



# City of Grand Island

Tuesday, April 12, 2005

Council Session

## Item I1

**#2005-73 - Approving Economic Development Incentive Agreement with CXT**

Staff Contact: Doug Walker

# **Council Agenda Memo**

**From:** Douglas R. Walker, City Attorney

**Meeting:** April 12, 2005

**Subject:** Authorizing the City to Enter Into an Economic Development Agreement with CXT Incorporated, an L.B. Foster Company

**Item #'s:** I-1

**Presenter(s):** Douglas R. Walker, City Attorney

## **Background**

The voters of the City of Grand Island approved an Economic Development Plan at the May 6, 2003 election. Subsequent to the election, the city has adopted an ordinance that establishes the Economic Development Plan and the Citizens Advisory Review Committee to oversee the process of approving applications for economic development incentives. CXT Incorporated, an L.B. Foster Company (CXT) has applied for an infrastructure grant and a forgivable loan from the Grand Island Area Economic Development Corporation pursuant to the Economic Development Plan. This application has been reviewed and approved by the Executive Committee of the Economic Development Corporation and by the Citizens Advisory Review Committee. CXT's application is now being forwarded to the City Council for its approval pursuant to the city's Economic Development Plan.

## **Discussion**

The Economic Development Corporation has taken the application of CXT for a \$100,000 infrastructure grant and a \$100,000 forgivable loan as an incentive to assist with the expansion of their facility to manufacture concrete railroad ties in the City of Grand Island. An Economic Development Agreement has been prepared by the Economic Development Corporation which sets forth the terms under which CXT would receive these benefits. CXT would receive a \$100,000 infrastructure grant when facility expansion takes place and a \$100,000 forgivable loan which would not have to be repaid if it meets all the employment targets during the five year period for which the agreement would be in effect. The Economic Development Agreement spells out in detail how the employment targets would be calculated and what amounts would be paid back if these

targets are not met. The application of CXT meets all the criteria for extending economic incentives and the Economic Development Corporation's Executive Board as well as the Citizens Advisory Review Committee have both unanimously recommended approval of the Economic Development Agreement. For the above mentioned reasons, city administration is seeking City Council approval of the resolution authorizing the city to enter into the Economic Development Agreement with CXT.

### **Alternatives**

It appears that the Council has the following alternatives concerning the issue at hand. The Council may:

1. Move to approve the resolution authorizing the city to enter into the Economic Development Agreement with CXT.
2. Deny the Economic Development Agreement.
3. Modify the Agreement to meet the wishes of the Council.
4. Take no action on the issue.

### **Recommendation**

City Administration recommends that the Council approve the resolution authorizing the city to enter into the Economic Development Agreement with CXT.

### **Sample Motion**

Motion to approve the resolution authorizing the city to enter into the Economic Development Agreement with CXT.



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## CXT

CXT Incorporated, an L.B. Foster Company has headquarters in Spokane Wa. CXT has manufactured pre-stressed concrete railroad ties at 710 East US Highway 30 in Grand Island for several years employing about 38 employees. This new project is a result of a new contract with Union Pacific Railroad to supply concrete ties for their northern line. CXT initially looked at sites in Wyoming, Iowa and Columbus, Ne. to determine the most effective and efficient location between Salt Lake City and Chicago. Although the Grand Island site will require a substantial investment to get the efficiency necessary to meet the contract demands, this site was chosen over the others. Part of the decision was based on community support and incentive funding as well as the proven work ethic of the existing employees. CXT plans to invest nearly 10 million dollars in state of the art equipment and increase the number of employees to at least 52 with the average salary of \$13.90 per hour. With new technology the production from this plant is expected to double.

Project plans are to be able to load 60 rail cars in a matter of 14 hours or less in comparison to the current 3 days time frame. In order to meet the demands and utilize this site several infrastructure needs had to be met. These include building a new rail spur to accommodate an entire 60 unit train. This will be done with no negative impact to the neighbors currently utilizing an existing spur. Surface water drainage will be altered and all consideration of the neighbors will be addressed including a new exit from Highway 30 for MFS/York. In addition two power lines will need to be altered. One will be placed underground at an estimated cost of \$250,000 and the other will be raised to accommodate a gantry crane at an estimated cost of \$400,000. The UPRR personnel, the City Utilities, the City Public Works, and City Administration have been very cooperative in support of this project.

The Grand Island Area Economic Development Corporation, executive committee has approved the application with \$100,000 forgivable loan and \$100,000 infrastructure grant.



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**Project Application for Economic Development Programs**

1. Applicant Business Name CXT INCORPORATED AN LB FOSTER CO.  
Address 710 E. US HIGHWAY 30  
Telephone (308) 382-5400  
Email Address jmccaslin@cxtinc.com  
Business Contact Person JIM MCCASLIN  
Telephone (504) 981-4391
  
2. Business Organization:  Corporation  Partnership  
 Proprietor  Other
  
3. Business Type:  Startup  Existing  
 Business Buyout  Spec Building  
 Other
  
4. Project Location:  
 Within the city limits of Grand Island.  
 Outside the city limits, but within the 2 mile zoning jurisdiction.  
 Outside the zoning jurisdiction of Grand Island in (county) \_\_\_\_\_

5. Product or Service Provided:

PRESTRESSED CONCRETE RAILROAD TIES

6. Project Description:

THIS PROJECT IS A FIVE YEAR CONTRACT WITH THE UNION PACIFIC RAILROAD TO SUPPLY CONCRETE TIES FOR THEIR NORTHERN LINE.

