

NORTH CAROLINA
JACKSON COUNTY

DATE: OCTOBER 29, 2025

NORTH CAROLINA DEPARTMENT
OF TRANSPORTATION

AND

JACKSON COUNTY

CONTINGENT INTEREST AGREEMENT
FOR PROJECT ADDENDUM NO. 6 TO
THE AMENDED AND RESTATED
GREAT SMOKY MOUNTAINS RAILROAD
MASTER RAIL FREIGHT ASSISTANCE
AGREEMENT

WBS: 80000.1.4.174
F25106

This **CONTINGENT INTEREST AGREEMENT FOR PROJECT ADDENDUM NO. 6 TO THE AMENDED AND RESTATED GREAT SMOKY MOUNTAINS RAILROAD MASTER RAIL FREIGHT ASSISTANCE AGREEMENT** (Agreement) is made and entered into on the last date executed below (Effective Date) by and among the NORTH CAROLINA DEPARTMENT OF TRANSPORTATION (Department), an agency of the State of North Carolina, and JACKSON COUNTY (County), a local government entity of the State of North Carolina. Unless otherwise provided, the Department and the County will be referred to individually as "Party" and collectively as "Parties."

W I T N E S S E T H:

WHEREAS, on August 19, 2024, the Department and Great Smoky Mountains Railroad, LLC (GSMR) entered the Amended and Restated Great Smoky Mountains Railroad Master Rail Freight Assistance Agreement (Amended and Restated GSMR MRFAA), to improve railroad infrastructure, health, and safety within the State for the operating efficiency of rail corridors by completing certain individual projects; and

WHEREAS, on January 24, 2025, and pursuant to the Amended and Restated GSMR MRFAA, the Department and GSMR entered into Project Addendum No. 6 to the Amended and Restated GSMR MRFAA (Project Addendum No. 6) to provide for construction of corridor improvements by upgrading rail; rehabilitating a siding; constructing a new siding; and addressing storm damage including debris removal from bridge structures and headwalls, culvert upgrades, ditch and shoulder wall improvements, and retaining wall construction on the GSMR rail corridor from MP 47.0 to MP 87.0; and

WHEREAS, a portion of Project Addendum No. 6 specifically provided for the Drexel Siding Rehabilitation, consisting of the rehabilitation of one thousand six hundred thirteen feet (1613') of rail siding at Milepost (MP) 57.1 on the GSMR rail corridor, referred to hereinafter as Drexel Siding Rehabilitation; and

WHEREAS, pursuant to Section II of Project Addendum No. 6, the Department has agreed to participate in, and GSMR has agreed to match fifty percent (50%) of the Project Addendum No. 6 costs, not to exceed two million eighty thousand three hundred sixty-four and 75/100 dollars (\$2,080,364.75); and

WHEREAS, as provided on Line 27 of Exhibit A of Project Addendum No. 6, the Drexel Siding Rehabilitation costs are estimated to be two hundred thousand and 00/100 dollars (\$200,000.00); and

WHEREAS, the County is the owner of property and right-of-way where a portion of the work associated with the Drexel Siding Rehabilitation is located; and

WHEREAS, the County and the Department agree that the value of the portion of the Drexel Siding Rehabilitation work located on the County's property is one hundred sixty thousand and 00/100 dollars (\$160,000.00).

NOW, THEREFORE, in consideration of the Department's participation in the Drexel Siding Rehabilitation, the County agrees as follows:

I. CONTINGENT INTEREST AND INSTRUMENT FOR INDEBTEDNESS

As a condition of its participation in the Drexel Siding Rehabilitation, the Department will retain a contingent interest in one hundred sixty thousand and 00/100 dollars (\$160,000.00) of the Drexel Siding Rehabilitation funds and property, assets, or improvements purchased with such funds as set out in Section I.B, below, for five (5) years following the Drexel Siding Rehabilitation completion. In consideration of the Department's participation in the Drexel Siding Rehabilitation, the County agrees to the following conditions.

- A. Upon the sale or disposition of any part of the track, or the filing of an application for abandonment of the track under Title 49 of the United States Code (U.S.C.) §§ 10901–10910, the Department shall be entitled to a refund of a percentage of its entire financial investment in the Drexel Siding Rehabilitation facilities, equal to a pro rata share during the five (5) year period following Drexel Siding Rehabilitation completion (i.e. 100% in year one, 80% in year two, 60% in year three, 40% in year four, and 20% in year five).
- B. State funds paid to GSMR, by the Department, pursuant to Project Addendum No. 6 for the Drexel Siding Rehabilitation, and which are subject to recovery pursuant to this Section, shall be hereby secured for the five-year (5-year) period as described above by an equitable lien on the property, assets, or improvements purchased with such State funds for use in connection to the Drexel Siding Rehabilitation. The equitable lien shall secure and encumber such property, assets, or improvements in the percentage the State's share bears to the total funds expended for the Drexel Siding Rehabilitation, which is set forth in Project Addendum No. 6. The Parties agree that during the five-year (5-year) period, the property, assets, or

improvements purchased with such State funds for use in connection to the Drexel Siding Rehabilitation shall be subject to sale if necessary to recover the State's pro rata share of improvement costs in the event of a sale or disposition as contemplated above. The proceeds of such sale shall be used to reimburse the Department for the State funds granted to GSMR pursuant to Project Addendum No. 6 and as shown on Exhibit A.

