STATE OF NORTH CAROLINA COUNTY OF RUTHERFORD

INTERLOCAL AGREEMENT THERMAL BELT RAIL TRAIL

THIS AGREEMENT is entered into and effective the <u>30</u> day of August, 2017 by and between Rutherford Railroad Development Corporation, a non-profit organization organized under the laws of the State of North Carolina, hereinafter "RRDC" and the County of Rutherford, a governmental entity within the State of North Carolina, hereinafter referred to as the "County"; the Town of Forest City, a North Carolina municipal corporation within the County of Rutherford, hereinafter referred to as "Forest City"; the Town of Ruth, a North Carolina municipal corporation within the County of Rutherford, hereinafter referred to as "Ruth"; the Town of Rutherfordton, a North Carolina municipal corporation within the County of Rutherford, hereinafter referred to as "Rutherfordton"; and the Town of Spindale, a North Carolina municipal corporation within the County of Rutherford, hereinafter referred to as "Spindale" and collectively the County, Forest City, Rutherfordton, Ruth and Spindale shall be referred to as the "Trail Partners";

WITNESSETH;

THAT WHEREAS, RRDC owns a certain tract of land comprising a railroad corridor in Rutherford County, North Carolina, said railroad corridor being comprised of those railroad corridors between Alexander Mills and Gilkey, North Carolina, commonly referred to as the Gilkey Line and Forest City and Bostic, North Carolina, commonly referred to as the Bostic Spur, (collectively, the "Corridors"); and

WHEREAS, RRDC and Southeast Shorelines, Inc., a North Carolina corporation, d/b/a Thermal Belt Railway ("TBRY"), were parties to a Lease and Operating Agreement dated February 26, 1990 ("Lease and Operating Agreement"), which granted TBRY certain rights and obligations to operate railroad services within the Corridors; and

WHEREAS, by that certain Agreement for Partial Lease Termination and Release dated April 8, 2015, TBRY terminated its lease with RRDC and released all of its rights and interests thereunder as to the portions of the Corridors designated as Segments 1 and 3 in Exhibit A attached hereto and a small portion of Segment 2, (collectively the "Rail Corridor") and the rail use of the Rail Corridor has now been discontinued by TBRY and they have been rail-banked by RRDC subject to an interim trail use condition, all pursuant to certain decisions and notices of the Surface Transportation Board establishing and/or allowing an interim trail use condition in lieu of an outright abandonment of the Rail Corridor, namely the Surface Transportation Board Decision and Notice of Interim Trail Use or Abandonment dated January 16, 2016; and

WHEREAS, the municipalities and the County have each entered into a separate lease agreement with RRDC for the portion of the Rail Corridor within their respective jurisdictions, specifically as follows: Forest City entered into a Railroad Lease Agreement with RRDC dated March 24, 2016 and a subsequent Partial Termination of Lease Agreement dated June 28,2017; Ruth entered into a Railroad Lease Agreement with RRDC dated March 6, 2017; Spindale entered into a Railroad Lease Agreement with RRDC dated June 28, 2017; Rutherfordton

entered into a Railroad Lease Agreement with RRDC dated May 3, 2017 and the County entered into a Railroad Lease Agreement with RRDC dated June 28, 2017, (collectively the "Lease Agreements"); and

WHEREAS, the purpose of the Lease Agreements is to preserve the Rail Corridor for future railroad use, to encourage economic development in Rutherford County, and to "railbank" the Rail Corridor under 16 U.S.C. §1247 for the benefit of the residents of Rutherford County; and

WHEREAS, in furtherance of the above stated purpose, the Trail Partners desire to build and maintain a twelve foot wide paved trail which shall traverse the entire 13.36 miles of the Rail Corridor from Forrest Hunt Elementary School to Gilkey on the area described in Exhibit A attached hereto (the "Trail"); and

WHEREAS, the Trail Partners have retained the services of McGill and Associates, Inc. and Odom Engineering, Inc. (hereinafter "McGill and Odom") to develop a master plan for the Trail (hereinafter the "Master Plan"); and

WHEREAS, RHI Legacy Foundation, Inc. is a non-profit organization organized under the laws of the State of North Carolina (hereinafter "RHI") whose primary purpose is to provide grant funding to support initiatives that promote three health focus areas: chronic disease, healthy eating and active living within Rutherford County; and

WHEREAS, the development of the Trail represents a key area of funding for RHI because free and convenient access for individuals and families to be active and outdoors will promote it's active living strategy and make a positive impact on the health and wellness of the citizens of Rutherford County; and

WHEREAS, RHI has agreed to provide \$4,250,000 in funds (the "Grant") for the development and construction of the Trail provided certain assurances by the Trail Partners are made; and

WHEREAS, the Trail Partners desire to jointly accept and utilize the Grant for the purposes of development and construction of the Trail, to finalize the Master Plan and to coordinate the construction, maintenance and promotion of the Trail for the ongoing benefit of the citizens of Rutherford County.