7. Project Timetable:

MINIMUM 5 YEARS

8. Employment Information:

Current # of employees 38 (full-time equivalent)

Proposed # of employees 52 (full-time equivalent)

What is the average hourly wage for all employees? W/OUT BENEFITS - \$13.90/HR

Number of new jobs to be created 14 (full-time equivalent)

What would be the average hourly wage for new jobs? \$13.90/HR

Number of jobs to be retained, if any \_\_\_\_\_ (full-time equivalent)

Please describe all benefits which the business provides to employees:

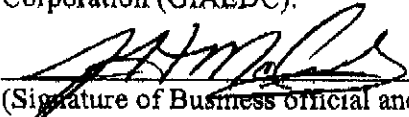
MEDICAL, DENTAL, SHORT TERM DISABILITY, LONG TERM DISABILITY, 401K

9. Financing/Incentives Requested:

AS DISCUSSED ON JANUARY 13, 2005 AND  
PER MARLAN FERGUSON WE ARE REQUESTING  
\$200,000<sup>00</sup> FINANCIAL ASSISTANCE.

NOTE: Additional Information may be required and made part of this application by attachment.

To the best of my knowledge, this application and supporting information is accurate, and may be relied upon by representatives of the Grand Island Area Economic Development Corporation (GIAEDC).

  
(Signature of Business official and title)

CXT GRAND ISLAND PLANT MANAGER  
CXT OPERATIONS MANAGER.

1/17/05  
(Date)

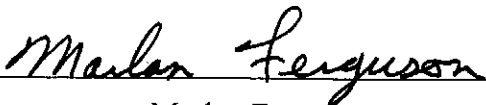
GIAEDC Project Application for LB-840 Funding

PROJECT: CXT Incorporated an LB Foster Co.

Date Referred to GIAEDC Executive Board: January 27, 2005

Approved: X Disapproved: \_\_\_\_\_ Date: January 27, 2005

Comments: \_\_\_\_\_

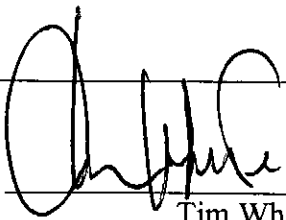
Signature of President:   
Marlan Ferguson

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Date Referred to Citizen's Review Committee: February 15, 2005

Approved: \_\_\_\_\_ Disapproved: \_\_\_\_\_ Date: \_\_\_\_\_

Comments: \_\_\_\_\_

Signature of Chairman:   
Tim White

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Date Referred to City Council: \_\_\_\_\_

Approved: \_\_\_\_\_ Disapproved: \_\_\_\_\_ Date: \_\_\_\_\_

Comments: \_\_\_\_\_

Signature of Mayor: \_\_\_\_\_  
Jay Vavricek



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Web-Posted Feb 8, 2005

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# CXT to ask city raise power line

## City council to consider request at meeting

By Tracy Overstreet  
[tracy.overstreet@theindependent.com](mailto:tracy.overstreet@theindependent.com)

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Rail tie manufacturer CXT is asking the city to raise a high-voltage electric line to accommodate a nearly \$10 million expansion project at the Grand Island plant at 710 E. Highway 30.

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A design contract is before the Grand Island City Council Tuesday night. The city Utilities Department is recommending that Advantage Engineering of Chesterfield, Mo. be awarded a contract not to exceed \$52,000 to prepare plans and specifications to raise the line.

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"We've moved lines for things like the Wood River floodway, I'm not sure if we've moved one for a business," said Utilities Director Gary Mader.

The cost of moving the line, will be paid by the company, not electric ratepayers, he said.

### Independent Talk

"If a young worker were to invest (even in conservative funds) his 55 withholdings over a 40 year period, they would have a better retirement fund than anything social security will currently offer. And if they throw in a portion of the employer match as well, so much the merrier."  
- Posted by *srb*, in our News Forum  
Topic: Social Security

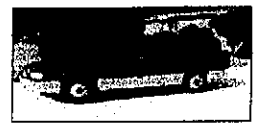
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Grant help is also being sought to help finance the power line

Wash.

"We've committed to a high speed loading and unloading system and moving the transmission line is part of that," Millard said. "Without help, we'd be closing the Grand Island plant. It's that important."

CXT was awarded a five-year contract extension last month to produce, manufacture, and supply concrete railroad ties to the Union Pacific Railroad, Millard said.

"They are putting in concrete ties from Chicago to Salt Lake City," he said.

As part of that contract, CXT needs to be able to quickly load and unload the ties on rail cars. Currently about 60 cars can be loaded or unloaded in three days, Millard said. Once a new 50-foot tall, 70-foot wide and 50-ton gantry crane is installed by late summer, the loading and unloading of 60 rail cars will be done in a matter of 14 hours or less, he said.

To accommodate the crane and necessary clearance, Mader said the typically 70-foot high, 115,000-volt power lines will be raised to 110 feet. They will be the highest city transmission lines in Grand Island.

CXT will be requesting financial assistance under Grand Island's Local Option Municipal Economic Development Act, said Marlan Ferguson, president of the Grand Island Area Economic Development Corp.

