

SHORTLINE RAILROAD AGREEMENT
Dated May 1, 2005 between
The West Central Ohio Port Authority (WESTCO PA)
And
Indiana & Ohio Railroad, Inc. (IORY)

This Shortline Railroad Operating Agreement (2005 Agreement) is made between West Central Ohio Port Authority (WESTCO PA) and the Indiana & Ohio Railroad, Inc. (IORY or Operator) as of the 1st day of May, 2005, in light of the following circumstances:

WHEREAS, WESTCO PA (formerly Clark County-Fayette County Port Authority (CF-PA) owns the following rail lines, (collectively referred to as Shortline or Shortline Properties):

- Former Grand Trunk Western Railroad's (GTW) line in Clark, Madison and Fayette Counties, Ohio between and near Springfield, OH. (mp 202.70) and near Fayne, OH (mp 229.83) which includes the "Handy Track" between mp 45.99 and mp 46.58 near Washington C.H., Ohio.
- Former Conrail lines in Clark, Champaign and Logan Counties, Ohio between Cold Springs (mp 132.6) and Bellefontaine (mp 98.8).
- Former Conrail lines in Champaign County, Ohio at Urbana known as the "Urbana Industrial Tracks" from mp 46.30 to mp 48.30.
- Former Conrail line in Logan County, Ohio at Bellefontaine known as the "St. Mary's Branch Line" from mp 52.73 to mp 53.30.
- Former Conrail lines in Clark and Champaign Counties, Ohio between mp 0.0 (Warder Street) in Springfield and mp 17.2 in Mechanicsburg which includes the former Springfield South Route between mp 129.40 (Warder St.) and mp 130.60 (Linden Ave.)

WHEREAS, IORY (formerly Indiana & Ohio Central Railroad, Inc – IOCR) has provided common carrier rail freight and certain other railroad related services for WESTCO PA over the Shortline under Shortline Railroad Agreement dated September 9, 1990, Addendum #1 dated December 17, 1993; Addendum #2 dated March 1994; Addendum #3 dated January 1995, Addendum #4 – intentionally skipped and Addendum #5 dated August 1997 between Clark County-Fayette County Port Authority (CF-PA) and Indiana & Ohio Central Railroad, Inc (IOCR) (the 1990 Agreement).

WHEREAS, the parties wish to revise the 1990 Agreement and the Trackage Rights Agreement dated October 16, 2004 by and among the IOCR, the Indiana & Ohio Rail Corp. and WESTCO-PA (the "Trackage Rights Agreement") to reflect the current and ongoing operation and ownership of the Shortline. The parties have agreed to set aside the 1990 Agreement and the Trackage Rights Agreement and have agreed that going forward they will be governed by this revised and updated 2005 Agreement.

THEREFORE, in consideration of their mutual promises and other valuable consideration, the parties agree as follows:

1. DEFINITIONS.

(a) "Shortline and Shortline Properties" shall mean all rail properties as set out in recitals above, including but not limited to land, track sidings, fences, bridges, structures, and all accompanying rights of way.

(b) "Rail Service" shall mean all aspects of rail business on the Shortline, including but not limited to handling all rail traffic using the Shortline Properties, whether originating or terminating on these Shortline Properties, interchanging traffic with other rail carriers, advertising for customers, scheduling traffic, billing and collecting accounts receivable, performing customer service and handling loss and damage claims arising from operation of the Shortline.

(c) "Routine Maintenance" is defined as set forth on Appendix A attached hereto and incorporated herein by this reference as an integral part of this Agreement.

(d) "Extraordinary Maintenance" is defined as set forth on Appendix A attached hereto.

(e) "Trackage" refers to the use of the Shortline track by IORY or any other railroad authorized in writing by IORY and WESTCO PA for rail traffic not originating or terminating on the Shortline (such traffic sometimes referred to herein as overhead [bridge] traffic).

2. OPERATION OF PROPERTIES

IORY will continue to operate the Shortline Properties under common carrier authority for the term of this 2005 Agreement.

3. TERM OF AGREEMENT

The term of this 2005 Agreement shall begin on the date noted above and shall expire at 11:59 p.m. on December 31, 2090, unless sooner terminated as provided herein. An additional 99 year term, will be granted at the end of the initial term.

4. TERMINATION OF AGREEMENT

(a) WESTCO PA may terminate this Agreement: (i) Upon an arbitration board selected pursuant to paragraph 22 hereof determining that IORY has not performed services that would reasonably be expected of a similar carrier given the circumstances such termination to be effective as specified in a written notice provided by WESTCO PA to IORY; (ii) Upon the failure of IORY for a period of 90 days after the due date to pay any applicable Use and/or Trackage Fee pursuant to paragraphs 8 or 9 hereof.

