

ENTERED
Office of Proceedings
June 30, 2023
Part of
Public Record

FLETCHER & SIPPEL LLC

ATTORNEYS AT LAW

29 North Wacker Drive
Suite 800
Chicago, Illinois 60606-3208

Phone: (312) 252-1500
Fax: (312) 252-2400
www.fletcher-sippel.com

THOMAS J. LITWILER

(312) 252-1508

tlitwiler@fletcher-sippel.com

June 30, 2023

VIA ELECTRONIC FILING

Ms. Cynthia T. Brown
Chief, Section of Administration
Office of Proceedings
Surface Transportation Board
395 E Street, S.W., Room 1034
Washington, DC 20423-0001

Re: **Docket No. FD 36712**
Carolina Coastal Railway, Inc. – Acquisition Exemption –
Line of Clinton Industrial Switching District, Incorporated,
d/b/a Clinton Terminal Railroad Company

Dear Ms. Brown:

Attached for filing in the above-captioned proceeding is the **Verified Notice of Exemption of Carolina Coastal Railway, Inc. Pursuant to 49 C.F.R. § 1180.2(d)(2)**, dated June 30, 2023. The sum of \$1,700, representing the appropriate fee for this filing, has been tendered electronically via Pay.gov.

If you have any questions regarding this filing, please feel free to contact me.
Thank you for your assistance on this matter.

Respectfully submitted,

/s/ *Thomas J. Litwiler*

Thomas J. Litwiler
Attorney for Carolina Coastal Railway, Inc.

FILED
June 30, 2023
SURFACE
TRANSPORTATION BOARD

TJL:tl

Attachment

FEE RECEIVED
June 30, 2023
SURFACE
TRANSPORTATION BOARD

BEFORE THE
SURFACE TRANSPORTATION BOARD

DOCKET NO. FD 36712

CAROLINA COASTAL RAILWAY, INC.
-- ACQUISITION EXEMPTION --
LINE OF CLINTON INDUSTRIAL SWITCHING DISTRICT, INCORPORATED,
D/B/A CLINTON TERMINAL RAILROAD COMPANY

**VERIFIED NOTICE OF EXEMPTION
OF
CAROLINA COASTAL RAILWAY, INC.
PURSUANT TO 49 C.F.R. § 1180.2(d)(2)**

Thomas J. Litwiler
Fletcher & Sippel LLC
29 North Wacker Drive
Suite 800
Chicago, Illinois 60606-3208
(312) 252-1500

**ATTORNEY FOR
CAROLINA COASTAL RAILWAY, INC.**

Dated: June 30, 2023

BEFORE THE
SURFACE TRANSPORTATION BOARD

DOCKET NO. FD 36712

CAROLINA COASTAL RAILWAY, INC.
-- ACQUISITION EXEMPTION --
LINE OF CLINTON INDUSTRIAL SWITCHING DISTRICT, INCORPORATED,
D/B/A CLINTON TERMINAL RAILROAD COMPANY

**VERIFIED NOTICE OF EXEMPTION
OF
CAROLINA COASTAL RAILWAY, INC.
PURSUANT TO 49 C.F.R. § 1180.2(d)(2)**

Carolina Coastal Railway, Inc. (“CLNA”), a Class III rail carrier, hereby files this notice of exemption under 49 C.F.R. § 1180.2(d)(2) to acquire a 3.53-mile line of railroad between Moltonville and Clinton, North Carolina (the “CTR Line”) from Clinton Industrial Switching District, Incorporated, d/b/a Clinton Terminal Railroad Company (“CTR”), also a Class III rail carrier. The CTR Line does not connect with the existing rail lines of CLNA or the lines of any rail carrier in the CLNA corporate family, and this acquisition transaction is not part of a series of anticipated transactions that would result in such a connection. Nor does the proposed acquisition transaction involve a Class I carrier. CLNA’s acquisition of the CTR Line is accordingly exempt under 49 C.F.R. § 1180.2(d)(2).

In accordance with the requirements of 49 C.F.R. § 1180.4(g), CLNA submits the following information:

Description of Proposed Transaction: 49 C.F.R. § 1180.6(a)(1)(i)

CLNA is a Class III rail carrier which currently owns or leases and operates approximately 179 miles of rail line in North Carolina, consisting of three disconnected line

segments: (1) from Raleigh, NC to Plymouth, NC, with a branch line extending from Pinetown, NC to Belhaven, NC;¹ (2) from Rocky Mount, NC to Mameyer/Spring Hope, NC;² and (3) at Morehead City, NC.³ CLNA is directly controlled by Regional Rail, LLC (“Regional Rail”), a non-carrier holding company.⁴ Regional Rail also directly controls ten other Class III rail carriers, none of which operate in the state of North Carolina.⁵ Regional Rail, in turn, is indirectly controlled by 3i RR Holdings GP LLC.⁶

CTR is a Class III rail carrier which owns and operates the CTR Line. CTR does not own any other rail lines, and is not commonly-controlled with any other rail carriers.

The CTR Line extends from a connection with CSX Transportation, Inc. (“CSXT”) at milepost 199.0 in Moltonville, NC to the end of track at milepost 202.53 in Clinton, NC, a

¹ *Carolina Coastal Railway, Inc. – Lease and Operation and Acquisition Exemption – Southern Railway Company*, Docket No. FD 31408 (ICC served Mar. 14, 1989); *Carolina Coastal Railway, Inc. – Lease and Operation Exemption – Norfolk Southern Railway Company*, Docket No. FD 35034 (STB served June 6, 2007).

² *Carolina Coastal Railway, Inc. – Acquisition and Operation Exemption – Rocky Mount & Western Railroad Co., Inc. d/b/a Nash County Railroad*, Docket No. FD 35501 (STB served May 11, 2011).

³ *Carolina Coastal Railway, Inc. – Acquisition and Operation Exemption – Morehead & South Fork Railroad Co.*, Docket No. FD 35339 (STB served Jan. 15, 2010 and May 18, 2010). CLNA also leases a currently inactive line between Kings Creek and Blacksburg, South Carolina. *Carolina Coastal Railway, Inc. – Lease and Operation Exemption – Norfolk Southern Railway Company*, Docket No. FD 35461 (STB served Feb. 4, 2011).

⁴ *3i RR Holdings GP LLC, et al. and Regional Rail, LLC – Control Exemption – Carolina Coastal Railway, Inc.*, Docket No. FD 36383 (STB served Feb. 14, 2020).

⁵ *See 3i RR Holdings GP LLC, et al. and Regional Rail, LLC – Control Exemption – Effingham Railroad Company, Illinois Western Railroad Company, and South Point & Ohio Railroad, Inc.*, Docket No. FD 36650 (STB served Dec. 2, 2022) (“*3i/Regional Rail-Effingham*”). Those ten carriers operate in the states of Delaware, Florida, Illinois, New York, Ohio and Pennsylvania.

⁶ Specifically, Regional Rail is directly controlled by Regional Rail Sub Holdings LLC, which is controlled by Regional Rail Holdings, LLC, which is controlled by 3i RR LLC, which is controlled by 3i RR Intermediate Holdings LLC, which is controlled by 3i RR Holdings Partnership L.P., which finally is controlled by 3i RR Holdings GP LLC. *See 3i/Regional Rail-Effingham*.

distance of approximately 3.53 miles in Sampson County, North Carolina. The CTR Line was previously owned by CSXT, and was abandoned by CSXT in 1993.⁷ The abandoned line was purchased by Sampson Salvage Company, Inc., an online shipper, and then acquired by CTR, which subsequently sought and obtained Interstate Commerce Commission authority to operate the line as a rail common carrier.⁸ CTR's sole rail connection is with CSXT at Moltonville.

Pursuant to an Asset Purchase Agreement entered into as of June 28, 2023 between CLNA and CTR, CLNA proposes to acquire the CTR Line from CTR. CLNA intends to operate the CTR Line as a CLNA division, under a separate trade name and reporting marks.

The CTR Line does not connect with any of the existing lines of CLNA, or with the lines of any other Regional Rail carrier subsidiary.