At the start of the project, employment was at 38 and increased to 52 with an average salary of \$13.90 an hour, Ferguson said.

The jobs aren't new jobs, Millard said, but rather retained jobs that would have gone away if the transmission line isn't raised and if CXT hadn't been awarded the UP contract extension.

"We're going to change jobs that people there are already doing," Millard said. "With the contract, we have another five years of production at the plant, and hopefully a lot more."

CXT first opened in Grand Island in 1998 to produce about 1,000 concrete railroad ties a day. The company said concrete ties are more economical for railroads to use because about 500 fewer ties



#### MORE NEWS

- » Historic building's walls torn down
- » Nebraskans express praise, concern over budget proposal
- » CXT to ask city raise power line
- » Three deaths, many accidents blamed on slick roads in the area
- » Police suspect alcohol involved in fatal car accident in Kearney
- » Local news briefs
- » U.N.: Mad cow cases isolated
- » Red Cross Chili Cook-off enters 17th year as signature event
- » AOK week has impact in community
- » Grand jury: Smidt death a suicide
- » Road battle coming before county board

per mile are needed than wooden ties.

On the agenda

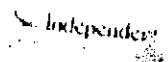
Other issues before the Grand Island City Council Tuesday include:

- Recognizing Fire Training Division Chief Troy Hughes and Fire Prevention Division Chief Fred Hotz each for 20 years of city service.
- Considering a conditional use permit to continue the sand and gravel pumping operation at 2819 S. Locust.
- Approving the one- and six-year street plan.
- Approving a utility easement at 3429 W. 13th for a Ruby Tuesday Restaurant.
- Appointing Councilman Bob Meyer to the Humane Society Board for a term through Dec. 31, 2005.
- Awarding a \$62,330 contract to Medtronic Physio-Control of Redmond, Wash. for six cardiac monitors for the Grand Island Fire Department.
- Approving the final plat of Backer Subdivision at 12th and Cherry Street for four lots of Habitat for Humanity homes.
- Meet in closed session regarding acquisition of real estate and personnel issues.

What: Grand Island City Council meeting

When: 7 p.m. Tuesday

Where: Grand Island City Hall, 100 E. First



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Working Together for a  
Better Tomorrow. Today.

May 6, 2004

Marlan Ferguson  
Grand Island Economic Development  
206 N Locust  
Grand Island NE 68801

MAY 10 2004

RE: CXT Project

Dear Marlan:

The Utilities Department of the City Of Grand Island was requested to provide a cost to underground the two 13.8kV circuits that cross the UPRR yards at about the extension of Stuhr Road. The estimate for the Department to place those overhead electrical lines underground is \$100,000.00 with other forces actually performing the bore under the tracks.

The Department has received estimates from Horizontal Boring to do the casing work. That estimate is \$145,000 to install a 24" x .438" casing 600 lineal feet across the Union Pacific ROW, 300 feet by boring and 300 feet by open cut. Inside the 24" casing would be four 6" HDPE conduits with spacers and annular fill.

Since CXT is making the concrete ties for UPRR it is probably in their best interest to acquire the necessary permits and insurance to accomplish the project. Past experience has shown a nine month application period for the Utilities Department to acquire the permits.

None of the costs involved with railroad permits, insurance, inspection, flagmen or other requirements of UPRR are included in the above estimates.

If given the approval, the Utilities Department would bid the placing of conduits and boring. CXT could also do this part of the project if they felt they could better control costs.

It is also our understanding the 115,000 volt lines would stay in place and CXT would make appropriate accommodations.

If we may be of further assistance, let us know.

Sincerely,

A handwritten signature in cursive script that reads "Bob Smith".

Bob Smith  
Assistant Utilities Director

RHS/pag

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## Quality Manufacturer of Prestressed Concrete Railroad Ties and Crossings

CXT Rail Products is a high quality manufacturer of prestressed concrete tie for heavy haul mainline, industrial track construction, light and high speed commuter rail projects. Experienced CXT professionals also design and produce prestressed concrete: grade crossing panels, turnout ties and specialty ties.

CXT manufacturing facilities, located in Washington and Nebraska, are ISO 9001 and PCI certified. Both plants maintain state of the art production processes capable of fabricating prestressed concrete products to exacting tolerances. The CXT engineering and sales staff work proactively with consultants, contractors, and customers to provide cost effective and durable products that meet or exceed rail project requirements.

A small, partially obscured logo for ISO 9001 certification, showing the text 'ISO 9001 Certified' on a dark background.

A small, partially obscured logo for ISO 9001 certification, showing the text 'ISO 9001 CERTIFIED' on a dark background.

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## Company Profile

### CXT Incorporated

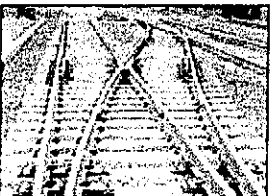
On June 30, 1999, CXT Inc. was acquired by the L.B. Foster Company which is engaged in the manufacture, fabrication and distribution of rail and trackwork, piling, highway products, earth wall systems, and threaded and coated pipe. Working together with L.B. Foster, CXT, Inc. continues to grow its precast concrete and railroad products markets. CXT maintains a leadership role in the design and development of concrete rail products, having produced more than 12 million prestressed concrete ties, more than any other North American manufacturer.

