwealth.

20. Execution in counterparts. The Parties agree that separate signature pages may be signed by the Parties and attached to this Agreement by the Department as if all Parties had signed on the same page.

21. Reimbursement for existing work. In conformity with law and the requirements of this agreement, and as specified by letter dated September 30, 1998, from the Department to NSRC, the Railroads shall be reimbursed for work performed on the Project even if the work was initiated prior to final execution of this Agreement.

22. Entire agreement. This Agreement constitutes the entire agreement and understanding of the parties with reference to the Project. Any changes to this Agreement shall be in the form of a written amendment to the Agreement.

- - - - -

IN WITNESS WHEREOF, the parties hereto have caused these presents to be signed, sealed and delivered by their proper officials, pursuant to due and legal action authorizing the same to be done, the date first written above.

ATTEST:

Jessie Sears 2/3/99
Signature _____ DATE _____
Exec Secretary

ATTEST:

John A. Dolan 10-7-98
Title _____ DATE _____
Assistant Secretary

ATTEST:

Title _____ DATE _____

ATTEST:

Title _____ DATE _____

ATTEST:

Title _____ DATE _____

APPROVED AS TO LEGALITY AND FORM

BY Michael Hilline 2/23/99
Title _____ DATE _____
Chief Counsel
BY John M. Hall 3/18/99
Title _____ DATE _____
Deputy Attorney General

Approved for Form
and Legality

MAR 14 1999

John K. Ruel
Deputy General Counsel

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF TRANSPORTATION

BY Elizabeth L. Vora 2/3/99
Deputy Secretary DATE

CSX Transportation, Inc.

BY Chris J. Altom 10-7-98
Title _____ DATE _____
Vice-President

Consolidated Rail Corporation

BY _____
Title _____ DATE _____

Norfolk Southern Corporation

BY _____
Title _____ DATE _____

Borough of Chambersburg

BY _____
Title _____ DATE _____

PRELIMINARILY APPROVED

BY _____
Assistant Counsel DATE

RECORDED NO. 829873
Certified Funds Available Under
Activity Program 375

SYMBOL 010-008-185-98/98-1

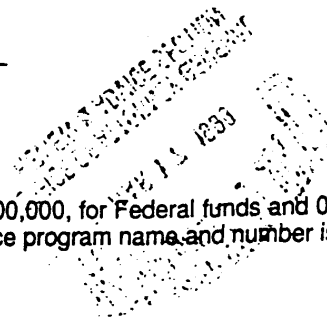
AMOUNT \$9,000,000.00

BY David C. Bane 3/8/99
Comptroller DATE

APPROVED FOR
Office of the Budget

BY _____
Comptroller DATE

Project _____ is split 100%, expenditure amount of \$9,000,000, for Federal funds and 0%, expenditure amount of \$0, for State funds. The related Federal assistance program name and number is _____



IN WITNESS WHEREOF, the parties hereto have caused these presents to be signed, sealed and delivered by their proper officials, pursuant to due and legal action authorizing the same to be done, the date first written above.

ATTEST:

Juanne Sears 2/3/99
Signature _____ DATE
Spec. Secretary

ATTEST:

Title _____ DATE

ATTEST:

[Signature] 10/15/98
Title _____ DATE

ATTEST:

Title _____ DATE

ATTEST:

Title _____ DATE

APPROVED AS TO LEGALITY AND FORM

BY Michael Hall 2/23/99
Chief Counsel _____ DATE
BY _____
Deputy Attorney General _____ DATE

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF TRANSPORTATION

BY Elizabeth V. Vo 2/3/99
Deputy Secretary _____ DATE

CSX Transportation, Inc.

BY _____
Title _____ DATE

Consolidated Rail Corporation

BY [Signature] 10/15/98
Title President & CEO _____ DATE

Norfolk Southern Corporation

BY _____
Title _____ DATE

Borough of Chambersburg

BY _____
Title _____ DATE

PRELIMINARILY APPROVED

BY _____
Assistant Counsel _____ DATE

RECORDED NO. 829873
Certified Funds Available Under
Activity Program 375

SYMBOL 010-005-145-98/99-1

AMOUNT \$9,000,000.00

BY David C. Bower 3/2/99
Comptroller _____ DATE

APPROVED FOR
Office of the Budget

BY _____
Comptroller _____ DATE

Project _____ is split 100%, expenditure amount of \$9,000,000, for Federal funds and 0%, expenditure amount of \$0, for State funds. The related Federal assistance program name and number is _____

IN WITNESS WHEREOF, the parties hereto have caused these presents to be signed, sealed and delivered by their proper officials, pursuant to due and legal action authorizing the same to be done, the date first written above.