(b) Termination with Cause. IORY shall have the right to terminate this Agreement in the event that overhead traffic and online customer revenue base do not provide sufficient monetary return over and above associated expenses. Termination by IORY is to be effective 120 days after written notice by IORY to WESTCO PA.

5. USE

During the term of this 2005 Agreement, including any extension(s) IORY shall have the sole and exclusive use of the Shortline for purposes of operating and providing rail service. IORY shall exercise due care in conducting rail operations on the Shortline.

6. MAINTENANCE

(a) IORY shall at its own expense perform all Routine Maintenance on the Shortline up to the limits specified in Appendix A. IORY shall maintain the Shortline at not less than Federal Railroad Administration Class II track standards ("Class II Condition"). Any damage to the Shortline, other than normal wear, that occurs as a result of IORY operations shall be repaired at IORY's expense.

(b) IORY and WESTCO PA agree that IORY will provide all routine and all extraordinary maintenance for the Cold Springs Industrial which lies between MP 132.6 and MP 129.1, inclusive of the Maitland diamond, per terms set out in this 2005 Agreement. For purposes of determining Material Quantities as referenced in paragraph 9 of Appendix A attached hereto, quantities of material mentioned in said paragraph supplied by IORY to the Cold Springs Industrial shall not be counted. WESTCO PA agrees that IORY will not be required to pay the use fee described in paragraph 8 of this paragraph or the Trackage Fee described in paragraph 9 of this Agreement for the use of the Cold Springs Industrial so long as IORY is in compliance with its maintenance obligations pursuant to this paragraph 6(b).

(c) IORY shall notify WESTCO PA of any Extraordinary Maintenance or capital improvements which may be required to maintain the line to its current Class II Condition. The cost of such Extraordinary Maintenance or capital improvements shall be the sole responsibility of WESTCO PA provided the Use Fees and Trackage Fees paid pursuant to paragraphs 8 and 9 respectively hereof and other financial sources of WESTCO PA are sufficient to provide for the same. Provided, however, and the foregoing notwithstanding, IORY and WESTCO PA will work together to address, plan, identify financial resources and apply funds for Extraordinary Maintenance and/or capital expenditures which are the responsibility of WESTCO PA.

(d) WESTCO PA and IORY agree to an annual joint review meeting to set out the annual extraordinary maintenance or capital expenditure budget for the following year. It is agreed that WESTCO PA will seek IORY input and concurrence regarding extraordinary maintenance or capital expenditure dollars to be funded by WESTCO PA.

(e.) It is the intent of the parties to allocate any areas of track maintenance not covered in Appendix A, in a similar manner as those areas above outlined in Appendix A. IORY may with WESTCO PA approval, which approval shall not unreasonably be withheld, elect to use fit rail and other track material retired from the Shortline as replacement for other worn items on the Shortline. All proceeds from the sale of scrap material retired from the Shortline shall be paid to WESTCO PA, less any direct cost of removal for scrapping and disposal incurred by IORY.

(f.) In the event that IORY desires to improve and maintain certain track(s) to a level greater than Federal Railroad Administration Class II track standards, IORY shall be solely responsible for the cost to initially attain such higher track standard.

7. SERVICE

IORY shall provide train service on the line on an as needed basis. Delay in performing such service shall be excused in the event of an Act of God or other cause entirely beyond the control of IORY. However, IORY shall take appropriate action as needed to resolve any such problem causing delay in its performance.

8. USE FEE

(a) Except as otherwise provided in paragraph 6(b) of this Agreement relative to the Cold Springs Industrial, to offset major, capital or extraordinary maintenance expenditures which may be required to maintain the Shortline in its current Class II condition, the IORY shall pay to WESTCO PA \$22.00 per car for any car which is terminating or originating on the Shortline in any calendar year.

(b) IORY will furnish to WESTCO PA quarterly a statement of the number of cars served, by type of car, commodity, customer name and location no later than the 15th day of the month following the end of each quarter (i.e., April 15th, July 15th, Oct 14th, Jan 15th). Except as is necessary in connection with an application for financial assistance from a federal, state or municipal government entity or a financial institution for financial assistance to the Port Authority and except as otherwise provided by Ohio law, WESTCO PA will treat such information as confidential and will not release it to anyone not a party to this 2005 Agreement without written consent of IORY, other than is provided by Ohio law.

(c) Payment of Use Fees to WESTCO PA under this provision shall be made within thirty (30) days after the close of the calendar quarter in which Use Fees accrue.