- C. For the purpose of this Agreement, the term "any sale or disposition of the line" shall mean any sale or disposition of the line (i) for a use not consistent with the purposes for which the State share was originally granted, pursuant to this Agreement or Project Addendum No. 6, or (ii) for a use consistent with such purposes wherein the transferee in the sale or disposition does not enter into an assignment and assumption agreement with GSMR with respect to the GSMR obligation under this Agreement or Project Addendum No. 6 so that the transferee becomes obligated as if the transferee had been the original party.

II. NOTICES

All notices permitted or required to be given by one Party to the other and all questions about the contract from one Party to the other shall be addressed and delivered to the other Party's Contract Administrator. The name, post office address, street address, telephone number, fax number, and email address of the Parties' respective initial Contract Administrators are set out below. Either Party may change the name, post office address, street address, telephone number, fax number, or email address of its Contract Administrator by giving timely written notice to the other Party.

For the Department:

IF DELIVERED BY US POSTAL SERVICE:	IF DELIVERED BY ANY OTHER MEANS:
Neil Perry, Rail Planning Manager Planning and Development Branch NCDOT Rail Division 1553 Mail Service Center Raleigh, North Carolina 27699-1553	Neil Perry, Rail Planning Manager Planning and Development Branch NCDOT Rail Division 1 S Wilmington Street, Room 557 Raleigh, North Carolina 27601 Telephone 919-707-4711 Fax 919-715-6580 Email: nlperry@ncdot.gov

For the County:

IF DELIVERED BY US POSTAL SERVICE:	IF DELIVERED BY ANY OTHER MEANS:
Jackson County Kevin King, County Manager 401 Grindstaff Cove Road, Suite A207 Sylva, North Carolina 28779	Jackson County Kevin King, County Manager 401 Grindstaff Cove Road, Suite A207 Sylva, North Carolina 28779 Telephone: 828-631-2295 Email: kevinking@jacksonnc.org

IT IS UNDERSTOOD AND AGREED that the approval of the Drexel Siding Rehabilitation by the Department is subject to the conditions of this Agreement, and that no expenditures of funds on the part of the Department will be made until the terms of this Agreement have been complied with on the part of the County.

IN WITNESS WHEREOF, this CONTINGENT INTEREST AGREEMENT FOR PROJECT ADDENDUM NO. 6 TO THE AMENDED AND RESTATED GREAT SMOKY MOUNTAINS RAILROAD MASTER RAIL FREIGHT ASSISTANCE AGREEMENT has been executed the day and year heretofore set out below on the part of the Department and the County by authority duly given.

JACKSON COUNTY

BY: _____

NAME: Kevin King

TITLE: County Manager

DATE: _____

MUNICIPAL SEAL

FEDERAL TAX IDENTIFICATION NUMBER

Jackson County

MAILING ADDRESS

Jackson County
401 Grindstaff Cove Road, Suite A207
Sylva, North Carolina 28779
ATTN: Kevin King
County Manager
kevinking@jacksonnc.org

IN WITNESS WHEREOF, this CONTINGENT INTEREST AGREEMENT FOR PROJECT ADDENDUM NO. 6 TO THE AMENDED AND RESTATED GREAT SMOKY MOUNTAINS RAILROAD MASTER RAIL FREIGHT ASSISTANCE AGREEMENT has been executed the day and year heretofore set out below on the part of the Department and the County by authority duly given.

NORTH CAROLINA DEPARTMENT OF
TRANSPORTATION

BY: _____

NAME: Julie White

TITLE: Deputy Secretary of Multi-Modal
Transportation

DATE: _____

SEAL

MAILING ADDRESS

North Carolina Department of Transportation
Rail Division, Planning & Development Branch
1553 Mail Service Center
Raleigh, North Carolina 27699-1553
ATTN: Neil Perry
Rail Planning Manager
919-707-4711
nlperry@ncdot.gov

APPROVED BY BOARD OF TRANSPORTATION ITEM O: November 6, 2025
(Date)

EXHIBIT A

Railroad: Great Smokey Mountain Railroad (GSMR)

Program: 2025 Short line Infrastructure Assistance Program

WBS: 80000.1.4.174

FRRCSI ID: F25106

Addendum: 6

Change Request: #1 (7/16/2025)

County: Jackson, Swain, Macon,
Cherokee

Division: 14

Description: The project will improve operational efficiency on the GSMR by upgrading rail, rehabilitating a siding, constructing a new siding, providing corridor improvements, and will address storm damage by removing debris from bridge structures and headwalls, upgrading culverts, and improving ditches and shoulder walls, and constructing retaining walls. Per a change request #1 (7/16/2025), line item 63 has been added to include emergency roadbed repairs.