ATTEST:

Jeanne Sears 2.3.99
Signature Exec Secretary DATE

ATTEST:

Title DATE

ATTEST:

Title DATE

ATTEST:

SA [Signature] 13 Oct 98
Title DIA - STRATEGIC PLNG DATE

ATTEST:

Title DATE

APPROVED AS TO LEGALITY AND FORM

BY Michael A. Heline 2/23/99
for Chief Counsel SW DATE

BY _____
Deputy Attorney General DATE

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF TRANSPORTATION

BY Elizabeth S. Vogt 2/3/99
Deputy Secretary DATE

CSX Transportation, Inc.

BY _____
Title DATE

Consolidated Rail Corporation

BY _____
Title DATE

Norfolk Southern Corporation

BY H. Craig [Signature] 10-13-98
Title Vice President DATE

Borough of Chambersburg

BY _____
Title DATE

PRELIMINARILY APPROVED

BY _____
Assistant Counsel DATE

RECORDED NO. 829873
Certified Funds Available Under
Activity Program 375

SYMBOL 010-008-185-98/99-1

AMOUNT 1000000.00

BY David C. [Signature] 3/9/99
Comptroller DATE

APPROVED FOR
Office of the Budget

BY _____
Comptroller DATE

Project _____ is split 100%, expenditure amount of \$9,000,000, for Federal funds and 0%, expenditure amount of \$0, for State funds. The related Federal assistance program name and number is _____.

IN WITNESS WHEREOF, the parties hereto have caused these presents to be signed, sealed and delivered by their proper officials, pursuant to due and legal action authorizing the same to be done, the date first written above.

ATTEST:

Jeanne Sears 2/3/99
Signature DATE
Exec. Secretary

ATTEST:

Title DATE

ATTEST:

Title DATE

ATTEST:

Title DATE

ATTEST:

Tanya Micken
Title Borough Secretary DATE 10/6/98

APPROVED AS TO LEGALITY AND FORM

BY Michael H. Line 7/23/99
Chief Counsel DATE

BY _____
Deputy Attorney General DATE

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF TRANSPORTATION

BY Elizabeth S. Vos 2/3/99
Deputy Secretary DATE

CSX Transportation, Inc.

BY _____
Title DATE

Consolidated Rail Corporation

BY _____
Title DATE

Norfolk Southern Corporation

BY _____
Title DATE

Borough of Chambersburg

BY Bernard D. Waskalyk
Title President of Council DATE 10/6/98

PRELIMINARILY APPROVED

BY _____
Assistant Counsel DATE

RECORDED NO. 829873
Certified Funds Available Under
Activity Program 375

SYMBOL 010-008-195-98/99-1

AMOUNT \$ 9,000,000.00

BY W. C. Borne 3/8/99
Comptroller DATE

APPROVED FOR
Office of the Budget

BY _____
Comptroller DATE

Project _____ is split 100%, expenditure amount of \$9,000,000, for Federal funds and 0%, expenditure amount of \$0, for State funds. The related Federal assistance program name and number is _____.

RESOLUTION

BE IT RESOLVED, by authority of the MAYOR AND TOWN COUNCIL
(Name of governing body)

of the BOROUGH OF CHAMBERSBURG, FRANKLIN County,
(Name of Municipality)

and it is hereby resolved by authority of the same, that the PRESIDENT OF COUNCIL
(designate official title)

of said Municipality be authorized and directed to sign the attached Agreement on its behalf and

that the BOROUGH SECRETARY be authorized to attest the same.
(designate official title)

ATTEST:

Tanya Mickey
(Signature and designation of
official title)
Borough Secretary

BOROUGH OF CHAMBERSBURG
(Name of Municipality)

BY: Bernard H. Haskalovich
(Signature and designation of official title)
PRESIDENT OF COUNCIL

I, TANYA MICKEY, BOROUGH SECRETARY
(Name) (Official title)

of the BOROUGH OF CHAMBERSBURG, do hereby certify that the
(Name of governing body and Municipality)

foregoing is a true and correct copy of the Resolution adopted at a regular meeting of the

BOROUGH OF CHAMBERSBURG, held the 14th day of OCTOBER, 19 98.
(Name of governing body)

DATE: OCTOBER 14, 1998

Tanya Mickey
(Signature and designation of official title)
BOROUGH SECRETARY

Rail Route Consolidation between Shippensburg, PA
and Hagerstown, MD - Conrail (Norfolk Southern)

The attached force account estimate in the amount of \$8,134,000, represents the anticipated costs to Conrail (NS) to install TCS (NORAC Rule 261) signaling on Conrail's (NS) Hagerstown Secondary Track between Shippensburg, PA and Hagerstown, MD to provide additional train capacity and operating speed necessary to allow for combined Conrail (NS)/CSXT train operations over this route. This enables the elimination of CSXT trains through downtown Chambersburg, PA and the removal of several at-grade crossings.