The full name and address of the entity transferring the CTR Line to CLNA is as follows:

Clinton Industrial Switching District, Incorporated
d/b/a Clinton Terminal Railroad Company
200 Fontana Street
P.O. Box 754
Clinton, NC 28329-0754
(910) 617-1213

The full name and address of the Applicant herein is as follows:

Carolina Coastal Railway, Inc.
1700 Black Creek Road
Wilson, NC 27893
(252) 237-8259

⁷ *CSX Transportation, Inc. – Abandonment Exemption – In Sampson County, NC*, Docket No. AB-55 (Sub-No. 456X) (ICC served June 8, 1993 and July 6, 1993).

⁸ *Clinton Industrial Switching District, Inc., d/b/a Clinton Terminal Railroad Company – Operation Exemption – Lines of Clinton Switching District, Inc.*, Docket No. FD 32806 (ICC served Dec. 22, 1995).

Any questions concerning this Notice should be sent to CLNA's representative at the following address:

Thomas J. Litwiler
Fletcher & Sippel LLC
29 North Wacker Drive
Suite 800
Chicago, Illinois 60606-3208
(312) 252-1500

Proposed Schedule for Consummation: 49 C.F.R. § 1180.6(a)(1)(ii)

CLNA intends to consummate the proposed acquisition of the CTR Line on August 1, 2023.

Purpose Sought to Be Accomplished: 49 C.F.R. § 1180.6(a)(1)(iii)

The exemption sought herein will allow CLNA to acquire and operate the CTR Line. The transaction will promote CLNA's and Regional Rail's strategic and growth objectives, and will help sustain the continued availability, efficiency and reliability of rail service on the CTR Line.

States in Which Property of Applicants is Located: 49 C.F.R. § 1180.6(a)(5)

CLNA owns, leases or operates rail property located in the states of North Carolina and South Carolina. CTR owns and operates a rail line in North Carolina.

Map - Exhibit 1: 49 C.F.R. § 1180.6(a)(6)

A map showing the CTR Line is attached hereto as Exhibit 1A. A map showing CLNA's existing rail lines is attached hereto as Exhibit 1B. A map showing more generally the relationship of those lines to each other is attached as Exhibit 1C.

Agreement - Exhibit 2: 49 C.F.R. § 1180.6(a)(7)(ii)

A redacted copy of the executed Asset Purchase Agreement between CLNA and CTR is attached hereto as Exhibit 2. An unredacted copy of the Asset Purchase Agreement is being submitted under seal pursuant to a Motion for Protective Order that has been filed concurrently with this notice of exemption.

Labor Protective Conditions: 49 C.F.R. § 1180.4(g)(1)(i)

The proposed transaction involves the acquisition by a Class III rail carrier of a rail line owned by another Class III rail carrier, and does not involve any Class I or II rail carriers. Accordingly, this transaction is not subject to the imposition of labor protection conditions. See 49 U.S.C. § 11326(c).

Environmental and Historic Preservation Matters: 49 C.F.R. § 1180.4(g)(3)

Under 49 C.F.R. § 1105.6(c)(2)(i), the proposed acquisition transaction is exempt from environmental reporting requirements. CLNA's acquisition of the CTR Line will not result in significant changes in carrier operations, *i.e.*, changes that exceed the thresholds established in 49 C.F.R. § 1105.7(e)(4) or (5).

Under 49 C.F.R. § 1105.8(b)(1), the proposed transaction also is exempt from historic preservation reporting requirements. The proposed acquisition is for the purpose of continued rail operations, and further STB approval would be required to abandon any service. There are no plans to dispose of or alter properties subject to STB jurisdiction that are 50 years old or older.

Interchange Commitments: 49 C.F.R. § 1180.4(g)(4)

The Asset Purchase Agreement between CLNA and CTR contains no provision that limits CLNA's interchange of traffic with a third-party connecting rail carrier. The CTR Line connects only with CSXT at Moltonville, NC.

Respectfully submitted,

/s/ *Thomas J. Litwiler*

By: _____

Thomas J. Litwiler
Fletcher & Sippel LLC
29 North Wacker Drive
Suite 800
Chicago, Illinois 60606-3208
(312) 252-1500

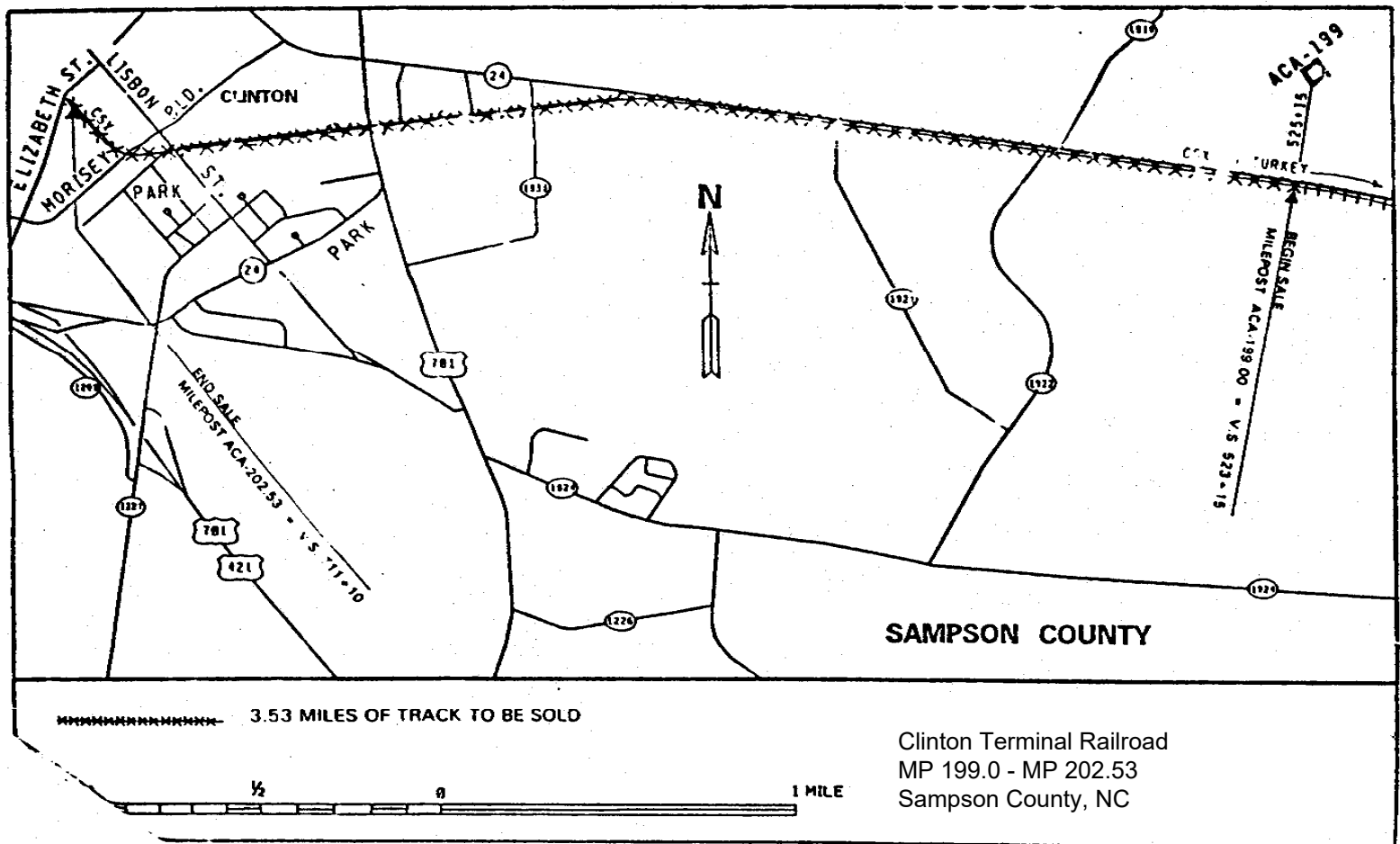
**ATTORNEY FOR
CAROLINA COASTAL RAILWAY, INC.**