Our staff of experienced engineers and skilled tie-makers produce the finest concrete rail products available today. CXT makes a commitment to its customers, its industry, and its future that the quality of CXT products and services will always meet our customer's full satisfaction. Toward this end, CXT became ISO 9001 certified in 2000 and has maintained AAR M-1003 quality certification since 1995.

### CXT History

CXT, Inc. originated as Con-Force Costain Concrete Tie Co. Ltd. in 1973, designing, manufacturing, and marketing railroad ties throughout Canada, the United States, and Mexico. Seventy-five percent of original company was owned by Con-Force Products of Calgary, Canada, a Genstar Subsidiary, and twenty-five percent by Costain Concrete Limited of England.

In 1986, the name changed to CXT, Inc., an acronym for Concrete Cross Ties. Senior management and employees purchased the U.S. portion of the company from the offshore owners in 1990 with an ESOP. The firm then diversified into new products such as concrete turnout ties, grade crossing panels, and small buildings. Today, CXT, Inc. continues to explore and manufacture innovative new products for the prestressed concrete markets.



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News and Events

**MTA BALTIMORE LIGHT RAIL DOUBLE TRACK PROJECT**

The Light Rail Double Track Project is a \$150 million improvement project to upgrade designated areas of the Baltimore Central Light Rail Line (CLRL) that are currently single track. Construction of the project will take an estimated 4 1/2 years to complete. The first phase includes the use of over 6,300 419P CXT Transit Ties and 35+ CXT concrete tie turnouts: #6 turnouts, #6 DXO, #6 Special DXO and #8 turnouts. The turnouts are supplied with VAE Nortrak special trackwork.

The ties and turnouts were produced in both CXT Spokane and CXT Grand Island plants. The turnouts were produced in Spokane using a VAE Nortrak design. The 419P Transit Ties were produced in Grand Island. All materials will be shipped by December 2003. For this project, CXT is also introducing the use of a new patented insert called PIM (plastic-in-metal) for concrete turnout ties which will allow for significantly improved insert performance. Key features for this insert includes the elimination of cracks that are caused by lateral loads occurring during construction, allow for changing the bolt thread type after casting and simple replacement of broken bolts. Our Senior Design Engineer Rick Peterson is responsible for developing this new product. This same product was used in the Caltrain North and South CTX project.

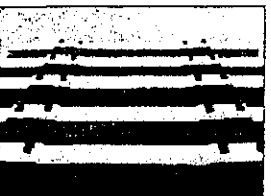
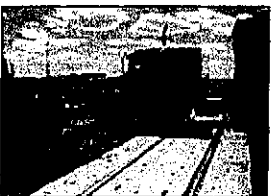
**PORT OF TACOMA - Pierce County Terminal Project**

The Port of Tacoma recently awarded the largest single capital improvement contract in Port history and the largest single container terminal north of Los Angeles. The Pierce County Terminal project is the centerpiece of the Port's five-year, \$341 million capital development program. Capital costs associated with the project include container and intermodal yards, associated infrastructure, utilities relocation, waterway and turning basin widening, and improvements to adjacent surface streets. Total capital costs associated with this project is approximately \$210 million.

The project also includes a 12 track intermodal and 7 track support yard with an estimated cost range of \$55 million. Expected to be completed in late 2004, CXT was awarded the project of supplying 19,000 prestressed concrete 419S-20 ties for 115RE in standard gauge track (4 feet 8-1/2 inches) furnished with USA Pandrol e-clips.

**PORT OF LONG VIEW - Industrial Rail Corridor Project**

The Port of Longview awarded CXT an order to supply prestressed concrete ties to the Industrial Rail Corridor Project. The \$21 million project is designed to improve the connection between the Burlington Northern Santa Fe and Union Pacific main-line rail and the Port's main facilities and industrial sites.



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## Contacts/Locations

### SPOKANE TIE PLANT

2420 N. Pioneer Lane, Spokane, WA 99216  
 Toll free: 800-790-2292, Phone: (509) 924-6300, Fax: (509) 927-0299

General Contact: Desiree Mendoza, [dmendoza@cxtinc.com](mailto:dmendoza@cxtinc.com)

### GRAND ISLAND TIE PLANT

710 E. US Highway #20, P.O. Box 1808, Grand Island, NE 68801  
 Phone: (308) 382-5400, Fax: (308) 382-3250

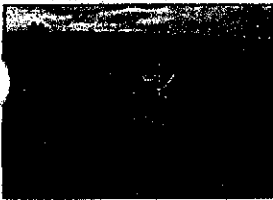
General Contact: Lori Engel, [lengel@cxtinc.com](mailto:lengel@cxtinc.com)

### SALES TEAM:

Dave Millard  
 Phone: (509) 921-8711, Mobile: (509) 995-3703, Email: [dmillard@cxtinc.com](mailto:dmillard@cxtinc.com)

Mark Hammons  
 Phone: (509) 921-8726, Mobile: (509) 979-6891, Email: [mhammons@cxtinc.com](mailto:mhammons@cxtinc.com)

Shaun Morgen  
 Phone: (509) 921-8777, Mobile: (509) 939-9204, Email: [smorgen@cxtinc.com](mailto:smorgen@cxtinc.com)



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The Port of Longview is the first full service operating port on the Columbia River.

Phase 1 of the project includes the supply of 6,000 CXT 419-22 e-clip ties designed for the LB Foster 136RE IQ rail. Slated for completion by December 2003, CXT sent out the first shipment of ties last October 19th.