This estimate is divided into seven sections as depicted on Exhibit A Page 3 and Exhibit B Page 1 to readily identify the major components of the anticipated project.

Section A - This shows the estimated cost to construct a run-around track along Conrail's single track Lurgan Branch. This will allow CSXT trains serving Letterkenny & Lurgan to operate via Conrail (NS). This 30 car siding would provide a means to have locomotives run around the train to eliminate the need to "shove" trains between Lurgan and Shippensburg. This work is estimated to cost \$386,000 and includes primarily construction of 1030 feet of new track (using fit rail) & two turnouts to connect to the existing track.

Section B - This section includes the cost of constructing the new color light block signals along the single track Hagerstown Secondary between Shippensburg, PA and the PA/MD state line, (Approx. 28 miles). Also included in this section is the cost to create a new passing siding at Greencastle, PA (Approx. 2.8 miles in length) and the signalization of the existing passing siding at Chambersburg, PA. This signal system will permit the train operations to be controlled from Conrail's computer aided train dispatching facility in Mt. Laurel, NJ and allow for two way train operations of 50 mph. The track, signal and associated costs are estimated at \$5,372,000.

Section C - This section includes the costs to raise the track speed to 50 mph between Shippensburg, PA and the PA/MD state line. This work involves increasing the superelevation on curves and adjustment of starts on the grade crossing signals and is estimated at \$58,000.

Section D - This section includes the cost of work necessary to raise the train speed to 50 mph between PA/MD state line and Hagerstown, MD. This work involves increasing the superelevation on curves and adjustment of starts on the grade crossing signals and is estimated at \$38,000.

Section E - This section includes the cost of constructing the new color light block signals along the Hagerstown Secondary Track between PA/MD line and Hagerstown, MD (Approx. 5.5 miles). The track, signal and associated costs are estimated at \$488,000.

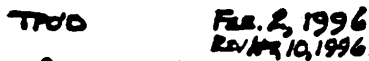
Section F - This section includes the cost to reconfigure "Town" Interlocking at Hagerstown, MD. The existing interlocking provides for the at-grade crossing of Conrail (NS) and CSXT rail routes through the north end of Hagerstown for various Converging train routes. The new configuration allows the railroads to share the interlocking at an operating speed consistent with that planned for the Hagerstown Sec. as well as providing for the efficient movement of trains through the single track gauntlet to and from the various destinations. The costs for this work is estimated at \$1,680,000.

Section G - This section includes the work necessary to connect the new signalized track with Conrail's (NS) computer aided train dispatching facility at Mt. Laurel, NJ. This work is estimated at \$112,000.

Estimated net total cost \$8,134,000

Above costs include Accounting & Billing and credit for salvage. As previously addressed, Conrail (NS) and CSXT have agreed to provide the non-federal match of 20% of eligible project funds, calculated at \$1,626,800. This estimate is prepared using a labor additive rate of 130% as previously approved by PA DOT.

Note that this estimate does not include work necessary by CSXT on their tracks.