(d) IORY may elect to pre-pay any Use Fee based on annual projections. Any variance from actual versus projections will be reconciled at year's end between the parties.

(e) WESTCO PA agrees that the Use Fee paid by IORY will be used solely for Extraordinary Maintenance and/or capital expenditures directly related to rail infrastructure and freight operations over the Shortline Property. (i.e., WESTCO PA shall not use fees paid by IORY to enhance real estate, buildings that are not solely attributed to freight operations over the Shortline Property.)

9. TRACKAGE FEE FOR OVERHEAD (BRIDGE) TRAFFIC

a.) For use of Trackage by IORY or any other railroad authorized in writing by IORY and WESTCO PA for overhead (bridge) traffic, not originating or terminating on the Shortline, between Springfield (MP 202.7) and Fayne (MP 229.83), a distance of 27.13 miles, IORY shall pay directly to WESTCO PA, the sum of twenty-nine cents (\$.29) per mile (the "Fayne Trackage Rate") for each car (empty or loaded), locomotive and caboose handled by IORY over the Trackage pursuant to this Agreement. For purposes of computing the fee, locomotives shall be counted as two cars.

On or before fourteen (14) days after the end of each month, IORY will furnish to WESTCO PA a statement of the number of cars (empty and loaded), locomotives, cabooses, and the total car miles operated by IORY over the Trackage together with payment for the use of track and associated WESTCO PA Facilities on the Shortline. The amount of the fee due each month is computed by multiplying the Fayne Trackage Rate, as the same may be revised in accordance with paragraph 10 (a) hereof, by the number of cars, locomotives and cabooses served by IORY over the Trackage during such month by 27.13 by the number of Trackage miles used.

b.) Payments required to be made to WESTCO PA pursuant to this paragraph 9 shall be made on or before thirty (30) days after the close of the month in which the applicable Trackage Fees accrue.

c.) WESTCO PA agrees that the Trackage Fees paid by IORY will be used by WESTCO PA solely for Extraordinary Maintenance and/or capital expenditures directly related to rail infrastructure and/or freight operations over the Shortline Property. (i.e., WESTCO PA shall not use fees paid by IORY to enhance real estate, buildings that are not solely attributed to freight operations over the Shortline Property.)

10. ADJUSTMENT TO FEES

a.) The Trackage Rate and Use Fee referred to in this Agreement shall be adjusted upward or downward on an annual basis, beginning January 1, 2007, by multiplying the current rate by an annual adjustment factor (the "Annual Adjustment Factor") derived from the Rail Cost Adjustment Factor, Unadjusted for Productivity Index, promulgated by the Association of American Railroads, (the "RCAF-U"). The Annual Adjustment Factor will be derived by dividing the latest 4th Quarter RCAF-U index by the 4th Quarter index in the corresponding quarter of the previous year as published on a quarterly basis by the Association of American Railroads (AAR). (Both

index numbers will be calculated using the latest base available.) The resulting Annual Adjustment Factor will be rounded to the third decimal place. The Trackage Rate and the Use Fee in effect immediately prior to the annual update will then be multiplied by fifty per cent (50%) of the Annual Adjustment Factor and the result shall be added (or subtracted as the case may be) from the then current applicable Trackage Rate and Use Fee and the results shall constitute the applicable Trackage Rate and Use Fee for the ensuing year. Should the RCAF-U index be rebased, the rebased series will be used to calculate the annual adjustments. If the RCAF-U is discontinued, the parties will negotiate in good faith to agree upon a substitute provision. If no agreement is reached within 30 days after negotiations start, WESTCO PA or IORY may elect either (1) seek arbitration of a substitute index that most closely reflects the factors considered by RCAF-U or (2) to substitute for the RCAF-U the Producer Price Index (Finished Goods) published by the U.S. Department of labor.

b.) Use Fee and Trackage Fee Rate shall not be adjusted below the levels in place on the date of this 2005 Agreement, unless otherwise amended by agreement between parties.

11. TAX CREDIT

WESTCO PA and IORY agree that this Agreement does not constitute and shall not be construed to be an assignment of qualifying trackage owned by WESTCO PA to IORY for purposes of claiming a Qualified Maintenance Tax Credit (pursuant to Section 45(g) of the United States Internal Revenue Code), as may be amended or extended, without the prior written agreement of both parties.

12. FREIGHT FEES AND SURCHARGES

IORY shall establish reasonable fees for services it will provide as the Operator of the Shortline which do not involve connecting with other carriers. IORY shall publish a schedule of all intra-line and/or local fees, including, but not limited to, demurrage and accessorial charges.