NOW, THEREFORE, in consideration of the mutual and public benefits herein deemed to exist, the parties agree as follows:

- 1. RRDC and the Trail Partners agree that the name of the Trail shall be the Thermal Belt Rail Trail. The name of the Trail shall only be modified with the written consent of all Trail Partners, RRDC and RHI.
- 2. All of the Trail Partners and RRDC shall have input into the finalization of the Master Plan for the Trail. The Master Plan shall not be considered finalized until all of the Trail Partners and RRDC are in agreement. After the initial approval of the Master Plan, then the Trail Partners

shall collectively have the right, obligation and authority to update and modify the Master Plan as needed and maintain long term stewardship of the Master Plan into the future. After the approval of the Master Plan, the Trail Partners shall proceed to bidding and construction of the Trail as stated in Paragraph 4 below. Further, the Trail Partners agree that they shall thereafter adhere to the Master Plan and ensure that all activities or improvements of any kind within the Rail Corridor are consistent therewith, unless a deviation from the Master Plan is expressly approved by all of the Trail Partners.

- 3. The Trail Partners acknowledge that certain items and/or features must be uniform throughout the Trail and Rail Corridor and should be included in the approved final Master Plan prior to construction, including but not limited to, the following:
 - a. Type and design of sign post
 - b. Type and design of mile markers
 - c. Distance markers
 - d. Road crossing markings
 - e. Pavement marking on the Trail
 - f. Informational kiosks
 - g. Vehicular traffic signage, trail user signage, trailhead and access point signage, and pavement markings at points where Trail intersects with public roads
 - h. Trail surface
- 4. The Trail Partners acknowledge that there are various options available to handle the administration of the Grant funds, the bidding of the Trail construction and management of the construction phase. The recommendation of McGill and Odom as to the means of handling the bidding and construction of the project shall be reviewed by all Trail Partners and approved by all Trail Partners prior to the commencement of the bid process for the project. At the time of the execution of this Agreement, it is anticipated that the construction will be bid in two parts: 1) the portion of the Rail Corridor from Forrest Hunt Elementary School to Oakland Road (hereinafter "Forrest Hunt Phase") and 2) the portion of the Rail Corridor from Oakland Road to Gilkey (hereinafter "Gilkey Phase"). The Trail Partners agree that the Town of Forest City will be responsible for administering the Grant funds, bidding and construction management for the Forrest Hunt Phase. The Trail Partners further agree that the County shall be responsible for administering the Grant funds, bidding and construction management for the Gilkey Phase. In the event, that the Trail Partners determine it is prudent to proceed with bidding and construction of the Trail in a single phase, then the County will be responsible for administering the Grant funds, bidding and construction management for the entire Trail.

The Trail Partners agree that notwithstanding the agreement for the Town of Forest City and/or the County to be responsible for Grant fund administration, bidding and construction as stated above, all of the Trail Partners will be provided information regarding material

decisions that have to be made as the bidding and construction of the Trail proceeds. Each of the Trail Partners shall have the right to provide input regarding the material decisions to be made during the bidding and construction process. Further each Trail Partner shall have the right to make any decision regarding any matter that directly impacts their respective jurisdiction. The County Manager, the managers of Rutherfordton, Forest City, and Spindale, and the Mayor for Ruth or the Mayor's designee shall meet regularly during the bid and construction process to ensure that all Trail Partners have adequate information and input as to the progress of the Trail construction.