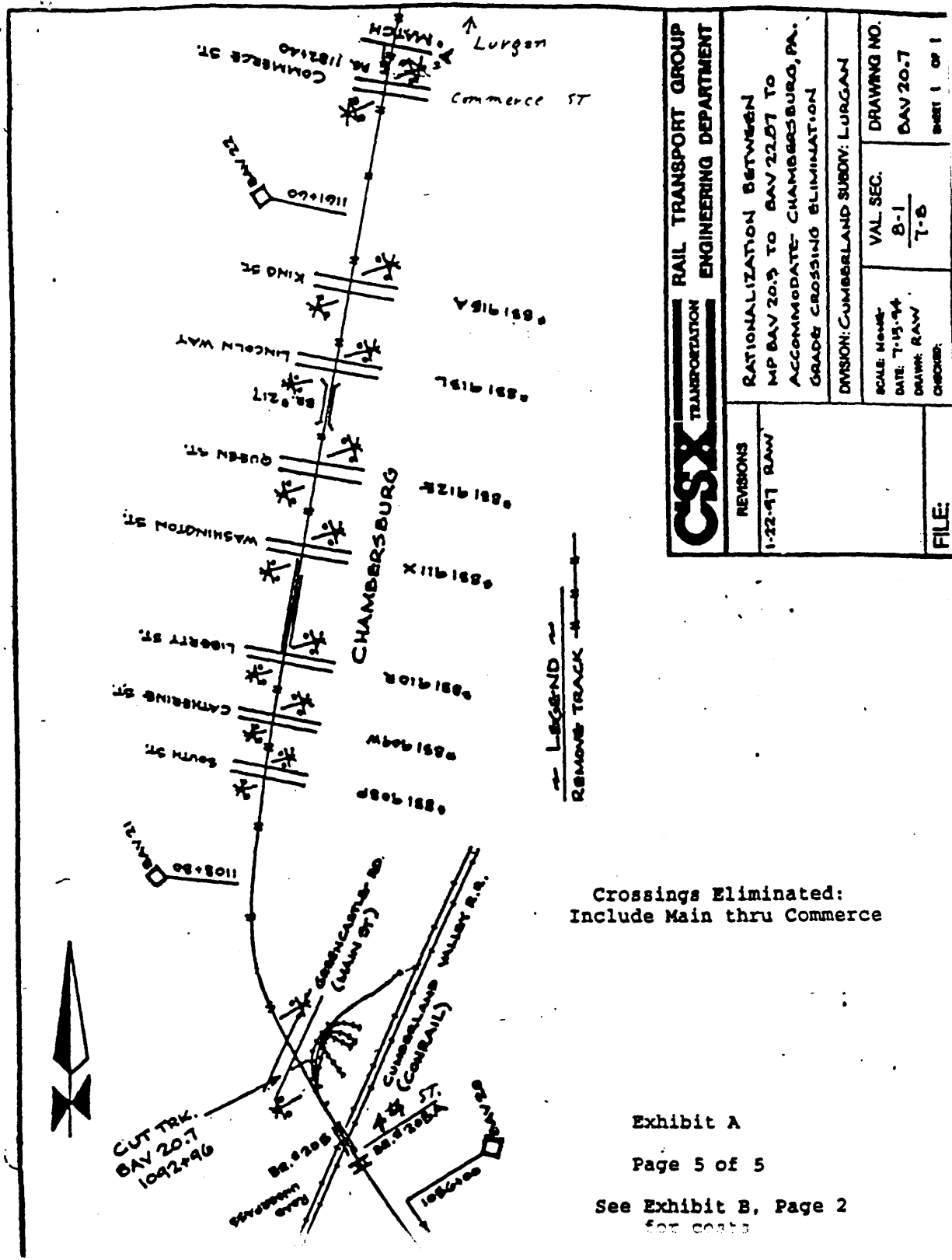
Rail Route Consolidation between Shippensburg, PA and Hagerstown,
MD - CSXT

The CSXT portion is divided into three sections as depicted on Exhibit A, Page 5 and Exhibit B, Pages 2 & 3 to readily identify the major components of the anticipated project.

Abandonment through Chambersburg - This shows the estimated cost (\$252,791.00) to eliminate the 9 road crossings through Chambersburg. These crossings include Main through Commerce. The tracks are removed and the road surfaces are restored to match adjacent road conditions. CSXT will cease to be the property owner and the Borough is expected to become the property owner. The estimated value of CSXT land contributed to the Chambersburg Borough is \$276,000 and is to be validated by an independent appraisor. Total abandonment section subtotal is \$528,791. 11

Commerce to Lurgan - This shows the estimated cost (up to \$2,788,000.00) to sell the line extending from Commerce Street to Lurgan. CSXT will have five (5) years to dispose of this section. The entire section may remain in place or a portion may be completely abandoned while the remainder is retained to serve customers along the active portion. A governmental agency at the newly created industrial park at Letterkenney may become owner of the track and permit their contracted short line operator to operate over the line. This will permit better rail service between Lurgan and the industrial park and also customers south of the Letterkenney industrial park while having access to Class One carriers.

4th Street to Main - This shows the estimated cost (\$104,000.00) to sell the line from 4th Street to Main. This also includes the siding that serves Chambersburg Engineering. CSXT will continue to serve Chambersburg Engineering as long as maintenance responsibility of the track and bridge is assumed by another party. The Borough is willing to assume ownership providing there are funds available to maintain the track and bridge. CSXT and the Borough have five (5) years to effect this transaction.