13. REVENUE AND EXPENSES

(a) WESTCO PA shall be responsible for and entitled to all revenue from rents, leases and licenses that are derived from ownership of the real property and related improvements relative to the Shortline. WESTCO PA is responsible for the interest and principal payments which may be associated with its ownership of the property and improvements.

(b) IORY shall be entitled to revenues derived from its operation of the Shortline, including switching fees, per diem and demurrage and other accessorial charges per IORY 8000 and 6001 series tariffs.

(c) IORY shall be responsible for all freight rail expenses associated with operation of the Shortline. Neither party shall incur any expenses on behalf of the other party without prior expressed consent to be confirmed in writing.

14. INSPECTION OF FINANCIAL RECORDS

WESTCO PA, the Ohio Auditor of State and the Ohio Rail Development Commission shall have the right on reasonable notice to inspect IORY's financial records relating to the Shortline in order to determine whether maintenance obligations and other expenses are being met.

15. INSURANCE

ORY shall maintain liability insurance with coverage limits not less than \$5,000,000.00. The policy shall name WESTCO PA as an additional insured. IORY shall provide WESTCO PA with a certificate(s) of insurance evidencing such coverage and shall provide confirmation of continuing coverage throughout the term of this Agreement. No more frequently than once every five (5) years, WESTCO PA may reasonably modify the required insurance coverage to reflect then-current risk management practices in the railroad industry and underwriting practices in the insurance industry.

16. INDEMNIFICATION

(a) The IORY agrees to indemnify and hold harmless WESTCO PA, its agents, directors, officers and employees, from and against liabilities from any claims, liabilities, costs or expenses (including reasonable attorneys' fees) for damage to any property, personal injuries or deaths caused by or resulting from any acts or omissions of the IORY, its agents, employees, independent contractors or otherwise by the IORY operations.

(b) The WESTCO PA agrees to indemnify and hold harmless IORY, its agents, directors, officers and employees, from and against liabilities from any claims, liabilities, costs or expenses (including reasonable attorneys' fees) for damage to any property, personal injuries or deaths caused by or resulting from any acts or omissions of WESTCO PA, its agents, employees, independent contractors or otherwise by the WESTCO PA operations. To the extent permitted by law, WESTCO PA agrees to indemnify and hold harmless IORY, its agents, directors, shareholders, officers and employees against any of the foregoing liabilities.

17. REMEDIES FOR DEFAULT

(a) This Agreement and the rights granted hereby shall remain in effect unless or until terminated according to the provisions of this paragraph 17. Provided, however and the foregoing notwithstanding, this Agreement shall terminate at midnight December 31, 2090. The exercise of termination rights by a party shall not impair either party's rights

under this Agreement or any cause or causes of action either party may have against the other for the recovery of damages arising out of this Agreement.

(b) In the event of any substantial failure on the part or either party to perform its obligations under this Agreement and its continuance in such default for a period of sixty (60) days after written notice thereof by certified mail from the other party, the party providing such initial notice shall have the right, at its option, after first giving thirty (30) days' advanced notice thereof by certified mail, and notwithstanding any waiver of any prior breach thereof, to terminate this Agreement, unless the complaint of failure or default is cured by the party to this Agreement within said notices.

18. TAXES

IORY shall pay all real estate and personal property taxes attributable to the Shortline during the term of this Agreement. WESTCO PA shall reimburse IORY for the payment of any taxes assessed IORY but attributable to the Shortline real estate. WESTCO PA shall reimburse IORY for tax assessments or levies such as drainage assessments that are based on underlying real estate. WESTCO PA shall reimburse IORY for payment of personal property taxes to the extent that the taxes are directly attributable to property owned by WESTCO PA. Reimbursement shall be paid to IORY 30 days after receipt of notice. IORY shall be responsible for all other taxes, including personal property taxes on property owned by IORY, relating to its operation and equipment. The parties acknowledge that apportioning responsibility for these taxes between WESTOC PA and IORY will have to be undertaken after the total tax values are provided to the respective County Auditors by the Ohio Department of Taxation.

19. NOTICE

Notices, requests, demands, certification and other communications provided for in this agreement shall be in writing and delivered via certified mail, other method of certified delivery (i.e., fedex, etc) or via electronic transmission shall be directed as follows:

WESTCO PA

Secretary-Treasurer
West Central Ohio Port Authority
76 East High Street
Springfield, OH 45502

IORY

General Manager
Indiana & Ohio Railroad, Inc.
497 Circle Freeway Drive, Suite 230
Cincinnati, Ohio 45246
And

VP-Contracts
RailAmerica, Inc.
5300 Broken Sound Blvd NW
Boca Raton, FL 33487

20. APPLICABLE LAW

This 2005 Agreement shall be interpreted and enforced according to the law of the State of Ohio.