LINE ITEM	MILEPOST	DESCRIPTION	QUANTITY	UNIT	UNIT COST	TOTAL COST
MP 47.0 - MP 87.0 Annual Bridge Engineering Inspection						
1	MP 47.0 - MP 87.0	Annual Bridge Inspection	1	EA	\$ 30,000.00	\$ 30,000.00
Rail Installation on Ela Bridge						
2	MP 60.5 - MP 60.5	Remove #85RE rail and replace with #136RE rail	1	EA	\$ 84,000.00	\$ 84,000.00
MP 48.0 East End Steam Shop Siding Expansion						
3	MP 48.0 - MP 48.0*	6"x8" Crossties	329	EA		\$ -
4	MP 48.0 - MP 48.0	5" Single side tie plate	822	EA	\$ 6.00	\$ 4,932.00
5	MP 48.0 - MP 48.0	4 hole 85 lb join bars	40	PAIR	\$ 120.00	\$ 4,800.00
6	MP 48.0 - MP 48.0	Spikes	4,932	EA	\$ 0.98	\$ 4,808.70
7	MP 48.0 - MP 48.0	New drive on anchors	411	EA	\$ 2.51	\$ 1,031.61
8	MP 48.0 - MP 48.0	7/8" by 5" track bolts with washers	160	EA	\$ 5.50	\$ 880.00
9	MP 48.0 - MP 48.0	Non-insulated gauge rod	7	EA	\$ 65.00	\$ 455.00
10	MP 48.0 - MP 48.0	Crush/run stone	237	TN	\$ 26.00	\$ 6,162.00
11	MP 48.0 - MP 48.0	Ballast	340	TN	\$ 29.50	\$ 10,030.00
12	MP 48.0 - MP 48.0	#8 switch tie package	1	EA	\$ 17,000.00	\$ 17,000.00
13	MP 48.0 - MP 48.0	Right hand turnout 85#	1	EA	\$ 40,000.00	\$ 40,000.00
14	MP 48.0 - MP 48.0**	Labor and equipment	1	7	\$ 90,739.40	\$ 90,739.40
Original Main Line (former Carolina Wood Turning Siding) Rehabilitation						
15	MP 64.55 - MP 64.55*	Crossties 7"x8"	1,500	EA		\$ -
16	MP 64.55 - MP 64.55	5" tie plate	203	EA	\$ 8.25	\$ 1,674.75
17	MP 64.55 - MP 64.55	Joint bars	20	PAIR	\$ 120.00	\$ 2,400.00