HAGERSTOWN SECONDARY LINE
PROGRESS REPORT

Railroad Operator: Conrail

Date: _____

Branch Line: Hagerstown Secondary

Report No. : 1

Mileposts: 42.2 - 42.8 & 0.0 - 74.0

Agreement No.: _____

Term covered by Budget: _____, 1998 - _____, 2000 (18 Months)

Item	Description	Quantity	Unit	Unit Cost	Quantity Previously Claimed	Amount Claimed This Inv
1.	Section A (Lurgan Runaround)	LS	1	\$ 386,000.00	0	
2.	Section B (Color Light Block Signal + Greencastle Runaround)	LS	1	5,372,000.00	0	
3.	Section C (Curve Elevation Chg. PA)	LS	1	58,000.00	0	
4.	Section D (Curve Elevation Chg. MD)	LS	1	38,000.00	0	
5.	Section E (Color Light Block Signals, MD)	LS	1	488,000.00	0	
6.	Section F (CP Town)	LS	1	1,680,000.00	0	
7.	Section G (Connect New Sig. to Mt Laurel)	LS	1	<u>112,000.00</u>	0	
			Total	\$ 8,134,000.00		

Funding:

Total Claimed This Report: \$ _____

Federal Share (80%) \$ 6,507,200

Local Share (20%): \$ _____

Local Share (20%) \$ 1,626,800

Federal Share (80%): \$ _____

* Minus 20% of \$(27,309.18)

Total Claimed Prev. \$ - 0 -

Envir. assess.cost: \$ (5,461.84)

Total Claimed to Date: \$ _____

Payable This Report: \$ _____

NOTE: Local share of the cost will be provided by the Railroad Operator and will not pass through the Department.

All items must be supported by proper labor and material invoices.

*Conrail share of environmental assessment cost.

EXHIBIT B

a:hagerstownsecondary.crd

Page 1 of 3

LURGAN BRANCH LINE
PROGRESS REPORT

Railroad Operator: CSXT
Branch Line: Lurgan Branch
Mileposts: 4th to Lurgan
Term covered by Budget: 1998 - 2000 (18 Months)

Date: _____

Report No. : _____ 1 _____

Agreement No. : _____

Item Description	Quantity	Unit	Unit Cost	Quantity Previously Claimed	Amount Claimed This Inv
ABANDONMENT THROUGH CHAMBERSBURG (Incl Main thru Commerce) MP 20.8 to MP 22.4					

1. Track Work					
Contract	LS	1	\$63,518.00	0	
CSXT	LS	1	3,163.00	0	
2. Track Work					
Arnold Graphics	LS	1	55,807.00	0	
3. Signal Work					
Chambersburg	LS	1	89,603.00	0	
NC Interlock	LS	1	86,732.00	0	
4. Equipment Rental	LS	1	2,624.00	0	
5. Work Train	LS	1	4,500.00	0	
6. Contingencies	LS	1	6,409.00	0	
7. Salvage	LS	1	(59,565.00)	0	()
SUBTOTAL			252,791.00		

Value (determined by independent appraisal) of CSXT land contributed to
Chambersburg Borough 276,000.00

Abandonment Section Subtotal 528,791.00

continued: Lurgan Branch

Item	Description	Unit Cost	Quantity Previously Claimed	Amount Claimed This Inv
PROPERTY				
* 8.	Sale: From Commerce to Lurgan (MP 22.4 to 32.2)	\$2,788,880.00	0	
* 9.	Sale: From 4th St to Main (includes Chambersburg Eng, MP MP 20.5 to 20.8)	<u>104,000.00</u>	0	
	SALE SECTION SUBTOTAL	<u>\$2,892,880.00</u>		
	TOTAL	\$3,421,671.00		

* Note: Value of property is established by independent appraisal. Buyer provides 20% match.

Funding:	Total Claimed This Report: \$	
Federal Share (80%) \$ 2,737,336.80	Local Share (20%): \$	
Local Share (20%) \$ 684,334.20	Federal Share (80%): \$	
	** Minus 20% of \$ (7,259.40)	
Total Claimed Prev. \$ - 0 -	Envir. assess.cost: \$ (1,451.88)	
Total Claimed to Date: \$	Payable This Report: \$	

All items must be supported by proper labor and material invoices for reimbursement.

**CSX share of environmental assessment cost.

a:hagerstownsecondary.crd
lurgan branch

EXHIBIT B

CONTRACTOR INTEGRITY PROVISIONS

1. Definitions.

a. Confidential Information, means information that is not public knowledge, or available to the public on request, disclosure of which would give an unfair, unethical, or illegal advantage to another desiring to contract with the Commonwealth.

b. Consent, means written permission signed by a duly authorized officer or employee of the Commonwealth, provided that where the material facts have been disclosed, in writing, by prequalification, bid proposal, or contractual terms, the Commonwealth shall be deemed to have consented by virtue of execution of this contract.

c. Contractor, means the individual or entity that has entered into this contract with the Commonwealth, including directors, officers, partners, managers, key employees, and owners of more than a 5% interest.

d. Financial Interest, means:

(1) ownership of more than a 5% interest in any business; or

(2) holding a position as an officer, director, trustee, partner, employee, or the like, or holding any position of management.

e. Gratuity, means any payment of more than nominal monetary value in the form of cash, travel, entertainment, gifts, meals, lodging, loans, subscriptions, advances, deposits of money, services, employment, or contracts of any kind.