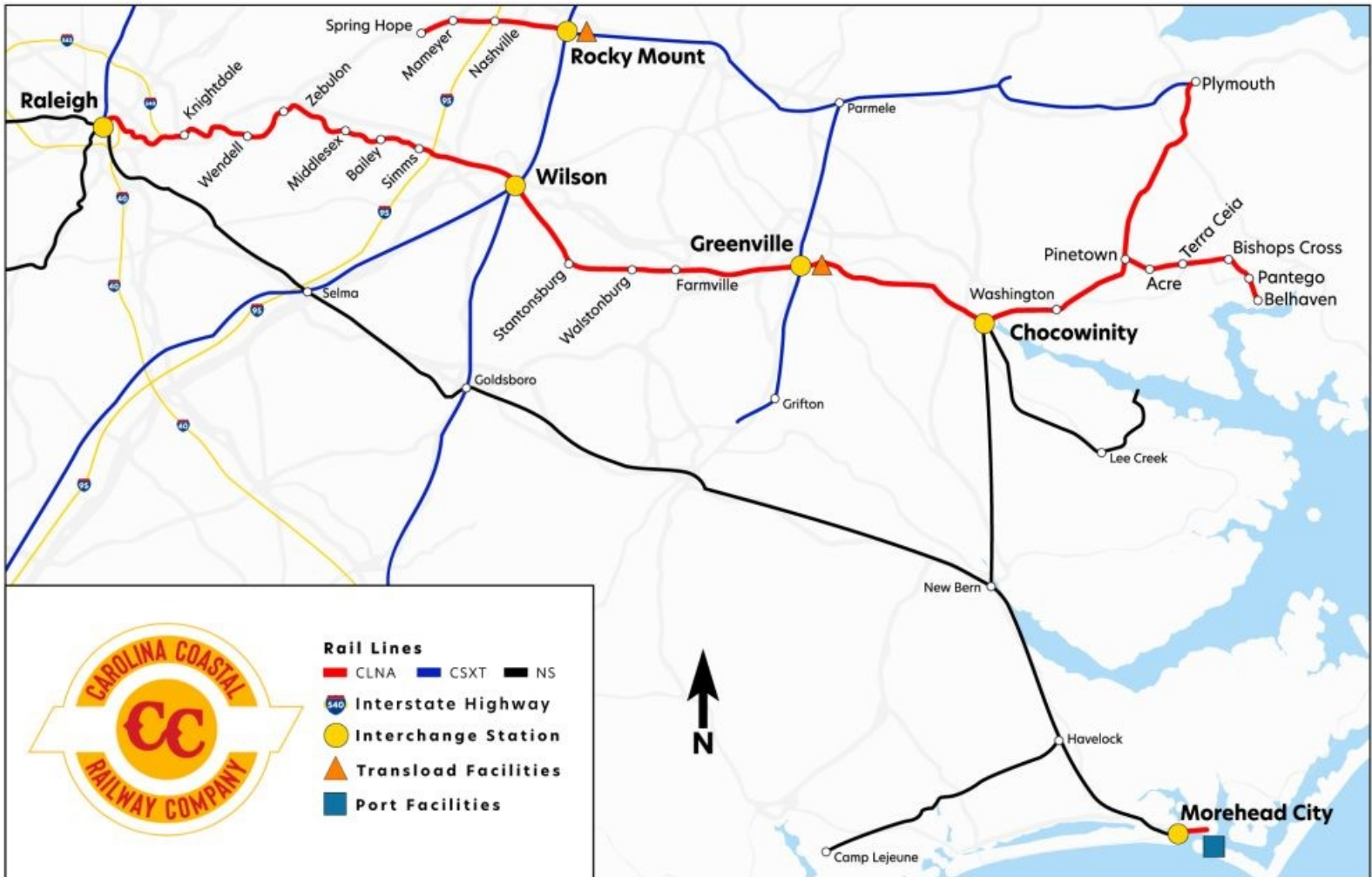
Dated: June 30, 2023

EXHIBIT 1

MAPS

EXHIBIT 1A





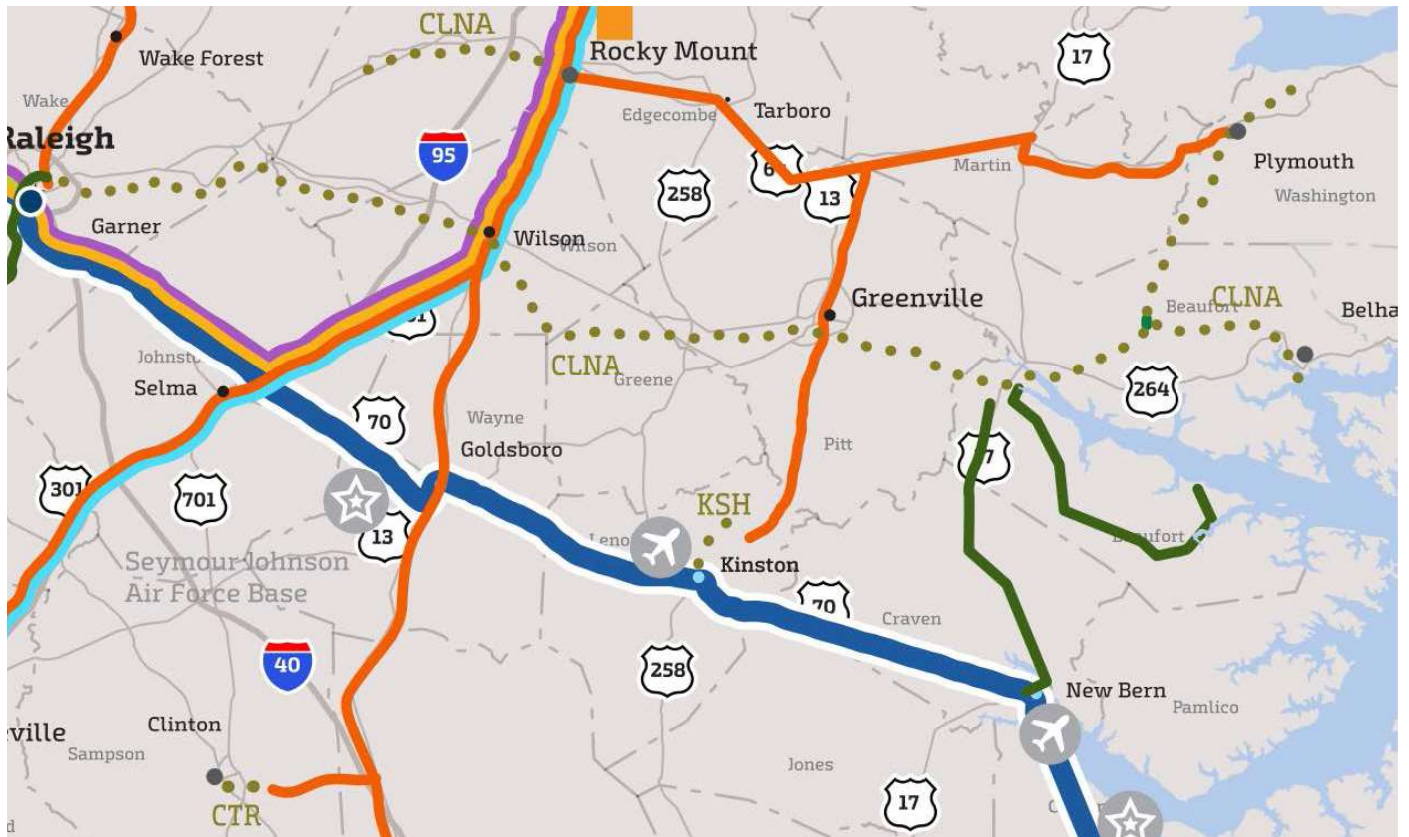


EXHIBIT 2

ASSET PURCHASE AGREEMENT

[REDACTED]

ASSET PURCHASE AGREEMENT

Entered into on June 28, 2023

between

**CAROLINA COASTAL RAILWAY, LLC.,
as Buyer,**

and

**CLINTON INDUSTRIAL SWITCHING DISTRICT, INC. D/B/A. CLINTON TERMINAL
RAILROAD
as Seller**

ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT is entered into as of June 28, 2023 (the “**Execution Date**”), by and among CAROLINA COASTAL RAILWAY, LLC., a Virginia limited liability company (“**Buyer**”), and CLINTON INDUSTRIAL SWITCHING DISTRICT, INC. D/B/A. CLINTON TERMINAL RAILROAD, a North Carolina corporation (“**Seller**” and collectively with the Buyer, the “**Parties**”).