18	MP 64.55 - MP 64.55	Spikes	24,336	EA	\$ 0.98	\$ 23,849.28
19	MP 64.55 - MP 64.55	Achors	2,028	EA	\$ 2.51	\$ 5,090.28
20	MP 64.55 - MP 64.55	Track bolts with washers	780	EA	\$ 5.50	\$ 4,290.00
21	MP 64.55 - MP 64.55	Non-insulated gauge rod	33	EA	\$ 65.00	\$ 2,145.00
22	MP 64.55 - MP 64.55	Crush/run stone	1,164	TN	\$ 26.00	\$ 30,264.00
23	MP 64.55 - MP 64.55	Ballast	1,671	TN	\$ 29.50	\$ 49,294.50
24	MP 64.55 - MP 64.55	Switch tie package	1	EA	\$ 17,000.00	\$ 17,000.00
25	MP 64.55 - MP 64.55	Switch #115	1	EA	\$ 50,000.00	\$ 50,000.00
26	MP 64.55 - MP 64.55	Labor and equipment	1	LS	\$ 278,728.19	\$ 278,728.19
Drexel Siding Rehabilitation						
27	MP 57.1 - MP 57.1	Rehabilitate 1613 ft of siding	1	EA	\$ 200,000.00	\$ 200,000.00
Signal Upgrades						
28	Governor's Island	Replace SCX with PMD-4 Signals	1	EA	\$ 43,278.00	\$ 43,278.00
29	Buckner Branch	Replace SCX with PMD-4 Signals	1	EA	\$ 43,278.00	\$ 43,278.00
30	Robinson Gap	Replace SCX with PMD-4 Signals	1	EA	\$ 43,278.00	\$ 43,278.00
31	Sam Davis	Replace SCX with PMD-4 Signals	1	EA	\$ 43,278.00	\$ 43,278.00
Rail Replacement Nantahala Gorge Route						
32	MP 75.8 - MP 77.81	136# RE rail	454.78	TNS	\$ 1,345.71	\$ 612,000.00
33	MP 75.8 - MP 77.81	Rail Spikes	33,640	EA	\$ 0.98	\$ 32,928.00
34	MP 75.8 - MP 77.81	6" anchor	13,622	EA	\$ 2.52	\$ 34,322.00
35	MP 75.8 - MP 77.81	Tie Plates	13,622	EA	\$ 15.60	\$ 212,503.20
36	MP 75.8 - MP 77.81	Bolts/Nuts	1,516	EA	\$ 6.35	\$ 9,620.00
37	MP 75.8 - MP 77.81	Lock-washers	1,516	EA	\$ 1.25	\$ 1,895.00
38	MP 75.8 - MP 77.81	Joint Bars	253	Pair	\$ 145.00	\$ 36,685.00
39	MP 75.8 - MP 77.81	7" Crossing Timbers	56	EA	\$ 97.30	\$ 5,448.80
40	MP 75.8 - MP 77.81	Hex Head Drive Screws	280	EA	\$ 5.00	\$ 1,400.00
41	MP 75.8 - MP 77.81	Labor to Install Rail	1	EA	\$ 335,990.00	\$ 335,990.00
Surfacing and Tamping						
42	MP 47.0 - MP 87.0	Ballast/Surfacing	3,000	TNS	\$ 30.00	\$ 90,000.00
43	MP 47.0 - MP 87.0	Labor & Equipment	1	EA	\$ 209,000.00	\$ 209,000.00
Crosstie Replacement						
44	MP 47.0 - MP 87.0	Grade 4/5 (7") Crossties	3,000	EA	\$ 80.00	\$ 240,000.00
45	MP 47.0 - MP 87.0	Grade 3 (6") Crossties	4,000	EA	\$ 59.00	\$ 236,000.00

46	MP 47.0 - MP 87.0	5/8 x 6 Spikes	40,000	EA	\$ 0.98	\$ 39,000.00
47	MP 47.0 - MP 87.0	Equipment	5,000	EA	\$ 24.00	\$ 120,000.00
48	MP 47.0 - MP 87.0	Labor	1	EA	\$ 196,050.80	\$ 196,050.80
49	MP 47.0 - MP 87.0	Crosstie Disposal	1	LS	\$ 167,200.00	\$ 167,200.00
Brush Cutting						
50	MP 47.0 - MP 87.0	Contractor brush cutting	1	EA	\$ 200,000.00	\$ 200,000.00
Storm Water Management						
51	MP 47.0 - MP 87.0	Bridge Debris Removal	1	EA	\$ 35,000.00	\$ 35,000.00
Switch Tie Replacement						
52	MP 57.6 - MP 57.6	West Whittier	1	EA	\$ 4,363.64	\$ 4,363.64
53	MP 57.1 - MP 57.1	Drexel	1	EA	\$ 4,363.64	\$ 4,363.64
54	MP 57.4 - MP 57.4	East Whittier	1	EA	\$ 4,363.64	\$ 4,363.64
55	MP 80 - MP 80	West NOC	1	EA	\$ 4,363.64	\$ 4,363.64
56	MP 64.0 - MP 64.0	East Robinson	1	EA	\$ 4,363.64	\$ 4,363.64
57	MP 48.7 - MP 48.7	West Sarge Track	1	EA	\$ 4,363.64	\$ 4,363.64
58	MP 48.2 - MP 48.2	East Bone Yard	1	EA	\$ 4,363.64	\$ 4,363.64
59	MP 48.5 - MP 48.5	Dock Track Switch West End	1	EA	\$ 4,363.64	\$ 4,363.64
60	MP 63.75 - MP 63.75	House Track	1	EA	\$ 4,363.64	\$ 4,363.64
61	MP 63.95 - MP 63.95	East Crossover	1	EA	\$ 4,363.64	\$ 4,363.64
62	MP 63.97 - MP 63.97	West Crossover	1	EA	\$ 4,363.64	\$ 4,363.64
Roadbed Washout Repair						
63	MP 54.0 - MP 56.0	Washout repair to include labor, materials, ballast, GSMR force account labor and machines	1	LS	\$ 165,000.00	\$ 165,000.00
TOTAL PROJECT COST					\$	4,160,729.51
<i>GSMR contribution</i>					\$	2,080,364.75
<i>NCDOT maximum contribution at 50% match</i>					\$	2,080,364.75

*crossties will be pulled from total purchased approx.

**labor includes installing 85# relay rail repurposed from GSMR inventory

Note: Per a change request submitted on 7/16/2025, \$165,000 has been reallocated from line item 51 to a new line item 63. This change request will allow for emergency roadbed repairs as noted. The total grant award and cost to NCDOT will remain unchanged.