

**PROJECT AGREEMENT  
GRADE CROSSING PROTECTIVE FUND**

Docket No.: TR-121075  
Commission Approval Date: July 6, 2012

PROJECT MANAGEMENT  
2012 JUL 26 AM 9:44  
STATE OF WASHINGTON  
UTIL. AND TRANSPORTATION  
COMMISSION

**A. PARTIES OF THE AGREEMENT**

This project grant agreement (agreement) is entered into between the Washington Utilities and Transportation Commission (UTC), P.O. Box 47250, Olympia, Washington 98504-7250, and Kettle Falls International Railway, 125 East Meyers Street, Kettle Falls, Washington 99141 and shall be binding upon the agents and all persons acting by or through the parties.

**B. PURPOSE OF THE AGREEMENT**

This agreement sets out the terms and conditions by which grants are made from the Grade Crossing Protective Fund. These grants are administered by the UTC to the grantee for Docket No. TR-121075, identified above.

**C. DESCRIPTION OF PROJECT**

TR-121075 involves upgrading the incandescent flashing lights to LED type lights, replacing the system batteries/chargers, electronic bell and the outdated motion train detection with newer motion detection technology. Specific information about the project is contained in TR-121075 GCPF application.

**D. PERIOD OF PERFORMANCE**

The project reimbursement period shall begin on July 6, 2012, and end February 28, 2013. No expenditure made before or after this period is eligible for reimbursement unless incorporated by written amendment into this agreement.

**E. PROJECT FUNDING**

Total grant funding awarded by the UTC for this project shall not exceed \$11,663.25. The total approximate cost of the project is \$22,104.25. The grantee shall be responsible for all additional costs.

**F. RIGHTS AND OBLIGATIONS**

All rights and obligations of the parties to this agreement are subject to this agreement and its attachments, including the grantee's application, Commission orders, and the general provisions, all of which are attached and incorporated into this agreement.

Except as provided, no alteration of any of the terms or conditions of this agreement will be effective unless provided in writing. All alterations must be signed by both parties.

The grantee has read, fully understands and agrees to be bound by all terms and conditions in these documents.

G. COMPLIANCE WITH APPLICABLE STATUTES, RULES, AND UTC POLICIES

This agreement is governed by, and the grantee shall comply with, all applicable state and federal laws and regulations, including RCW 81.53.281, the published agency rules in 480-62 WAC, and the Commission's order in this matter which are incorporated by this reference as if fully set forth.

H. PROJECT GRANT AGREEMENT REPRESENTATIVE

All written communications sent to the grantee under this agreement will be addressed and delivered to:

Kettle Falls International Railway  
Jason Scott  
125 East Meyers Street  
Kettle Falls, WA 99141

Utilities and Transportation Commission  
Kathy Hunter  
1300 S. Evergreen Park Drive SW  
P.O. Box 47250  
Olympia, WA 98504-7250

These addresses shall be effective until receipt by one party from the other of a written notice of any change.

I. ENTIRE AGREEMENT

This agreement, along with all attachments, constitutes the entire agreement of the articles. No other understandings, oral or otherwise, regarding this agreement shall exist or bind any of the parties.

J. EFFECTIVE DATE

This agreement shall be effective upon signing by all parties.

State of Washington  
Utilities and Transportation Commission

By: [Signature]  
(Executive Director and Secretary)

Date: 7/6/12

Kettle Falls International Railway, LLC <sup>7/11/12</sup>

By: Jay W Rul

Date: 7/24/12

Title: CFO

Approved as to form:

By: /s/  
Assistant Attorney General