- 5. Any bid or bids received for the construction of the Trail must be approved by all of the Trail Partners. In the event that the Grant funding is insufficient to fully pay for the bids as received, the Trail Partners will work together to obtain other funding sources. Any material change orders will be approved by the Trail Partners. Upon the approval of the bids by the Trail Partners, bids shall be submitted to the appropriate governmental board for approval.
- 6. The Trail Partners agree that the Town of Forest City may proceed to obtain informal bids for the removal of rails and crossties on the Forrest Hunt phase. Currently there is a \$250,000 line item in the Grant for rail and cross tie removal. In the event the bid requires the payment of funds to a contractor for this work, Forest City may seek funding from the Grant for the rail and crosstie removal subject to the approval of the Trail Partners.
- 7. The Trail Partners agree that it is important that there be uniformity and consistency in the maintenance of the paved Trail surface. The Trail Partners acknowledge that it is in the best interest of all the Trail Partners that the Trail appear to be seamless as one jurisdiction connects with the next. Therefore, each Trail Partner agrees to be responsible for the maintenance of the paved portion of the Trail within their respective jurisdictions and to make any necessary repairs, and to maintain the paved Trail surface consistent with the Master Plan and the standards of maintenance in the other jurisdictions.
- 8. The Trail Partners further agree to maintain the Rail Corridor along the Trail within their respective jurisdictions in such a manner that is consistent with the Master Plan and the remainder of the Rail Corridor and Trail, and to promote public safety and encourage public usage of the Trail and all associated features and amenities within the Rail Corridor. Each Trail Partner agrees to provide any plans for landscaping, fixtures, recreational and other amenities within the Rail Corridor in their respective jurisdiction to the remaining Trail Partners for review and comment prior to installation or construction. The Trail Partners agree that any such amenities shall be consistent with the Master Plan. The Trail Partners further agree that the features within the Rail Corridor which are listed in Article 3 above must be approved by all Trail Partners.
- 9. The Trail Partners shall develop parameters, policies and guidelines for usage of the Trail, including but not limited to the handling of encroachments and encumbrances of the Rail Corridor. These parameters, policies and guidelines may include recommended requirements for amenities, landscaping and maintenance.
- 10. The Trail Partners shall develop a marketing plan to enhance public awareness and utilization of the Trail.

- 11. The Trail Partners consist of the owner of the Rail Corridor and leaseholders of the Rail Corridor. As such, the Trail Partners have the exclusive right and obligation to construct, maintain and make any and all decisions relative to the Trail and the Rail Corridor. Notwithstanding, the Trail Partners may establish one or more committees of individuals or entities with a vested interest in the Trail to serve in an advisory capacity to the Trail Partners, to provide input to the Trail Partners as to various aspects of the Trail, including but not limited to, usage, design, and maintenance.
- 12. The Trail Partners anticipate that the structure of RRDC will be modified to make certain that the Trail Partners, in particular the governmental entities, are positioned to control and manage the Trail to ensure that the Trail is available for usage by the citizens of Rutherford County and visitors to Rutherford County for generations to come.
- 13. The Trail Partners acknowledge that a cooperative effort will be necessary to manage the Trail for the benefit of the public on an ongoing basis. The Trail Partners, therefore, agree to use their best efforts to fairly and equitably modify, amend, or change the terms and conditions of this Agreement from time to time as applicable laws or requirements change, and unforeseen circumstances occur, in order to perpetuate this Agreement and to maintain appropriate fiscal responsibility and good managerial practices.

Rutherford Railroad Development	
Corporation	County of Rutherford
By:	By:Board Chairman
	Attest:County Clerk
Town of Forest City	Town of Ruth
By:	By:
Attest: City Clerk	Attest: City Clerk
Town of Rutherfordton	Town of Spindale
By:	By:
Attest: City Clerk	Attest:

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Rutherford Railroad Development Corporation	County of Rutherford
By:	By: Sue of
	County Manager Attest: May Hayre County Clerk
Town of Forest City	Town of Ruth
By:	By:Mayor
Attest: City Clerk	Attest: City Clerk
Town of Rutherfordton	Town of Spindale
By:	By:
Attest:	Attest:City Clerk

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Corporation	County of Rutherford
By:	By:County Manager
	Attest:County Clerk
Town of Forest City	Town of Ruth
Mayor	By:
Attest: City Clerk	Attest: City Clerk
Town of Rutherfordton	Town of Spindale
By:	By:
Attest:City Clerk	Attest:City Clerk

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Rutherford Railroad Development Corporation	County of Rutherford
By:	By: County Manager
	Attest:County Clerk
Town of Forest City	Town of Ruth
By:	By: Mayor
Attest:City Clerk	Attest: City Clerk
Town of Rutherfordton	Town of Spindale
By:	By:
Attest:	Attest:

