

**Attachment B – Key Term Sheet**  
**MDOT Freight Rail P3 Project**

This document provides a high-level summary of certain key terms for the improvement, management, operation, maintenance, and financing of the MDOT Freight Rail P3 Project utilizing a revenue-risk concession public-private partnership (P3) delivery method, as such model is described in the accompanying RFQ. The key terms listed are indicative only and do not encompass all the terms and conditions that will be in the P3 Agreement, a form of which will be provided with the RFP.

The Maryland Department of Transportation (MDOT), MDOT Office of Rail & Intermodal Freight, and Maryland Transit Administration (MTA), collectively will be referred to as MDOT as the context requires, makes no commitments or representations that these terms will not change prior to the issuance of the Request for Proposals (RFP) for the Project. The terms of the Contract Documents for the Project may vary from those set out below, to reflect project specific features or for any other reason, at MDOT's discretion.

Acronyms and capitalized terms used in this term sheet are defined in the RFQ to which this term sheet is attached.

**INDICATIVE TERMS**

ITEM	KEY TERM	DESCRIPTION OF KEY TERM
1.	<b>Term</b>	Not to exceed 40 years
2.	<b>Scope of Work and Services</b>	As described in Section 2.5 of the RFQ
3.	<b>Initial Scope of Work (from Contract Execution until Commencement of Operations)</b>	<p>The P3 Operator shall perform the following Services and develop the following plans and receive Approval following an initial notice to proceed and prior to issuance of a second notice to proceed authorizing the commencement of operations:</p> <ol style="list-style-type: none"><li>1. Mobilization and Transition Plan for the 60-day period of shadowing the existing operator.</li><li>2. Renewal and Rehabilitation Work Management Plan</li><li>3. Project Management Plan</li><li>4. Maintenance Management Plan</li><li>5. Commercialization Management Plan</li><li>6. Locomotive asset management plan</li><li>7. Execution of railroad rate agreements</li><li>8. Finalize MDOT Rail Information Manual (RIM) updates based on any recommendations during procurement phase</li></ol>
4.	<b>Permitted Revenues</b>	<p>MDOT will grant the P3 Operator the right to collect and retain freight customer revenues on the Corridors and associated permitted sources of revenues including any revenue earned on State owned property which is subject to the P3 Operator's property management services.</p> <p>The P3 Operator will assume the risk associated with collecting freight customer revenues, as well as with the development of any additional permitted sources of revenue.</p> <p>The P3 Operator will generally perform the scope of Services at risk, without the right to claim any payment or subsidy from MDOT. However, MDOT may consider payments during an initial period in support of achieving state of good repair or safety standards.</p>

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		In addition, to ensure continuity of Services, MDOT may consider providing payments to the P3 Operator on a per carload basis should the P3 Operator experience a material decrease in anticipated carload volumes at any point during the term of the P3 agreement due to circumstances outside the control of the P3 Operator.
5.	<b>Payments Due to MDOT</b>	<p>The P3 Operator is not obligated to pay rent to MDOT for the rights granted to the P3 Operator.</p> <p>In lieu of rent, MDOT will participate in revenue sharing of excess profits in exchange for granting the rights to the P3 Operator.</p>
6.	<b>P3 Operator Basic Maintenance Responsibilities</b>	The P3 Operator shall be responsible for all efforts, costs, and expenses to inspect, improve, maintain, and repair the Corridors as necessary to provide the Service.
7.	<b>MDOT Maintenance Responsibilities</b>	MDOT will have no maintenance responsibilities throughout the Corridors.
8.	<b>State of Good Repair</b>	<p>The P3 Operator will be required to achieve a state of good repair on the Corridors under a timeline, and subject to certain terms and conditions, to be established under the RFP.</p> <p>To the extent the P3 Operator fails to achieve a state of good repair or any safety requirements on track segments actively serving customers by a long stop date to be determined, the P3 Operator may be subject to deductions or other monetary assessments.</p>
9.	<b>Supervening Events</b>	<p>The P3 Operator will be entitled to relief, and in some cases compensation, for certain enumerated events, including force majeure events and breaches / fault based events on the part of MDOT.</p> <p>This will also include protection against certain unknown site and existing facility condition issues, including latent defects.</p>
10.	<b>Proposal Security</b>	Proposers will be required to provide Proposal Security in the amount of \$1,000,000 which will be returned upon execution of the P3 Agreement.
11.	<b>Performance Security</b>	The P3 Operator will be required to provide Performance Security in the amount of \$1,000,000 which will be returned at the expiry of the P3 Agreement unless it is due to a P3 Developer Default.