2. The contractor shall maintain the highest standards of integrity in the performance of this contract and shall take no action in violation of state or federal laws, regulations, or other requirements that govern contracting with the Commonwealth.

3. The contractor shall not disclose to others any confidential information gained by virtue of this contract.

4. The contractor shall not, in connection with this or any other contract with the Commonwealth, directly or indirectly, offer, confer, or agree to confer any pecuniary benefit on anyone as consideration for the decision, opinion, recommendation, vote, other exercise of discretion, or violation of a known legal duty by any officer or employee of the Commonwealth.

5. The contractor shall not, in connection with this or any other contract with the Commonwealth, directly or indirectly, offer, give or agree or promise to give to anyone any gratuity for the benefit of or at the direction or request of any officer or employee of the Commonwealth.

6. Except with the consent of the Commonwealth, neither the contractor nor anyone in privity with him shall accept or agree to accept from, or give or agree to give to, any person, any gratuity from any person in connection with the performance of work under this contract except as provided therein.

7. Except with the consent of the Commonwealth, the contractor shall not have a financial interest in any other contractor, subcontractor, or supplier providing services, labor or material on this project.

8. The contractor, upon being informed that any violation of these provisions has occurred or may occur, shall immediately notify the Commonwealth in writing.

9. The contractor, by execution of this contract and by the submission of any bills or invoices for payment pursuant thereto, certifies and represents that he has not violated any of these provisions.

10. The contractor, upon inquiry or request of the Inspector General of the Commonwealth or any of that official's agents or representatives, shall provide, or if appropriate, make promptly available for inspection or copying, any information of any type or form deemed relevant by the Inspector General to the contractor's integrity or responsibility, as those terms are defined by the Commonwealth's statutes, regulations, or management directives. Such information may include, but shall not be limited to, the contractor's business or financial records, documents or files of any type or form which refer to or concern this agreement. Such information shall be retained by the contractor for a period of three years beyond the termination of the contract unless otherwise provided by law.

11. For violation of any of the above provisions, the Commonwealth may terminate this and any other contract with the contractor, claim liquidated damages in an amount equal to the value of anything received in breach of these provisions, claim damages for all expenses incurred in obtaining another contractor to complete performance hereunder, and debar and suspend the contractor from doing business with the Commonwealth. These rights and remedies are cumulative, and the use or nonuse of any one shall not preclude the use of all or any other. These rights and remedies are in addition to those the Commonwealth may have under law, statute, regulation, or otherwise.

COMMONWEALTH NONDISCRIMINATION CLAUSE

During the term of this contract, Contractor agrees as follows:

1. Contractor shall not discriminate against any employee, applicant for employment, independent contractor or any other person because of race, color, religious creed, ancestry, national origin, age, sex or handicap. Contractor shall take affirmative action to insure that applicants are employed, and that employees or agents are treated during employment, without regard to their race, color, religious creed, handicap, ancestry, national origin, age, or sex. Such affirmative action shall include, but is not limited to the following: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training. Contractor shall post in conspicuous places, available to employees, agents, applicants for employment, and other persons, a notice to be provided by the contracting agency setting forth the provisions of this NONDISCRIMINATION clause.
2. Contractor shall, in advertisements or requests for employment placed by it or on its behalf, state that all qualified applicants will receive consideration for employment without regard to race, color, religious creed, handicap, ancestry, national origin, age, or sex.
3. Contractor shall send each labor union or workers' representative with which it has a collective bargaining agreement or other contract or understanding, a notice advising said labor union or workers' representative of its commitment to this NONDISCRIMINATION clause. Similar notice shall be sent to every other source of recruitment regularly utilized by Contractor.
4. It shall be no defense to a finding of noncompliance with this NONDISCRIMINATION clause that Contractor had delegated some of its employment practices to any union, training program, or other source of recruitment which prevents it from meeting its obligations. However, if the evidence indicates that the Contractor was not on notice of the third-party discrimination or made a good faith effort to correct it, such factor shall be considered in mitigation in determining appropriate sanctions.
5. Where the practices of a union or any training program or other source of recruitment will result in the exclusion of minority group persons, so that Contractor will be unable to meet its obligations under this NONDISCRIMINATION clause, Contractor shall then employ and fill vacancies through other nondiscriminatory employment procedures.
6. Contractor shall comply with all state and federal laws prohibiting discrimination in hiring or employment opportunities. In the event of Contractor's noncompliance with the NONDISCRIMINATION clause of this contract or with any such laws, this contract may be terminated or suspended, in whole or in part, and Contractor may be declared temporarily ineligible for further Commonwealth contracts, and other sanctions may be imposed and remedies invoked.
7. Contractor shall furnish all necessary employment documents and records to, and permit access to its books, records, and accounts by, the contracting agency for purposes of investigation to ascertain compliance with the provisions of this clause. If Contractor does not possess documents or records reflecting the necessary information requested, it shall furnish such information on reporting forms supplied by the contracting agency.
8. Contractor shall actively recruit minority and women subcontractors or subcontractors with substantial minority representation among their employees.
9. Contractor shall include the provisions of this NONDISCRIMINATION clause in every subcontract, so that such provisions will be binding upon each Subcontractor.
10. Contractor obligations under this clause are limited to the Contractor's facilities within Pennsylvania or, where the contract is for purchase of goods manufactured outside of Pennsylvania, the facilities at which such goods are actually produced.