RECITALS

WHEREAS, Seller owns and operates certain railway assets in Clinton County North Carolina (the “**Business**”);

WHEREAS, Buyer desires to purchase and acquire from Seller, and Seller desires to sell and transfer to Buyer, substantially all of the assets associated with the Business, upon the terms and subject to the conditions set forth in this Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual promises and agreements set forth herein, and for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledges, the Parties hereto agree as follows:

Article 1

SALE OF ASSETS AND ASSUMPTION OF LIABILITIES

1.1 Sale of Assets.

(a) Purchased Assets. At the Closing (as defined below), Seller shall sell, assign, transfer, convey and deliver to Buyer and Buyer shall accept and purchase all of Seller’s right, title and interest in and to all of the assets, properties and rights of Seller used in the Business (the “**Purchased Assets**”), including:

(1) all customer accounts, files, lists and contact information, referral sources and other information pertaining to current, former or prospective customers of the Business (collectively, “**Customer Accounts**”);

(2) the contracts of Seller related to the Business as listed on Schedule 1.1(a)(2) (the “**Assumed Contracts**”) and all rights and claims of Seller arising thereunder;

(3) the real property owned by Seller listed on Schedule 1.1(a)(3) under (x) the heading “Land” (the “**Transferred Land**”) and (y) the heading “Track” (the “**Transferred Track**”) and, together with the Transferred Land, the “**Owned Real Property**”);

(4) any leases, subleases, licenses, easements, rights-of-way, trackage rights and similar agreements related to the Business (the “**Leases/Rights-of-Way**”, and together with the Owned Real Property, the “**Transferred Real Property**”); and

(5) all other assets of Seller integral to the operation of the Business.

(b) Excluded Assets. The foregoing notwithstanding, Buyer shall not purchase, and Seller shall not be deemed to sell, any asset not specifically listed in Section 1.1(a), which shall include without limitation the following (the “**Excluded Assets**”):

(1) any contracts of Seller that are not Assumed Contracts;

(2) all personnel records or other records that Seller is required to retain in its possession under applicable law;

(3) all tax returns and related work papers and claims for the refund of taxes and other governmental charges of whatever nature;

(4) any cash or cash equivalents held by or on behalf of Seller;

(5) any bank accounts held by or on behalf of the Seller;

(6) all accounts receivable of the Seller arising pre-Closing;

(7) the organizational documents, minute books, tax returns, books of account or other records having to do with the organization of Seller, all employee-related or employee benefit-related files or records, and any other books and records which Seller is prohibited from disclosing or transferring to Buyer under applicable law and is required by applicable law to retain; and

(8) all the rights that accrue or will accrue to Seller under this Agreement

1.2 Assumption of Liabilities.

(a) Assumed Liabilities. As of the Effective Date, Buyer shall undertake, assume, and agree to perform, and otherwise pay, satisfy and discharge only those liabilities and obligations arising under the Assumed Contracts from and after the Effective Date that do not arise out of any breach or non-performance under such Assumed Contracts occurring prior to or as a result of the Closing (with or without the giving of notice, passage of time or both) (the “**Assumed Liabilities**”).

(b) Excluded Liabilities. Except for the Assumed Liabilities, Buyer shall not assume, nor does Buyer agree to pay, any debts, liabilities or obligations of Seller (the “**Excluded Liabilities**”), including: (i) any federal, state or local taxes of Seller on or measured by income, gross receipts or payroll, whether for the period ending as of the Effective Date or any other period or penalties or interest relating thereto, or any other taxes of Seller of any kind or nature or penalties or interest relating thereto; (ii) any liability, indebtedness or other obligation arising out of or resulting from events or circumstances occurring or existing prior to the Closing; (iii) liabilities and obligations arising or accruing under the Assumed Contracts prior to or as a result of the Closing; and (iv) accounts payable, notes payable, unearned revenue, customer deposits, wages, salaries, commissions and incentive compensation with respect to transactions occurring prior to

or at the Closing. All such liabilities shall be the responsibility of Seller, and Seller agrees to indemnify and hold Buyer harmless against any such liabilities, debts, obligations, claims or damages therefrom (including incidental and consequential damages), costs and expenses.

1.3 Closing and Closing. The consummation of the purchase and sale of the Purchased Assets (the “**Closing**”) will take place electronically by mutual exchange of duly executed documents by email in portable document format (.PDF) on the second business day after the satisfaction of the condition to Closing set forth in Section 4.1(a) hereof, unless another date or place is agreed to in writing by the Parties. Buyer shall commence to own, operate and control the Business as of the close as of the Closing.

1.4 Purchase Price. In full consideration of the purchase and sale of the Purchased Assets, Buyer shall pay Seller, by wire transfer of immediately available funds to an account designed by Seller in advance, [REDACTED] (the “**Purchase Price**”).

1.5 Allocation of Purchase Price. The Purchase Price shall be allocated as follows:

- Transferred Track: [REDACTED]
- Transferred Land: [REDACTED]

1.6 Further Cooperation. From time to time after the Execution Date, Seller, at Buyer’s request and without further consideration, agrees to execute and deliver or to cause to be executed and delivered such other instruments of transfer as Buyer may reasonably request to transfer to Buyer more effectively the right, title and interest in or to the Purchased Assets and to take or cause to be taken such further or other action as may reasonably be necessary or appropriate in order to effectuate the transactions contemplated by this Agreement.

1.7 Sale of Transferred Real Property. Subject to the terms and conditions set forth herein, Seller hereby agrees to transfer, sell, assign and convey to Buyer, on the Closing Date, the Transferred Real Property in an “AS-IS” condition, without any representation or warranty related to the same except as expressly set forth in this Agreement.

1.8 Division of Payments Post-Closing. It is the Parties intent that Seller shall retain all accounts receivable for work or services performed, or products sold, pre-Closing, but for which payments are not received until post-Closing. It is further the Parties intent that Seller shall be responsible and liable for all accounts payable which have accrued pre-Closing, but for which payments are due and payable post-Closing. In the event that either Party hereto at any time receives any funds from any third party, or any invoice or bill from any third party, that are properly payable to or by the other party pursuant to this Agreement, the Party receiving such funds or invoice/bill shall promptly remit such funds or invoice/bill to the Party entitled to such funds or responsible for payment of such invoice/bill. Seller shall be responsible for all accounts payable, and entitled to all accounts receivable, which in each case arise prior to the Closing Date. Buyer shall be responsible for all accounts payable, and entitled to all accounts receivable, which in each case arise after the Closing Date.

Article 2 REPRESENTATIONS AND WARRANTIES

2.1 Representations and Warranties of Seller. Seller represents and warrants to, and agrees with, Buyer as follows, which representations and warranties shall be true and correct as of the Execution Date and as of the Closing:

(a) Organization. Seller is a corporation duly incorporated, validly existing and in good standing under the laws of the State of North Carolina. Seller is duly licensed and qualified to conduct business in each jurisdiction where the character of its properties or the nature of its business activities requires it to be so qualified.

(b) Binding Obligation. Seller has all requisite corporate power and authority to enter into and perform its obligations under this Agreement and to carry out the transactions contemplated hereby. The shareholders and board of directors of Seller have duly authorized the execution and delivery of this Agreement and the other transactions contemplated hereby and, no other corporate proceedings on the part of Seller are necessary to authorize this Agreement and the transactions contemplated hereby. This Agreement has been duly executed and delivered by Seller and constitutes a valid and binding obligation of Seller enforceable in accordance with its terms. The execution, delivery and performance by Seller of this Agreement does not and will not conflict with, or result in any violation of or default under: (i) any provision of the articles of incorporation or bylaws of Seller; (ii) any contract, agreement, instrument or binding understanding to which Seller is a party or by which Seller or any of the Purchased Assets are bound or affected; or (iii) any law, statute, ordinance, rule, regulation, judgment, order, decree, license or permit applicable to Seller or to any of the Purchased Assets. No consent, approval, order or authorization of, or registration, declaration or filing with, any court, administrative agency or commission or other governmental authority or instrumentality, domestic or foreign, or any other person or entity, is required by or with respect to Seller in connection with its execution, delivery or performance of this Agreement.