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### **ST. LOUIS CROSS COUNTY METROLINK EXTENSION PROJECT**

CXT has been awarded the St. Louis Cross County Metrolink Extension Project.

Lanier Steel Products has placed an order for over 23,000 concrete ties for this 8.1 mile extension. This project is the third Metrolink project since 1998 for which CXT has provided concrete ties (total ties exceeds 110,000). The Cross County extension provides a critical connection between two major districts - Downtown St. Louis and Clayton. Nine new stations are planned including Skinker, University City- Big Bend, Forsyth, Clayton-Central, Richmond Heights- Galleria, Brentwood-Eager Road, Maplewood, Sunnen and Shrewsbury.

Railworks is the rail contractor for this project, which is scheduled for completion in late 2004.

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### **CALTRAIN CTX SOUTH PROJECT**

Caltrain has embarked on the second phase of a major passenger railroad construction project to address needed improvements to the rail corridor.



Once again, CXT has been awarded the supply of concrete ties and concrete turnout ties for the second phase of the Caltrain CTX project. CTX is a two phase project with over 80,000 concrete ties and 60 concrete turnout sets, all supplied by CXT, through LB Foster. Work on this project covers the rail corridor between Atherton and San Jose, California, and express tracks between Fair Oaks and Bowers avenue in Sunnyvale, California.

The joint venture of Herzog Construction Corporation / Stacy and Witbeck Inc. will continue to be the contractor for the second phase of the CALTRAIN CTX project, which is scheduled for completion around mid-2004.

Please join CXT in congratulating Rick Petersen, Senior Design Engineer, for passing the Professional Engineer Exam. This is no small feat - it requires 8 years of experience and/or schooling, along with passing two separate 8 hour exams. Rick has been with CXT in Spokane, WA for 8 years. Congratulations to Rick Petersen, P.E.

### **CANADIAN NATIONAL RAIL Project:**

CXT has received an order from Canadian National Railway for new 8'6"

concrete ties. Final specification changes and testing is now in its final phase. Production of these concrete ties is expected to start in January, 2003.

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#### **NORTHWEST LRT EXTENSION Project:**

CXT has just been awarded to supply over 15,000 concrete railroad ties for the City of Calgary's Northwest LRT Extension, from Brentwood Station to 53rd Street Northwest in Calgary, Alberta, Canada. Production of ties is scheduled to start immediately through mid October. The contract completion date is scheduled for November 15, 2002. The general contractor for the construction of this project is SNC Lavalin Incorporated, based in Vancouver, Canada. CXT's last project with SNC Lavalin was in 2000.

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#### **CALTRAIN CTX NORTH Project:**

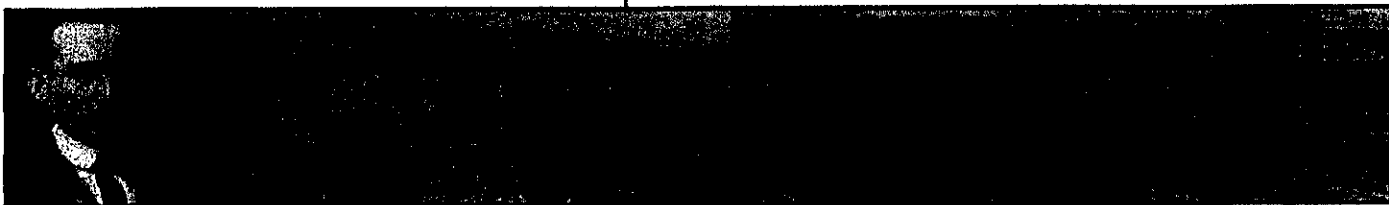
Early this year, CXT was awarded to supply concrete railroad ties, turnouts and crossing panel systems for the Caltrain CTX North Project in the San Francisco Bay Area in California with work extending from San Francisco to Menlo Park, where improvement to the rail corridor is much needed. This major construction project is being undertaken by general contractors: HCC/SW&I Constructors - a joint venture partnership between Herzog Contracting and Stacy & Witbeck Incorporated. The Caltrain CTX North project, which started construction early last month, is the first phase of a two-part project (second phase is the Caltrain CTX South project scheduled to be awarded sometime late Summer 2002) slated for completion by the 2nd quarter of 2004.

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## A Century of Experience. A Century of Solutions

L.B. Foster Company, a 100 year old American corporation, is a manufacturer and distributor of products for the transportation, construction, utility and energy markets. The corporation owns divisions and subsidiaries that supply products to industries requiring rail and rail accessories; sheet, pipe and H piling; bridge decking and highway products; earth retention systems and soundwalls; precast concrete buildings; and threaded and coated pipe. L.B. Foster markets its products worldwide.

Foster is committed to meeting customer requirements and increasing customer satisfaction through continual improvement of its products, services and the quality management system.

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## Company Overview

### L. B. Foster Company – A Century of Support for America's Infrastructure

Lee B. Foster was just 20 years old when he founded the Company that bears his name. Financed in 1902 with only a \$2,500 loan from Foster's father (which was repaid within six months), L. B. Foster Company grew over the next century to become a national leader in the manufacture, fabrication and distribution of surface transportation infrastructure-related products.