EXHIBIT **E**

FEDERAL NONDISCRIMINATION AND EQUAL EMPLOYMENT OPPORTUNITY CLAUSES (All Federal Aid Contracts) *

(1-76)

1. Selection of Labor:

During the performance of this contract, the contractor shall not discriminate against labor from any other State, possession or territory of the United States.

2. Employment Practices:

During the performance of this contract, the contractor agrees as follows:

- a. The contractor will not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin. The contractor will take affirmative action to ensure that applicants are employed, and that employees are treated during employment without regard to their race, color, religion, sex, or national origin. Such action shall include, but not be limited to the following: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoffs or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the State highway department setting forth the provisions of this nondiscrimination clause.
- b. The contractor will, in all solicitations or advertisements for employees placed by or on behalf of the contractor, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, or national origin.
- c. The contractor will send to each labor union or representative of workers with which he has a collective bargaining agreement or other contract or understanding, a notice to be provided by the State highway department advising the said labor union or workers' representative of the contractors commitments under section 2 and shall post copies of the notice in conspicuous places available to employees and applicants for employment.
- d. The contractor will comply with all provisions of Executive Order 11246 of September 24, 1965, and of the rules, regulations (41 CFR, Part 60) and relevant orders of the Secretary of Labor.
- e. The contractor will furnish all information and reports required by Executive Order 11246 of September 24, 1965, and by rules, regulations and orders of the Secretary of Labor, or pursuant thereto, and will permit access to his books, records and accounts by the Federal Highway Administration and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations and orders.
- f. In the event of the contractor's noncompliance with the nondiscrimination clauses of this contract or with any of the said rules, regulations or orders, this contract may be canceled, terminated or suspended in whole or part and the contractor may be declared ineligible for further Government contracts or Federally-assisted construction contracts in accordance with procedures authorized in Executive Order 11246 of September 24, 1965, and such other sanctions may be imposed and remedies invoked as provided in Executive Order 11246 of September 24, 1965, or by rule, regulation or order of the Secretary of Labor, or as otherwise provided by law.
- g. The contractor will include the provisions of Section 2 in every subcontract or purchase order unless exempted by rules, regulations or orders of the Secretary of Labor issued pursuant to section 204 of Executive Order 11246 of September 24, 1965, so that such provisions will be binding upon each subcontractor or vendor. The contractor will take such action with respect to any subcontract or purchase order as the State highway department or the Federal Highway Administration may direct as a means of enforcing such provisions including sanctions for noncompliance: *Provided, however, that in the event a contractor becomes involved in, or is threatened with litigation with a subcontractor or*

* Not to be used if otherwise included in Construction or Appalachian Contract Provisions.

(over)



**AUDIT CLAUSE TO BE USED IN AGREEMENTS WITH ENTITIES
RECEIVING FEDERAL AWARDS FROM THE COMMONWEALTH**

AUDIT REQUIREMENTS.

The [NAME OF SUBRECIPIENT] must comply with all federal and state audit requirements including: the *Single Audit Act, as amended, 31 U.S.C. 7501 et. seq.*; Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, as amended; and any other applicable law or regulation and any amendment to such other applicable law or regulation which may be enacted or promulgated by the federal government. If the [NAME OF SUBRECIPIENT] is a local government or non-profit organization and expends total federal awards of \$300,000 or more during its fiscal year, received either directly from the federal government or indirectly from a recipient of federal funds, the [NAME OF SUBRECIPIENT] is required to have an audit made in accordance with the provisions of OMB Circular A-133.