(c) Purchased Assets. Except for the Excluded Assets, the Purchased Assets consist of all assets used or useful in the operation of the Business. Seller has, and will transfer to Buyer as of the close of business on the Closing, good and marketable title to all of the Purchased Assets, in each case free and clear of all mortgages, liens, security interests, pledges, charges, claims, rights or other encumbrances of any nature whatsoever. There are no outstanding options, rights of first offer or rights of first refusal to purchase or lease any of the Purchased Assets or any portion thereof or interest therein.

(d) Litigation. There are no lawsuits, claims, proceedings or investigations pending or, to the best knowledge of Seller, threatened by, against or affecting Seller or any of its properties, assets, operations or business which could adversely affect the transactions contemplated by this Agreement or Buyer's right to utilize the Purchased Assets.

(e) Compliance with Laws. Seller is not in violation with respect to its operation of the Purchased Assets of any laws applicable to Seller or the Business. Seller and, to the best knowledge of Seller, each employee or independent contractor of Seller, is in compliance with, all permits, licenses, authorizations and approvals necessary for Seller to operate the Business.

(f) Real Property. The Transferred Real Property constitutes all of the real property used in or necessary to conduct the Business and all railroad rights-of-way are contiguous and continuous. There are no violations or alleged violations of any applicable law with respect to the Transferred Real Property and to the best knowledge of Seller, there are no material inquiries, complaints, proceedings or investigations (excluding routine, periodic inspections) pending regarding compliance of the Transferred Real Property with any such laws. To the best knowledge of Seller, all material improvements located on, under, over or within the Transferred Real Property (i) are in good operating condition and repair and are structurally sound and free of any material defects and (ii) are in material compliance with building, zoning and other applicable land use law for their current use. Seller has no knowledge of or received any written notice of, any pending or contemplated rezoning, eminent domain or condemnation proceeding affecting the Transferred Real Property. Seller, and to the best knowledge of Seller, no other party, is in material default under any of the Leases/Rights-of-Way.

(g) No Broker's or Finder's Fees. No agent, broker, investment banker, person or firm acting on behalf of Seller is or will be entitled to any broker's or finder's fee or any other commission or similar fee in connection with any of the transactions contemplated by this Agreement.

2.2 Representations and Warranties of Buyer. Buyer represents and warrants to, and agrees with, Seller as follows, which representations and warranties shall be true and correct as of the Execution Date:

(a) Organization. Buyer is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Virginia. Buyer is duly licensed and qualified to conduct business in each jurisdiction where the character of its properties or the nature of its business activities requires it to be so qualified.

(b) Binding Obligation. Buyer has all requisite corporate power and authority to enter into and perform its obligations under this Agreement. All corporate acts and other proceedings required to be taken by Buyer to authorize the execution, delivery and performance by Buyer of this Agreement and the transactions contemplated hereby, have been duly and properly taken. This Agreement has been duly executed and delivered by Buyer and constitutes the legal, valid and binding obligation of Buyer, enforceable against Buyer in accordance with its terms. The execution, delivery and performance by Buyer of this Agreement does not and will not conflict with, or result in any violation of: (i) any provision of the articles of incorporation or bylaws of Buyer; or (ii) laws applicable to Buyer or to its property or assets. No consent, approval, order or authorization of, or registration, declaration or filing with, any court, administrative agency or commission or other governmental authority or instrumentality, domestic or foreign, is required by or with respect to Buyer in connection with its execution, delivery or performance of this Agreement.

(c) Litigation. There are no lawsuits, claims, proceedings or investigations pending or, to the best knowledge of Buyer, threatened by, against or affecting Buyer or any of its properties, assets, operations or business which could adversely affect the transactions contemplated by this Agreement or Buyer's right to purchase the Purchased Assets.

(d) No Broker's or Finder's Fees. No agent, broker, investment banker, person or firm acting on behalf of Buyer is or will be entitled to any broker's or finder's fee or any other commission or similar fee in connection with any of the transactions contemplated by this Agreement.

Article 3

COVENANTS AND AGREEMENTS

3.1 Operation of Business. During the period from the date of this Agreement to the Closing, except as otherwise expressly provided in this Agreement, Seller shall conduct the Business only in the ordinary course consistent with past practice and in compliance in all material respects with applicable Laws. Seller shall use its commercially reasonable efforts to maintain and preserve intact the Purchased Assets, the Business, keep available the services of the present officers and employees of the Business and preserve relationships with customers, suppliers, vendors, licensors, licensees, contractors, distributors and others having business dealings with the Business.

3.2 Consents and Approvals.

(a) Seller shall timely make any required filings with, and use reasonable efforts to obtain requisite consents and approvals of, any governmental authority (other than the United States Surface Transportation Board ("STB") for which Buyer shall solely be responsible for making filings and obtaining the requisite approvals, authorizations or exemptions therefrom, subject to clause (b) below) with respect to the transactions contemplated hereby, and shall thereafter promptly respond to all requests received from such governmental authority for additional information or documentation.

(b) As soon as practicable after the execution of this Agreement, but in no event later than thirty (30) calendar days thereafter, Seller shall, and shall at the cost and expense of the Seller, (i) use reasonable best efforts to obtain all necessary consents, waivers, exemptions, authorizations, orders and approvals required in connection with the execution, delivery and performance by Seller of this Agreement and the consummation of the transactions contemplated hereby including any third party consents under any Assumed Contract, and (ii) diligently assist and cooperate with Buyer in preparing and filing all documents required to be submitted by Buyer to any governmental authority, including the STB, in connection with such transactions and in obtaining any consents, waivers, authorizations, orders or approvals of governmental authority that may be required to be obtained by Buyer in connection with such transactions, which assistance and cooperation shall include timely furnishing to Buyer all information concerning the Seller and the Company that counsel to Buyer reasonably determines is required to be included in such documents or would be helpful in obtaining any such required consent, waiver, authorization or approval.

3.3 Expenses. Whether or not the transactions contemplated hereby are consummated, all costs and expenses incurred by Buyer, on the one hand, or Seller, on the other hand, in connection with this Agreement and the transactions contemplated hereby shall be paid by the party incurring such costs.

3.4 Confidentiality. The Parties covenant and agree as follows:

(a) In connection with the Agreement, either party ("**Disclosing Party**") may disclose Confidential Information (as defined below) to the other party ("**Recipient**"). Recipient shall use the Confidential Information solely for the purposes of this Agreement and, subject to Section 3.2(c), shall not disclose such Confidential Information other than to its affiliates and their owners, shareholders, members, directors, officers, managers, employees, agents and representatives (collectively, "**Representatives**") who: (i) need access to such Confidential Information for the purposes of this Agreement or transactions contemplated hereunder and (ii) are informed of its confidential nature. Recipient shall safeguard the Confidential Information from unauthorized use, access, or disclosure using no less than a commercially reasonable degree of care. Recipient will be responsible for any breach of this Section 3.2 caused by its Representatives.

(b) For purposes of this Section 3.2, "**Confidential Information**" means all non-public proprietary or confidential information of Disclosing Party, in oral, visual, written, electronic, or other tangible or intangible form, and all notes, analyses, summaries, and other materials prepared by Recipient or any of its Representatives that contain, are based on, or otherwise reflect, to any degree, any of the foregoing; provided, however, that Confidential Information does not include any information that: (i) is or becomes generally available to the public other than as a result of Recipient's or its Representatives' breach of this Agreement; (ii) is obtained by Recipient or its Representatives on a non-confidential basis from a third-party that was not legally or contractually restricted from disclosing such information; (iii) was in Recipient's or its Representatives' possession prior to Disclosing Party's disclosure hereunder; or (iv) was or is independently developed by Recipient or its Representatives without using any Confidential Information.

(c) If Recipient or any of its Representatives is required by applicable law or a valid legal order to disclose any Confidential Information, Recipient shall notify Disclosing Party of such requirements so that Disclosing Party may seek, at Disclosing Party's expense, a protective order or other remedy, and Recipient shall reasonably assist Disclosing Party therewith. If Recipient remains legally compelled to make such disclosure, it shall: (i) only disclose that portion of the Confidential Information that it is required to disclose; and (ii) use reasonable efforts to ensure that such Confidential Information is afforded confidential treatment.