Foster founded the company to fulfill a transportation need he first observed while growing up around his father's oil business in Titusville, Pennsylvania. Many inquiries came to his father's company from mines, logging camps, and quarries regarding the availability of relay (used) rail. Because no truck transportation existed at that time, rail spurs, both permanent and temporary, represented the only means for transporting heavy materials to and from the jobsite. New rail was cost prohibitive, so Foster initiated the practice of selling relay rail- taken from abandoned and replaced railroads and urban transportation systems – to meet this need.

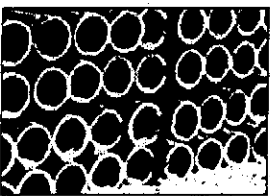
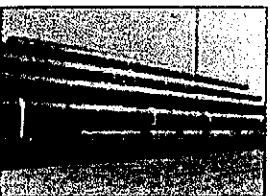
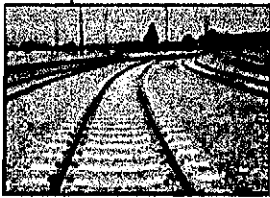
What set L. B. Foster Company apart from others in those early years and contributed greatly to the firm's success was the Foster Guarantee: "If the material is not up to the standard represented, ship it back and we will pay the freight both ways." This dedication to customer satisfaction is a core company value, and the Foster Guarantee is still in force today.

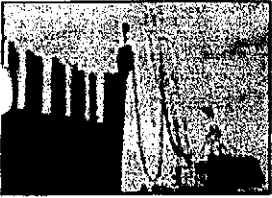
Lee Foster's success attracted the notice of his three brothers, Reuben, Sydney and Byron, who all joined the Company upon completion of their education and military service. The four brothers worked well together (Lee changed his sole proprietorship into a four-way partnership in 1918) and expanded the company into new markets and regions, opening offices in New York City in 1922 and Chicago in 1926.

The Company, which became publicly traded in 1981 (NASDAQ:FSTR), continues to supply products for rail markets, offering a full line of new and relay rail, trackwork, and accessories to railroads, mines and industry. Today, L. B. Foster's core business shares focus with other products used in the construction of the nation's infrastructure including piling, fabricated products for bridges and highways, mechanically stabilized earth wall systems, precast concrete modules, and pipe-related products.

Lee B. Foster II, the founder's grandson, became President and Chief Executive Officer of the company in 1990, providing a vital link between the company's past and present, expanding the firm's core competency, and developing new niche markets. Today, as Chairman of the Board, he remains a vital part of the team shaping the Company's future.

In 1999, the firm acquired CXT Inc., a leading manufacturer of engineered concrete products for the railroad and transit industries. The acquisition better positioned L. B. Foster Company to serve rail and transit customers with a





sophisticated mix of products and services, delivering comprehensive project capabilities on even the largest undertakings.

The Company's products have been incorporated into many well-known national projects, such as rail serving the Port of Los Angeles, materials for the Brooklyn Bridge rehabilitation, and transit fasteners installed on the transit system rebuild under New York's World Trade Center.

As America has grown, L. B. Foster Company has grown as well, providing the products necessary to build the nation's infrastructure. And as that infrastructure continues to expand and require maintenance, L. B. Foster will be there with the products and services to keep it strong and vital.

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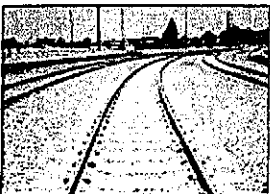


<p>Company Overview</p> <p>Executive Team</p> <p>Career Opportunities</p>	<p>Executive Team</p> <hr/> <p>Lee B. Foster II Chairman of the Board <a href="mailto:lfoster@lbfosterco.com">lfoster@lbfosterco.com</a></p> <p>Stan L. Hasselbusch President and Chief Executive Officer <a href="mailto:shasselbusch@lbfosterco.com">shasselbusch@lbfosterco.com</a></p> <p>Alec C. Bloem Senior Vice President, Concrete Products <a href="mailto:abloem@lbfosterco.com">abloem@lbfosterco.com</a></p> <p>Samuel K. Fisher Senior Vice President, Rail Product Management <a href="mailto:sfisher@lbfosterco.com">sfisher@lbfosterco.com</a></p> <p>John Kasel Vice President, Operations &amp; Manufacturing <a href="mailto:jkasel@lbfosterco.com">jkasel@lbfosterco.com</a></p> <p>Robert J. Howard Vice President, Human Resources <a href="mailto:rhoward@lbfosterco.com">rhoward@lbfosterco.com</a></p> <p>Gregory W. Lippard Vice President, Rail Product Sales <a href="mailto:glippard@lbfosterco.com">glippard@lbfosterco.com</a></p> <p>Linda K. Patterson Controller <a href="mailto:lpatterson@lbfosterco.com">lpatterson@lbfosterco.com</a></p> <p>David J. Russo Senior Vice President, CFO and Treasurer <a href="mailto:drusso@lbfosterco.com">drusso@lbfosterco.com</a></p> <p>David L. Voltz Vice President, General Counsel and Secretary <a href="mailto:dvoltz@lbfosterco.com">dvoltz@lbfosterco.com</a></p> <p>Donald F. Vukmanic Vice President, Piling Products <a href="mailto:dvukmanic@lbfosterco.com">dvukmanic@lbfosterco.com</a></p> <p>David J. A. Walsh Vice President, Fabricated Products <a href="mailto:dwalsh@lbfosterco.com">dwalsh@lbfosterco.com</a></p> <p>Merry L. Brumbaugh Vice President Tubular Products <a href="mailto:mbrumbaugh@lbfosterco.com">mbrumbaugh@lbfosterco.com</a></p> <p>Don Foster Vice President Piling Products</p>
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L. B. Foster Company is dedicated to sustainable profitable growth via its commitment to providing quality products and services to our customers and treating our customers, suppliers and employees as partners. Over the past several years the Company has undergone significant change in response to substantial changes in the markets in which we participate and in anticipation of the ongoing evolution of world markets and business practices. Approximately one third of our revenues are derived from markets and products that we did not operate in as recently as five years ago. Our corporate culture embodies change management and we view well-planned change as a necessity for improvement in everything we do and in our operating results.