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Rutherford Railroad Development Corporation	County of Rutherford	
By:	By: County Manager	
	Attest:County Clerk	
Town of Forest City	Town of Ruth	
By:	By:	
Attest: City Clerk	Attest: City Clerk	٠
Town of Rutherfordton	Town of Spindale	
By: Mayor Mayor	By:	
Attest:	Attest:	
City Clerk	City Clerk	

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Corporation Corporation	County of Rutherford
By:	By:County Manager
	Attest:County Clerk
Town of Forest City	Town of Ruth
By:	By:
Attest: City Clerk	Attest: City Clerk
Town of Rutherfordton By: Mayor	Town of Spindale By: Mayor
Attest:	Attest: Cottle Swaffard City Clerk

EXHIBIT A

Segment #1 (Alexander Mills to Spindale)

BEING a railroad corridor 100 feet wide, more or less, owned by the Rutherford Railroad Development Corporation (RRDC) in Rutherford County, North Carolina, between Alexander Mills and Spindale, North Carolina, being more particularly described as follows:

BEGINNING at the centerline of a 100 foot wide railroad corridor adjoining the northerly line of that parcel of land conveyed to the Town of Alexander Mills by Norfolk Southern Railway Company in a deed recorded in Deed Book 718, Page 332, Rutherford County Registry, and beginning at Railroad Milepost 175.50 and Railway Centerline Station 9283+95.5; thence running with the centerline of the railroad corridor in a northerly and northwesterly direction for a distance of 25,970.10 feet, more or less, to a point at Railroad Milepost 180.47 and Railway Centerline Station 9543+65.6, more or less, said point being the POINT OF TERMINATION of the railroad corridor herein described, containing 59.619 acres, more or less. For informational purposes, the afore-described railroad corridor is also the railroad corridor subject to a joint notice of exemption by the RRDC and discontinuance of service by the Thermal Belt Railway (TBRY) pursuant to STB Docket No. AB-568 (Sub-No. 2X) and STB Docket No. AB-567 (Sub No. 2X).

Segment #2 (Bostic Spur)

BEING a railroad corridor 200 feet in width, more or less, owned by the RRDC in Forest City, Rutherford County, North Carolina, being more particularly described as follows:

BEGINNING at a new iron pin (NIP) located at Railroad Centerline Station 5318+80.6, said NIP having NC Grid NAD'83(2011) coordinates of N: 591,531.297' E:1,141,451.051' and being located S 81°15'38" E 172.58' from NC Grid monument "RU-27" having NC Grid NAD'83(2011) coordinates of N: 591,557.514' E: 1,141,280.505', said NIP also being located N 09°10'35" E 100.00' from a NIP located near the northern edge of pavement of U.S. Hwy #74 Business, thence running with the centerline of the railroad corridor in a westerly direction a distance of 2,441.4 feet, more or less, to a point at Railroad Milepost SF-407.40 and Railway Valuation Station 5343+22, said point being the POINT OF TERMINATION of the railroad corridor herein described at its connection with the railroad corridor described above as Railroad Corridor #1 (Alexander Mills to Spindale), containing 11.21 acres, more or less.

Segment #3 (Spindale to Gilkey)

BEING a railroad corridor 100 feet in width, more or less, owned by the RRDC in Forest City, Rutherford County, North Carolina, being more particularly described as follows:

BEGINNING at the centerline of a 100 foot wide railroad corridor adjoining the northerly line of the Railroad Corridor # 1, and beginning at Railroad Milepost 180.47 and Railway Centerline Station 9543+65.6; thence running with the centerline of the railroad corridor in a northerly and northwesterly direction for a distance of 41,553.60 feet, more or less, to a point at Railroad Milepost 188.34 and Railway Centerline Station 9975+10, more or less, near Gilkey in Rutherford County, North Carolina, said point being the POINT OF TERMINATION of the railroad corridor herein described, containing 95.39 acres, more or less. For informational purposes, the afore-described railroad corridor is also the railroad corridor subject to a joint notice of exemption by the RRDC and discontinuance of service by the Thermal Belt Railway (TBRY) pursuant to STB Docket No. AB-568 (Sub-No. 1X) and STB Docket No. AB-567 (Sub No. 1X).