(d) The rights and obligations of the Parties under this Agreement expire three years after the Execution Date; provided that with respect to Confidential Information that constitutes a trade secret under applicable law, such rights and obligations will survive such expiration until, if ever, such Confidential Information loses its trade secret protection other than due to an act or omission of Recipient or its Representatives.

(e) Recipient acknowledges and agrees that any breach of this Agreement will cause irreparable harm and injury to Disclosing Party for which money damages would be an inadequate remedy and that, in addition to remedies at law, Disclosing Party is entitled to equitable relief as a remedy for any such breach. Recipient waives any claim or defense that Disclosing Party has an adequate remedy at law in any such proceeding. Nothing herein shall limit the equitable or available remedies at law for Disclosing Party.

3.5 Further Assurances. Following the Execution Date, each of the Parties hereto shall, and shall cause their respective affiliates to, execute and deliver such additional documents, instruments, conveyances and assurances and take such further actions as may be reasonably required to carry out the provisions hereof and give effect to the transactions contemplated by this Agreement.

Article 4

CONDITIONS PRECEDENT

4.1 Conditions to Obligations of Buyer. The obligations of Buyer to effect the transactions contemplated by this Agreement are subject to the satisfaction of the following conditions unless waived by Buyer:

(a) Consents and Actions. All requisite consents of any governmental authorities or third parties to the transactions contemplated by this Agreement shall have been obtained, and no action, suit or proceeding shall have been instituted against Buyer before any court or governmental body seeking to challenge or restrain the transactions contemplated hereby. Without limiting the generality of the foregoing, any exemption, authorization or approval of the transactions contemplated by this Agreement shall have been obtained from the STB and such exemption, authorization or approval shall be in full force and effect, and neither the STB nor any other governmental authority shall have imposed any conditions or obligations on the transactions contemplated by this Agreement (other than any immaterial condition or obligation).

(b) Closing Deliveries. Seller shall deliver, or cause to be delivered, to Buyer at or prior to the Execution Date the following documents:

(1) Such certificates, duly executed by officers of Seller, as Buyer may reasonably request.

(2) Such documents as may be required to convey all of Seller's right, title and interest in all personal property included in the Purchased Assets, duly executed by Seller.

(3) All releases, termination statements and other instruments reasonably satisfactory to Buyer in order to release, terminate and fully discharge any security interest, financing statement, lien or other encumbrance affecting any of the Purchased Assets.

(4) Such documents as may be required to convey all of Seller's right, title and interest in the Transferred Real Property, duly executed (and acknowledged, as applicable) by Seller, including, without limitation, special warranty deeds, assignments, owner affidavits and any other customary title transfer and clearance documents.

(5) Such other documents, instruments or certificates as shall be reasonably requested by Buyer or its counsel in order to effect or evidence the transactions contemplated by this Agreement.

4.2 Conditions to Obligations of Seller. The obligations of Seller to effect the transactions contemplated by this Agreement are subject to the satisfaction of the following conditions unless waived by Seller:

(a) Consents and Actions. All requisite consents of any governmental authorities or third parties to the transactions contemplated by this Agreement shall have been obtained, and no action, suit or proceeding shall have been instituted against Seller before any court or governmental body seeking to challenge or restrain the transactions contemplated hereby.

(b) Closing Deliveries. Buyer shall deliver, or cause to be delivered, to Seller at or prior to the Execution Date the following documents:

(1) The Purchase Price.

(2) Such other documents, instruments or certificates as shall be reasonably requested by Seller or its counsel in order to effect or evidence the transactions contemplated by this Agreement.

Article 5 INDEMNIFICATION

5.1 Buyer Claims. Seller shall indemnify and hold harmless Buyer and its successors and assigns and its and their respective Representatives, against and in respect of, any and all damages, claims, actions, causes of action, judgments, penalties, losses, liabilities and expenses (collectively, “**Losses**”), including, without limitation, reasonable legal, accounting and other expenses, which may arise out of or in connection with:

(a) any breach or inaccuracy of any representation or warranty of Seller set forth in this Agreement or any instrument or certificate delivered pursuant hereto;

(b) any breach or violation of any other agreement, covenant or other obligation of Seller under this Agreement;

(c) any of the Excluded Liabilities; and/or

(d) the operation of the Purchased Assets and the Business prior to the Closing, and any act, omission, error, negligence or misconduct of Seller or its employees, agents or representatives occurring prior to the Closing;

provided, however, that the aggregate of all Losses subject to indemnification hereunder by Seller shall not exceed the Purchase Price.

5.2 Seller Claims. Buyer shall indemnify and hold harmless Seller and their successors and assigns and their respective Representatives, against and in respect of, any and all Losses, including, without limitation, reasonable legal, accounting and other expenses, which may arise out of or in connection with:

(a) any breach or inaccuracy of any representation or warranty of Buyer set forth in this Agreement or any instrument or certificate delivered pursuant hereto;

(b) any breach or violation of any other agreement, covenant or other obligation of Buyer under this Agreement; and/or

(c) any of the Assumed Liabilities;

provided, however, that the aggregate of all Losses subject to indemnification hereunder by Buyer shall not exceed the Purchase Price.

5.3 Notice of Claim. Upon obtaining knowledge thereof, the party to be indemnified pursuant to Sections 5.1 or 5.2, as applicable (the “**Indemnified Party**”) shall promptly notify the party which is required to provide such indemnification (the “**Indemnifying Party**”) in writing of any Losses which the Indemnified Party reasonably determines has given rise or could give rise to a claim under this Article 5 (such written notice being hereinafter referred to as a “**Notice of Claim**”). A Notice of Claim shall contain a brief description of the nature and estimated amount of any such claim giving rise to a right of indemnification. Any failure to timely provide a Notice of Claim shall not affect the Indemnifying Party’s obligations with respect to any Losses subject to indemnification pursuant to Sections 5.1 or 5.2 unless, and then only to the extent that, the amount of Losses for which the Indemnifying Party is liable is increased as a result of the Indemnified Party’s failure to timely provide a Notice of Claim.

5.4 Defense of Third Party Claims. With respect to any claim or demand set forth in a Notice of Claim relating to a third party claim, the Indemnifying Party may defend, in good faith and at its expense, any such claim or demand, and the Indemnified Party, at its expense, shall have the right to participate in the defense of any such third party claim. So long as the Indemnifying Party is defending in good faith any such third party claim, the Indemnified Party shall not settle or compromise such third party claim. If the Indemnifying Party does not so elect to defend any such third party claim, the Indemnified Party shall have no obligation to do so.

Article 6

GENERAL PROVISIONS

6.1 Survival. All representations and warranties contained in this Agreement or in any certificate or instrument delivered pursuant to this Agreement shall survive until the expiration of 12 months from the Closing; *provided, however*, that the representations and warranties made in Sections 2.1(a), 2.1(b), 2.1(f), 2.2(a), 2.2(b) and 2.1(d) shall survive until the expiration of 60 months from the Closing. The covenants and agreements contained in this Agreement or in any certificate or instrument delivered pursuant to this Agreement shall survive until full performed. The expiration of any representation, warranty, covenant or other agreement shall not affect any claim made prior to the expiration of such representation, warranty, covenant or agreement.

6.2 Taxes. All sales, use and transfer taxes, if any, due under the laws of any state, any local government authority, or the federal government of the United States, in connection with the purchase and sale of the Purchased Assets shall be paid equally by the Parties.

6.3 Counterparts. This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement and shall become effective when one or more counterparts have been signed by each of the Parties and delivered to the other party. Counterparts to this Agreement and the other agreements and instruments delivered pursuant hereto may be signed, transmitted and delivered electronically, by email in portable document

format (.pdf) or by other electronic means which create and preserve a retrievable image of an original signature.

