Assignment to VPRA of Comprehensive Rail Agreement and Ancillary Agreements; Transfer of Property Rights
Background: Property Acquisition

Three Railroad Segments

- **Segment 1 (145 miles)** – Washington D.C. to Petersburg/Dinwiddie
- **Segment 2 (75 miles of abandoned ROW)** – Petersburg/Dinwiddie to Ridgeway, NC
- **Segment 3 (165 miles)** – Doswell to Clifton Forge

Three Purchase Installments & Closing Dates

- **$200M already paid on April 14, 2021**
  - closing date for Segment 1
- **$200M on or before November 30, 2021**
  - closing date for Segment 3
- **$125M on or before November 30, 2022**
  - closing date for Segment 2
### Purpose: Resolution for Assignment and Transfer

#### Comprehensive Rail Agreement
- CRA by Assignment
- 6 Ancillary Agreements

#### Segment 1
- Transfer of Property Rights Already Acquired
- Requires Deed Execution
- Limited to Dinwiddie/Petersburg to DC Corridor
**Process for Assignment:**
- VPRA / DRPT enter into one-page assignment agreement listing the assigned agreements

**Scope of Assignment:**
- Seven definitive agreements
- Comprehensive Rail Agreement:
  - Joint Operating & Maintenance Agreement
  - Two Construction Agreements
  - Two Engineering Agreement
  - Inspection Right of Entry Agreement

**Effect of Assignment:**
- VPRA fully replaces DRPT
- Availed of DRPT’s rights
- Bound to DRPT’s duties
- DRPT no longer a party

**Later Assignments:**
- Amtrak:
  - Operating Agreement, Funding Agreement, Station Lease
- VRE:
  - Operating Agreement, Funding Agreement, Station Lease
Transfer of Segment 1 Property Rights

**Process:**
DRPT / VPRA will execute new set of real property deeds

**Scope:**
- Transfer to VPRA:
  - Segment 1 real property interests acquired by DRPT on April 14, 2021
  - Easement over passenger corridor
  - Easement over freight corridor
  - 100 years or earlier buildout
  - Ownership of 13 VRE passenger facilities

**Effect:**
- Property Interests run to VPRA not DRPT
  - CSXT remains freight common carrier
  - CSXT remains counterparty to occupant licenses and easements
  - CSXT can grant new licenses and easements that do not unreasonably interfere with passenger service
Comprehensive Rail Agreement – Key Terms

- Master agreement between CSXT and VPRA
- Rights and duties for acquisition of Segments 3 and 2
- Freight operations reserved to CSXT
- Conditions to unlock new passenger service
- Liability
- Responsibility for environmental conditions
- Dispute resolution
Comprehensive Rail Agreement – Key Terms

Process for Closing Segments 3 and 2 between VPRA and CSXT

- Title examination
- Inspection
- Environmental Releases
- Material Damage
- Exchange of deed for cash payment; execution of collateral documents

Freight Operations

- CSXT retains common carrier obligation on Segment 1
- CSXT backstops BBRC common carrier obligation on Segment 3; retains limited trackage rights
- CSXT has first right to conduct freight operations on Segment 2 if restored
Comprehensive Rail Agreement – Key Terms

Segment 1 Incremental Passenger Infrastructure Program

- Closing Date 1
- Phase 1 Improvements (2026)
- Phase 2 Improvements (2030)

Liability

- No direct train operations by VPRA (Va. Code § 33.2-292(B))
- Immunity, Indemnity, and Insurance
Comprehensive Rail Agreement – Key Terms

<table>
<thead>
<tr>
<th>Immunity</th>
<th>Indemnity</th>
<th>Insurance</th>
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<tbody>
<tr>
<td>VPRA has immunity from tort liability, generally, except as has been abrogated by the General Assembly under the Virginia Tort Claims Act (maximum $100K liability to an injured party)</td>
<td>CSXT indemnifies VPRA against injuries or damage arising from a “CSXT Train Incident” to CSXT employees, property, or cargo, third parties, and damage to VPRA property</td>
<td>DRPT/VPRA have liability policy with $15M/$30M of coverage and CSXT is an additional insured; pollution liability coverage of $10M with CSXT as additional insured</td>
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</tbody>
</table>
Comprehensive Rail Agreement – Key Terms

Environmental Conditions

- DRPT conducted Phase 1 and 2 environmental inspections
- CSXT must reimburse VPRA for half remediation costs for pre-existing conditions ($7M cap)
- CSXT has a duty to remediate any conditions that arise due to freight operations

Dispute Resolution Process

- Senior Representatives
- Mandatory Mediation
- Court
Joint Operating and Maintenance Agreement

- Defines roles and responsibilities of CSXT and VPRA
- 100 years
- Does not apply to Segment 2
- Dispatch
- Maintenance
- Future Capital Improvements on Segment 1
- Passenger Schedules
### Joint Operating and Maintenance Agreement – Key Terms

#### Dispatch
- **Segment 1**
  - CSXT dispatches Segment 1 until after Phase 4
  - VPRA has option to dispatch north of Alexandria after Phase 2
- **Segment 3**
  - BBRC will continue to dispatch at its cost

#### Maintenance
- **Segment 1**
  - CSXT will maintain Segment 1 until after Phase 4
  - VPRA must maintain north of Alexandria if opts to dispatch after Phase 2
- **Segment 3**
  - BBRC will continue to maintain at its cost
Joint Operating and Maintenance Agreement – Key Terms

Future Improvements to Segment 1

- Establishes a regime where each party can propose future improvements within the corridor
- Requires collaboration so neither party introduces improvements that materially interfere with the other’s operating rights

Passenger Train Schedules

- Establishes initial passenger schedules to be refined by Performance Management Committee that includes VRE and Amtrak representatives
### Construction and Engineering Agreements

<table>
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<tr>
<th>Agreements</th>
<th>Scope</th>
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<tbody>
<tr>
<td>• Two Engineering Agreements</td>
<td>• Govern design and construction through Phase 2 (VPRA will fund the projects in all cases)</td>
</tr>
<tr>
<td>• Two Construction Agreements</td>
<td>• Agreements provide VPRA oversight and control over design and construction aspects when CSXT undertakes design and construction</td>
</tr>
</tbody>
</table>
Construction and Engineering Agreements

Phases 1 and 2 ($3.2BN Program)

Schedule Risk
- Liquidated damages for late completion

Completion Risk
- Performance securities

Cost Controls for VPRA
- Not-to-exceed amounts for each scope
- Contingency
- Remedies for unbudgeted amounts

Defects
- Standard warranties
- Duty to remedy defects
- Professional Liability Insurance
Inspection Right of Entry Agreement

- Allows VPRA to inspect Segments 2 and 3 prior to respective closings
- Permits VPRA to inspect, examine, survey, study and other necessary inspections
THANK YOU
Questions?