L.B. Foster Company is committed to being a good corporate and community citizen. We take both these roles seriously. Regardless of what we do or where we go, we take our values with us.

### Annual Meeting

The annual meeting of shareholders will be held on Wednesday May 25, 2005.

### Investor Information

Investors may write to Investor Relations at:  
L. B. Foster Company, 415 Holiday Drive, Pittsburgh, PA 15220.

Stock Listing  
Common NASDAQ Exchange  
Ticker symbol FSTR

Quarter	2002		2003		2004	
	High	Low	High	High	High	Low
First	\$6.19	\$4.60	\$4.91	\$3.52	\$9.00	\$6.50
Second	\$6.05	\$5.03	\$5.76	\$3.85	\$8.30	\$7.35
Third	\$5.84	\$3.65	\$6.10	\$4.90	\$9.33	\$6.86
Fourth	\$4.93	\$3.51	\$7.00	\$5.61	\$9.70	\$7.05

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## ECONOMIC DEVELOPMENT AGREEMENT

In reliance upon the business plan of CXT Incorporated (Employer) which will have a beneficial economic impact upon the Grand Island area by increasing employment opportunities, the City of Grand Island (The City) and the Grand Island Area Economic Development Corporation (the Development Corporation) hereby agree to provide Employer with the assistance described in this Economic Development Agreement. Employer hereby accepts the economic assistance expressly set forth below and agrees to the terms and conditions hereby, including, without limitation, the terms and conditions of repayment.

### Section 1

#### BUSINESS PLAN

CXT Incorporated, a subsidiary of L.B. Foster Company has headquarters in Spokane, Washington. CXT has manufactured pre-stressed concrete railroad ties at 710 East U.S. Highway 30 in Grand Island for several years employing thirty-eight (38) Employees. This new project is a result of a new contract with Union Pacific Railroad to supply concrete ties for their northern line. CXT initially looked at sites in Wyoming, Iowa and Columbus, Nebraska, to determine the most effective and efficient location between Salt Lake City and Chicago. Although the Grand Island site will require a substantial investment to get the efficiency necessary to meet the contract demands, this site was chosen over the others. Part of the decision was based on community support and incentive funding as well as the proven work ethic of the existing Employees.

CXT plans to invest nearly \$10,000,000.00 in state of the art equipment and increase the number of Employees to at least fifty-two (52) with the average salary of \$13.90 per hour. With new technology the production from this plant is expected to double. The expanded plant will have the capacity to load sixty (60) rail cars in a matter of fourteen (14) hours or less in comparison to the current three (3) days time frame.

In order to meet the demands and utilize this site several infrastructure needs had to be met. These include building a new rail spur to accommodate an entire sixty (60) unit train. This will be done with no negative impact to the neighbors currently utilizing an existing spur. Surface water drainage will be altered and all consideration of the neighbors will be



addressed including a new exit from Highway 30 for MFS/York. In addition, two (2) power lines will need to be altered. One will be placed underground at an estimated cost of \$250,000.00 and the other will be raised to accommodate a gantry crane at an estimated cost of \$400,000.00. The UPRR personnel, the City Utilities, the City Public Works, and City Administration have been very cooperative in support of this project.

## Section 2

### GRANT FOR INFRASTRUCTURE

The City and the Development Corporation will grant One Hundred Thousand and No/100 Dollars (\$100,000.00) to Employer for it to apply to the construction costs of the infrastructure and plant expansion described in the Business Plan. Payment will be made to Employer after approval under The City's Economic Development Program. Payment will be made by The City within ten (10) days after Employer provides Development Corporation with satisfactory evidence that Employer has paid that amount or has become contractually obligated to pay that amount as part of the costs of the infrastructure described in the Business Plan.

This grant will not be repayable by Employer to The City if Employer does substantially complete the infrastructure and plant expansion described in the Business Plan within twenty-four (24) months after the grant is paid by The City. However, the grant will be repayable upon demand of the Development Corporation if the infrastructure and plant expansion are not substantially completed within that time frame.

## Section 3

### TERMS USED HEREIN

As used in this Economic Development Agreement the following words and phrases shall mean the following:

1. Employees means the number of fulltime equivalent persons employed by Employer at the above stated location as of the end of the Measuring Year and determined as follows: divide the total number of regular time hours that Employer paid Employees to work during the Measuring Year (including forty (40) hours per week for each week worked by each salaried Employees) by 2080.

2. The Base Year is from March 1, 2003, ending February 28, 2004.

3. The first Measuring Year shall be March 1, 2004, ending February 28, 2005. The subsequent Measuring Years shall have the same fiscal year as the first Measuring Year.