6.4 Governing Law. This Agreement shall be construed, performed and enforced in accordance with, and governed by, the Laws of the State of Delaware without giving effect to any choice or conflict of law provision or rule (whether of the State of Delaware or any other jurisdiction). Each party hereto agrees to commence any action, suit or proceeding arising out of this Agreement or any transaction contemplated hereby in any federal court sitting in the City of Wilmington, Delaware or, if such suit, action or other proceeding may not be brought in such court for jurisdictional reasons, in any Delaware state court. Each party hereto irrevocably submits to the jurisdiction of such court for the purposes of any such suit, action or other proceeding. If the matter of such suit, action or proceeding falls within the jurisdiction of the Delaware Court of Chancery, then the Parties agree and prefer that such suit, action or proceeding related to such matter shall be submitted exclusively to the Delaware Court of Chancery. Each party further agrees that service of any process, summons, notice or document by U.S. registered mail to such party's respective address set forth below shall be effective service of process for any action, suit or proceeding in Delaware with respect to any matters to which it has submitted to jurisdiction in this Section 12.2. Each party irrevocably and unconditionally waives any objection to the laying of venue of any action, suit or proceeding arising out of this Agreement or the transactions contemplated hereby in any federal court in the City of Wilmington, Delaware, or any Delaware state court and hereby further irrevocably and unconditionally waives and agrees not to plead or claim in any such court that any such action, suit or proceeding brought in any such court has been brought in an inconvenient forum.

6.5 Notice. Any notice required or permitted to be given pursuant to this Agreement shall be deemed given and received: (a) when personally delivered; (b) three days after being sent by U.S. registered or certified mail, postage prepaid, return receipt requested; (c) one day after being sent by email or facsimile with confirmation of receipt; or (d) one day after being sent by reputable overnight delivery service (e.g. FedEx, UPS), overnight delivery prepaid. In each case, notice shall be addressed to the recipient party as set forth below such party's signature hereto, or to such other address designed by such recipient party in notice duly given pursuant to this Section.

[signature page follows]

IN WITNESS WHEREOF, Buyer and Seller have entered into this Asset Purchase Agreement as of the Execution Date.

Buyer:

CAROLINA COASTAL RAILWAY, LLC,

By: Alfred Sauer
Name: Alfred M Sauer
Title: President & CEO

Carolina Coastal Railway, LLC
c/o Regional Rail LLC
505 South Broad Street
Kennett Square, PA 19348
Attention: Alfred M. Sauer
Email: asauer@regional-rail.com

Seller:

CLINTON INDUSTRIAL SWITCHING
DISTRICT, INC. D/B/A. CLINTON TERMINAL
RAILROAD

By: _____
Name: _____
Title: _____

Address:
Email:
Attn:

IN WITNESS WHEREOF, Buyer and Seller have entered into this Asset Purchase Agreement as of the Execution Date.

Buyer:

CAROLINA COASTAL RAILWAY, LLC,

By: _____
Name: _____
Title: _____

Carolina Coastal Railway, LLC
c/o Regional Rail LLC
505 South Broad Street
Kennett Square, PA 19348
Attention: Alfred M. Sauer
Email: asauer@regional-rail.com

Seller:

CLINTON INDUSTRIAL SWITCHING
DISTRICT, INC. D/B/A. CLINTON TERMINAL
RAILROAD

By: Robert Lowe
Name: Robert Lowe
Title: President

Address: 113 Penny Lane
Email: New Freedom, PA
Attn: 17345

Schedule 1.1(a)(2) – Assumed Contracts



Schedule 1.1(a)(3) – Owned Real Property

Land

- See legal description set forth in Exhibit A to the Special Warranty Deed attach hereto as Annex 1.

Track

- Almost 3.4 miles of track and twelve feet on each side from MP199.0 to MP202.4.
- One section of track from MP202.4 to the end of the line at MP202.5

Annex 1 – Special Warranty Deed

See attached.

NORTH CAROLINA

SPECIAL WARRANTY DEED

SAMPSON COUNTY

Revenue: \$_____

PREPARED BY LUTHER D. STARLING, JR., ATTORNEY AT LAW

Draftsman does not certify title and has made no record search or title examination
Of the property herein described unless the same is shown by his written and signed certification

THIS DEED made this ____ day of _____, 2023, by and from **CLINTON**

INDUSTRIAL SWITCHING DISTRICT, INC., D/B/A CLINTON TERMINAL

RAILROAD, a North Carolina corporation having a mailing address of 1177 Racoon Road,

Willard, North Carolina 28478 (hereinafter Grantor); to **CAROLINA COASTAL RAILWAY,**

LLC, a Virginia limited liability company having a mailing address of 505 South Broad Street,

Kennett Square, Pennsylvania 19348 (hereinafter Grantee);

W I T N E S S E T H:

The designation Grantor and Grantee as used herein shall include said parties, their heirs, successors, and assigns, and shall include singular, plural, masculine, feminine or neuter as required by context.

That the Grantor in consideration of the sum of TEN (\$10.00) DOLLARS and other good and valuable consideration paid by the Grantee, the receipt of which is hereby acknowledged, have and by these presents do grant, bargain, sale and convey to the Grantee in fee simple, all

those certain tracts or parcels of land situate in Sampson County, North Carolina, and bounded and described as follows:

SEE ATTACHED EXHIBIT "A"

The above described property ____ does x does not include the primary residence of the Grantor.

TO HAVE AND TO HOLD, the aforesaid tracts or parcels of land and all privileges and appurtenances thereunto, belonging to the Grantee, in fee simple.

And the Grantor covenants with the Grantee that Grantor has done nothing to impair such title as Grantor received, and Grantor will warrant and defend the title against the lawful claims of all persons claiming by, under or through Grantor, other than the following exceptions:

1. Easements and restrictions of record, if any.
2. Unpaid Ad Valorem taxes for 2023, if any.

IN WITNESS WHEREOF, the Grantor has hereunto caused this instrument to be signed by its duly authorized representative, the day and year first above written.

**CLINTON INDUSTRIAL SWITCHING DISTRICT, INC.
D/B/A CLINTON TERMINAL RAILROAD**

BY: _____(SEAL)
ROBERT E. LOWE, JR., PRESIDENT

STATE OF NORTH CAROLINA

COUNTY OF _____

I, _____, a Notary Public of said County and State, do hereby certify that ROBERT E. LOWE, JR. personally appeared before me on this day and acknowledged that he is PRESIDENT of CLINTON INDUSTRIAL SWITCHING DISTRICT, INC., D/B/A CLINTON TERMINAL RAILROAD, a North Carolina corporatoin, and that he as PRESIDENT, being authorized to do so, executed the foregoing on behalf of the corporation.

WITNESS my hand and notarial seal, this ____ day of _____, 2023.

Notary Public

My Commission Expires: _____

EXHIBIT "A"

TRACT NO. 1

Sampson County Tax Parcel: 12014636501

That certain tract or parcel of land situate in North Clinton Township, Sampson County, North Carolina and being more particularly described as follows:

BEGINNING at an iron stake set in the intersection of the southern railroad right-of-way of Clinton Industrial Switching District at its intersection with the western right-of-way of a spur line, Corner No. 1 on Drawing No. 3428 of a map entitled "Survey for Clinton Industrial Switching District Incorporated d/b/a Clinton Terminal Railroad" having N.C. Grid Coordinates: Y=453,432.011 and X=2,205,109.940, being located South 57 degrees 34 minutes 43 seconds West 138.72 feet from a mag nail set at the pavement centerline of DeVane Street with the centerline of the turn line of East Railroad Street;

Running thence from BEGINNING Corner No. 1, so located, with the western right-of-way of the spur line of Clinton Industrial Switching District, a curve to the left, (being 20 feet west of the centerline of the spur) having a chord bearing of South 34 degrees 59 minutes 58 seconds West, chord distance 426.70 feet (radius=488.745 feet) to an iron stake set at the intersection of the western right-of-way of said spur line with the eastern right-of-way of a second spur line, Corner No. 2 of Drawing No. 3428; thence with the eastern right-of-way of the second spur line (20 feet east of the centerline of the second spur) of Clinton Industrial Switching District, a curve to the left having a chord bearing of North 48 degrees 19 minutes 15 seconds West, chord distance 423.03 feet (radius=502,096 feet) to an iron stake set in the southern right-of-way of the railroad of Clinton Industrial Switching District at its intersection with the eastern right-of-way of the second spur line, Corner No. 3 on Drawing No. 3428; thence with the southern right-of-way of the railroad of Clinton Industrial Switching District North 83 degrees 03 minutes 20 seconds East 564.89 feet to the BEGINNING containing 62,245 square feet (1.43 acres, more or less) as surveyed by Charles L. Matthis Surveying, P.A. with all lines correct in their angular relation and relative to N.C. Grid North (NAD83).