21. TERMINATION OF PRIOR AGREEMENTS

The 1990 Agreement and the Trackage Rights Agreement are hereby terminated and cancelled effective with the execution of this 2005 Agreement.

22. ARBITRATION

Any irreconcilable dispute arising between the parties with respect to this Agreement shall be settled through binding arbitration by a sole, disinterested arbitrator to be selected jointly by the parties. If the parties fail to select such arbitrator within sixty (60) days after demand for arbitration is made by either party hereto, then they shall jointly submit the matter to binding arbitration under the Commercial Arbitration Rules of American Arbitration Association. The decision of the arbitrator shall be final and conclusive upon the parties hereto. Each party to the arbitration shall pay compensation, cost, fees and expenses of its own witnesses, exhibits and counsel. The compensation, cost and expenses of the arbitrator, in any, shall be borne equally by the parties hereto. The arbitrator shall not have the power to award consequential or punitive damages or to determine violations of criminal laws or antitrust laws.

IN WITNESS WHEREOF, the parties have caused this Shortline Railroad Agreement to be duly executed as of the first date written.

West Central Ohio Port Authority

By: _____

Name(Print) Larry W. Himes

Signature: *Larry W. Himes*

Title Secretary-Treasurer

Indiana & Ohio Railroad, Inc.

By: *Shirley S. Himes*

Name(Print) Shirley S. Himes

Signature: _____

Title VP - Contracts

Approved as to Form

James F. Peifer
James F. Peifer
Attorney for WESTCO PA

APPENDIX A TO THE 2005 SHORTLINE RAILROAD AGREEMENT BETWEEN WESTCO PA AND THE IORY

ITEM	ROUTINE MAINTENANCE	EXTRAORDINARY MAINTENANCE
1. Periodic track Inspections	Inspecting track, writing and filing of related reports	None
2. Vegetation Control	Brush cutting, weed spraying, cleaning of culverts and waterways	None
3. Signals	Testing, painting, use of electric, replacement of consumable materials (batteries, bulbs, etc.) track circuit integrity (bond wires, insulated joints, etc.)	Replacement of mast or heads, replacement of electrical components (trans- formers, relays, etc.) major rewiring, and damage caused by vehicular traffic;
4. Switches	Lubricating, adjusting, providing locks and banners, welding and grinding of points and frogs	Replacement of severely worn points and frogs
5. Grade Crossings	Replacing crossbucks and post, patching potholes, cleaning flangeways	Resurfacing, replace- ments of flange timbers or guard rails; installation of mech- anized vehicular warning systems
6. Bridges and Culverts	Controlling headwall erosion, plugging and spiking loose deck timber, replacement of broken walkway boards and railings	Replacement of culverts, bridge decks, piles, headwalls or other items
7. Rail and Bars	Replacement or repair of broken rails and bars (from inventory on line), furnishing required bolts, spikes, rail cutting supplies	Changing out or transposing head worn rail, upgrading of rail weight

8. Surfacing	Spot hand or mechanical surfacing	Ballast, surfacing designed to lift track structure
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9. Material Quantities		
Ties	100 per year	All excess
Spikes	3 kegs per year	All excess
Bolts	1 keg per year	All excess
Switch Timber	100 feet per year	All excess
Flange Timber	50 feet per year	All excess

10. Fencing	Repair if disturbed by IORY	All other
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DECEMBER 6, 2006

WEST CENTRAL OHIO PORT AUTHORITY

Res. #26-06


RE: Shortline Railroad Agreement – Indiana & Ohio Railroad, Inc.

Director Ritenour moved to authorize the Secretary-Treasurer to execute the Shortline Railroad Agreement dated May 1, 2005 with the Indiana & Ohio Railroad, Inc.

Director Danewood seconded the motion and the vote resulted as follows:

Director Agle	Yes
Director Conn	Yes
Director Danewood	Yes
Director Henry	Yes
Director Mowrey	Yes
Director Ritenour	Yes
Director Thompson	Yes

I, Larry Himes, Secretary-Treasurer to the Board of Directors of the West Central Ohio Port Authority, do hereby certify that the above is a true copy of a motion adopted as of this date.


Larry W. Himes, Secretary-Treasurer

Cc: Secy/Treas
L. Ann Shipley
J. Peifer
D. Kamal
file