4. Employment Certificate means a written statement certified to be true and correct by the President of Employer and attested by the Chief Financial Officer of Employer. It shall be delivered to the Development Corporation within fifteen (15) days after the close of the Base Year and within fifteen (15) days after the close of each Measuring Year through and including the 6th Measuring Year. It shall state (i) the total number of hours for which Employer paid hourly Employees and (ii) the number of salaried Employees and the number of weeks each were employed by Employer at Grand Island, Nebraska, during the applicable Base or Measuring Year.

#### Section 4

#### EMPLOYMENT REQUIREMENTS

1. Employer shall have had thirty-eight (38) Employees during the Base Year.

2. The Employment Certificate for the first thru fifth Measuring Years will show that Employer had not fewer than fifty-two (52) Employees during those years.

#### Section 5

#### MONETARY ADVANCES

1. Not later than the last day of the month in which Employer substantially completes the infrastructure and plant expansion described above in the Business Plan and this Economic Development Agreement is approved under The City's Economic Development plan, the City will advance Employer One Hundred Thousand and No/100 Dollars (\$100,000.00) (The Advance).

2. If Employer meets the Employee requirements set forth in Section 4, paragraph 2 above, Development Corporation will forgive the repayment by Employer of The Advance, at the rate of 20% (\$20,000) for each year requirements are met at 0% interest.

3. If for any Measuring Year Employer fails to meet the Employee requirements set forth in Section 4, paragraph 2, then Employer shall repay The Advance to The City, at the rate of 20% (\$20,000) for each year requirements are not met. The payment shall become due on the last day of the Measuring Year for which the requirements were not met and shall be paid with interest on the unpaid balance at the rate of eight (8%) per annum thereafter until paid in full.

## Section 6

### LEGAL EFFECT

1. Notwithstanding any other provision of this agreement Employer agrees as follows:

(a) If Employer is merged into or with any other corporation, limited liability company or partnership, the provisions of this agreement shall continue in full force and effect and shall be binding upon the surviving organization.

(b) If prior to the end of the fifth (5th) Measuring Year Employer or its successor discontinues the primary operation of its business in Grand Island, Nebraska, by reason of the transfer of its assets to another person or company or for any other reason, then immediately and without any further notice being required Employer shall repay the entire amount of The Advance to The City provided, however, that the Development Corporation may waive the provisions of this subparagraph (b) if a transferee of all of Employer's assets which is acceptable to Development Corporation agrees in writing to assume the obligations of Employer hereunder.

2. Upon request of Development Corporation, Employer, and its successors, shall furnish any additional documentation Development Corporation deems necessary to confirm that Employer has met its obligations under this Economic Development Agreement.

3. The contents of this Economic Development Agreement contain all of the agreements and understandings between the Development Corporation, The City and Employer relative to the provisions hereof and the specified repayment and supersedes any and all prior agreements and understandings whether written or oral concerning economic development grants or incentives.

4. The provisions of this agreement are fully binding upon the Development Corporation and upon Employer and upon their respective successors.

Dated this 31 day of March, 2005.

GRAND ISLAND AREA ECONOMIC  
DEVELOPMENT CORPORATION

By Marlan Ferguson  
Marlan Ferguson, President

CXT INCORPORATED,  
Employer

By Alec C. Bloom  
Printed Name ALEC C. BLOOM  
Title PRESIDENT

THE CITY OF GRAND ISLAND

By \_\_\_\_\_  
Jay Vavricek, Mayor

RESOLUTION 2005-73

WHEREAS, on July 22, 2003, the City of Grand Island adopted an Economic Development Program and a Citizens Advisory Review Committee to oversee the process of approving applications for economic development incentives; and

WHEREAS, CXT Incorporated, an L.B. Foster Company, has applied for a forgivable loan in the amount of \$100,000 and a \$100,000 infrastructure grant from the Grand Island Area Economic Development Corporation in accordance with the Economic Development Program; and

WHEREAS, such application has been approved by the executive committee of the Economic Development Corporation and was approved on February 15, 2005 by the Citizens Advisory Review Committee; and

WHEREAS, CXT Incorporated will be required to meet or exceed employment numbers and employee salary levels as outlined in the Economic Development Agreement to retain all of the economic incentives granted under the agreement; and

WHEREAS, the Economic Development Agreement has been accepted by the Executive Board of the Economic Development Corporation and reviewed and accepted by members of the Citizens Review Committee; and

WHEREAS, it is in the best interests of the City to provide economic development funding to CXT Incorporated as provided by the Grand Island Economic Development Program.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF GRAND ISLAND, NEBRASKA, that the Economic Development Agreement by and between the City, the Grand Island Area Economic Development Corporation and CXT Incorporated, an L.B. Foster Company, to provide a \$100,000 infrastructure grant and \$100,000 in economic assistance through a forgivable loan to CXT Incorporated, to be used for establishing its business at 710 East Highway 30 in Grand Island is hereby approved.

BE IT FURTHER RESOLVED, that the Mayor is hereby authorized and directed to execute such agreement on behalf of the City of Grand Island.

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Adopted by the City Council of the City of Grand Island, Nebraska, April 12, 2005.

RaNae Edwards, City Clerk

Approved as to Form	☐ _____
April 6, 2005	☐ City Attorney