This tract was intended to be deeded to Clinton Industrial Switching District, Inc. d/b/a Clinton Terminal Railroad by a Quitclaim Deed dated February 10, 1994 and being recorded in Book 1176, Page 16 of the Sampson County Registry, between Sampson Salvage Company, Inc., and Clinton Industrial Switching District, Inc. Reference is made to a certain Quitclaim Deed dated December 16, 1993 between CSX, Transportation, Inc. and Sampson Salvage, Inc. and being recorded in Book 1175, Page 991 of the Sampson County Registry.

This description is based upon a survey for Clinton Industrial Switching District, Inc. d/b/a Clinton Terminal Railroad by Charles L. Matthis, Surveyor, PA, Drawing No. 3428 dated February 6, 2012 to which reference is hereby made and incorporated herein for a more accurate and complete description.

For additional title, see Deed Book 1862 at Page 238 of the Sampson County Registry.

TRACT NO. 2 Sampson County Tax Parcel: 15079370003

That certain tract or parcel of land situate in South Clinton Township, Sampson County, North Carolina and being more particularly described as follows:

BEGINNING at an iron stake set in the City of Clinton "Wade" parking lot (see Deed Book 885 Page 321, Map Book 02 Page 35, Map Book 02 Page 60, and Map Book 29, Page 40), said iron stake being located North 82 degrees 39 minutes 52 seconds West 4616.93 feet, South 45 degrees 48 minutes 47 seconds West 30.00 feet, South 19 degrees 54 minutes 55 seconds West 78.00 feet, South 43 degrees 11 minutes 13 seconds East 11.46 feet, and South 43 degrees 11 minutes 13 seconds East 162.00 feet from N.C.G.S. Station "Ross" having N.C. Grid Coordinates of X=2,206,857.01 and Y=453,608.270 (1927 N.A. Datum taken from Map Book 14 Page 57); running thence from said beginning point North 46 degrees 48 minutes 47 seconds East 16.50 feet to an iron stake set; thence South 43 degrees 11 minutes 13 seconds East 346.54 feet to an iron stake set; thence with Clinton Industrial Switching (see Deed Book 1176 Page 42), South 46 degrees 48 minutes 47 seconds West 16.50 feet to an existing iron stake in the City of Clinton "Wade" parking lot; thence with the City of Clinton, North 43 degrees 11 minutes 13 seconds West 161.37 feet to an existing iron pipe; thence the same course continued, North 43 degrees 11 minutes 13 seconds West 185.17 feet to the point of **BEGINNING**, containing 0.13 acres, more or less, as surveyed during September, 2013 by Owen Surveying, Inc., with all lines correct in their angular relation and relative to N.C. Grid North (1927 N.A. Datum).

A more complete description of the above property is shown on a map entitled: "Recombination Survey for Leslie Gray Tuttle" prepared by Owen Surveying, Inc., dated September 26, 2013, a copy of said map being incorporated herein, and by reference made a part hereof. Said map also being recorded in Map Book 84 Page 33 of the Sampson County Registry.

This tract or parcel of land is a portion of the property conveyed by deed dated December 29, 1995 from Judith K. Tuttle to Leslie Gray Tuttle recorded in Deed Book 1222 Page 185 and a portion of the land now or formerly owned by Seaboard Coastline Railroad (see Map Book 14 Page 57) of the Sampson County Registry.

For additional title, see Deed Book 1871 at Page 658 of the Sampson County Registry.

TRACT NO. 3 Sampson County Tax Parcel: 15-0140334-01

That certain tract or parcel of land situate in South Clinton Township, Sampson County, North Carolina and being more particularly described as follows:

PARCEL ONE

COMMENCING from the point of intersection of the centerline of Grantor's railroad track at Valuation Station 526+75, more or less, and the east line of property acquired by Wilmington and Weldon Railroad Company from C.A. Matthis by deed dated January 25, 1887, and recorded among the Public Land Records of Sampson County, North Carolina in Deed Book 66, Page 484;

thence easterly along the centerline of said railroad tract, 160 feet more or less, to the BEGINNING POINT, at Grantor's Valuation Station 525=15 as shown on a fragment print of Grantor's Valuation Map 9b NC, sheet 3, marked Exhibit B-1 attached to that certain deed recorded in Deed Book 1176 at Page 16 of the Sampson County Registry;

thence westerly along the centerline of said railroad track 18,087 feet (3.43 miles more or less) to a point at Grantor's Valuation Station Map 9b NC, sheet S-4, marked Exhibit B-2 attached to that certain deed recorded in Deed Book 1176 at Page 16 of the Sampson County Registry;

thence continuing in a westerly direction along the centerline of said railroad track, 160 feet, more or less, and being a strip of land 8 feet north of and 8.5 feet south of the centerline of said railroad track to the ENDING POINT at Grantor's Valuation Station 707+62, more or less, such ENDING POINT being the intersection of the centerline of said track and the east line of land acquired by John H. Flake, Jr. and Karen Joyce Flake by deed dated May 21, 1981, and recorded among the Public Records of Sampson County, North Carolina, in Deed Book 979, Page 753, and also known as Exhibit B-2 on said map referred to above;

Containing 19.62 acres, more or less, and being more fully shown on Grantor's Valuation Map 9b NC, sheets 3-4 and S-4 incorporated herein by reference.

PARCEL 1 BEING a portion of the property acquired by Wilmington and Weldon Railroad Company, a predecessor of Grantor, by the following instruments, recorded among the Public Land Records of Sampson County, North Carolina.

<u>Acquired From</u>	<u>Date of Instruments</u>	<u>Book</u>	<u>Page</u>
E.L. Faison, et al	01/25/1887	66	484
George L. Kirby, et al	01/25/1887	66	487
John R. Beaman, Sr., et al	01/25/1887	66	479
Albert Smith, et al	03/31/1887	66	480
Matthew Sampson, et al	04/02/1887	66	483
J.A. Ferrell, et ux, et al	03/29/1887	66	489
Clifford Ward	06/11/1887	66	463

AND ALSO BEING a portion of the property acquired by the Atlantic Coast Line Railroad Company, a predecessor of grantor, by the following instruments, recorded among the Public Land Records of Sampson County, North Carolina:

<u>Acquired From</u>	<u>Date of Instruments</u>	<u>Book</u>	<u>Page</u>
Town of Clinton	05/05/1948	556	312
W.K. Pigford, Commissioner	08/05/1902	116	360

PARCEL 2

A strip of land 16.5 feet in width situated in Clinton, Sampson County, North Carolina, being the same strip of land as reserved and described in deed dated May 21, 1981, from Seaboard Coast Line Railroad Company to John B. Flake, Jr. and Karen Joyce Flake and as shown on plat prepared by Hill & Owen Survey dated October 1980 and recorded in Sampson County in Map Book 14, Page 57, containing 0.13 acres, more or less.

PARCEL 2 BEING a portion of the property acquired by the Wilmington and Weldon Railroad Company, a predecessor of Grantor, by deed dated June 6, 1887, from Clifton Ward, recorded among the Public Land Records of Sampson County, North Carolina in Deed Book 66, Page 463.

On April 21, 1990 the Wilmington & Weldon Railroad Company merged with the Atlantic Coast Line Railroad Company of Virginia to form the Atlantic Coast Line Railroad Company. On July 1, 1967 the Atlantic Coast Line Railroad Company merged with the Seaboard Air Line Railroad Company to form the seaboard Coast Line Railroad Company. On December 29, 1982 the Louisville and Nashville Railroad Company merged into Seaboard Coast Line Railroad Company, and the name of the surviving corporation was changed to Seaboard System Railroad, Inc. On July 1, 1986, Seaboard System Railroad, Inc. changed its name to CSX Transportation, Inc.

For additional title, see Deed Book 1176 at Page 16 of the Sampson County Registry.

VERIFICATION

I, Sherman W. Petree, hereby verify under penalty of perjury that I am Vice President of Carolina Coastal Railway, Inc., that I have read the foregoing Notice of Exemption and know the facts asserted therein, and that the same are true as stated to the best of my knowledge, information and belief.

/s/ *Sherman W. Petree*

Sherman W. Petree

Dated: June 30, 2023