If the [NAME OF SUBRECIPIENT] is a for-profit organization and expends total federal awards of \$300,000 or more during its fiscal year, received either directly from the federal government or indirectly from a recipient of federal funds, the [NAME OF SUBRECIPIENT] is required to have a program-specific audit made in accordance with the provisions of OMB Circular A-133, and in accordance with the laws and regulations governing the programs in which it participates.

If the [NAME OF SUBRECIPIENT] expends total federal awards of less than \$300,000 during its fiscal year, it is exempt from these audit requirements, but is required to maintain auditable records of federal awards and any state funds which supplement such awards, and to provide access to such records by federal and state agencies or their designees.

SUBMISSION OF AUDIT INFORMATION TO THE COMMONWEALTH.

- The [NAME OF RECIPIENT] shall submit copies of the audit report package to the Commonwealth, which
- shall include:
 1. Data Collection Form.
 2. Financial statements and schedule of expenditures of federal awards.
 3. Auditor's reports on the financial statements and schedule of expenditures of federal awards, internal control and compliance as well as a schedule of findings and questioned costs.
 4. Summary schedule of prior audit findings.
 5. Corrective action plan.
 6. Management letter comments.

In instances where a federal program-specific audit guide is available, the audit report package for a program-specific audit may be different and should be prepared in accordance with the audit guide and OMB Circular A-133.

CERTIFICATION OF RESTRICTIONS ON LOBBYING

I, _____, hereby certify on behalf of _____
(name and title of contract official)

that:

(name of contractor) -

(1) No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.

(2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.

(3) The undersigned shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance is placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by section 1352, Title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

Executed this _____ day of _____, 19____.

By _____
(signature of authorized official)

(title of authorized official)

Exhibit G

CONTRACTOR RESPONSIBILITY PROVISIONS

1. Contractor certifies that it is not currently under suspension or debarment by the Commonwealth, any other state, or the federal government, and if the contractor cannot so certify, then it agrees to submit along with the bid/proposal a written explanation of why such certification cannot be made.

2. If the contractor enters into any subcontracts or employs under this contract any subcontractors/ individuals who are currently suspended or debarred by the Commonwealth or federal government or who become suspended or debarred by the Commonwealth or federal government during the term of this contract or any extensions or renewals thereof, the Commonwealth shall have the right to require the contractor to terminate such subcontractors or employment.

3. The contractor agrees to reimburse the Commonwealth for the reasonable costs of investigation incurred by the Office of the Inspector General for investigations of the contractor's compliance with the terms of this or any other agreement between the contractor and the Commonwealth which result in the suspension or debarment of the contractor. Such costs shall include, but not be limited to, salaries of investigators, including overtime; travel and lodging expenses; and expert witness and documentary fees. The contractor shall not be responsible for the investigative costs for investigations which do not result in the contractor's suspension or debarment.

4. The Contractor may obtain the current list of suspended and debarred contractors by contacting the:

Department of General Services
Office of Chief Counsel
603 North Office Building
Harrisburg, Pennsylvania 17125
Telephone No. (717) 783-6472
FAX No. (717) 787-9138

PROVISIONS CONCERNING THE AMERICANS WITH DISABILITIES ACT

During the term of this Contract, the Contractor agrees as follows:

- a. Pursuant to federal regulations promulgated under the authority of the Americans With Disabilities Act, 28 C.F.R. Section 35.101 et seq., the Contractor understands and agrees that no individual with a disability shall, on the basis of the disability, be excluded from participation in this Contract or from any activities provided for under this Contract. As a condition of accepting and executing this Contract, the Contractor agrees to comply with the "General Prohibitions Against Discrimination," 28 C.F.R. Section 35.130, and all other regulations promulgated under Title II of the Americans With Disabilities Act which are applicable to the benefits, services, programs, and activities provided by the Commonwealth of Pennsylvania through contracts with outside contractors.
- b. The Contractor shall be responsible for and agrees to indemnify and hold harmless the Commonwealth of Pennsylvania from all losses, damages, expenses, claims, demands, suits, and actions brought by any party against the Commonwealth of Pennsylvania as a result of the Contractor's failure to comply with the provisions of paragraph a. above.

CERTIFICATE OF SERVICE

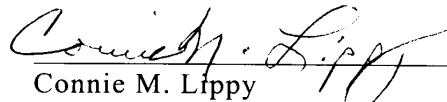
I, Connie M. Lippy, a secretary in the law offices of Finucane Law Office LLP, hereby certify that I have served this day the foregoing document, by overnight mail service, postage prepaid, in Chambersburg, Pennsylvania, to the person and address indicated below:

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September 11, 2003



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