

November 12, 2015

**MAJOR BUSINESS TERMS FOR THE
TRANSFORM 66 P3 PROJECT
IN THE COMMONWEALTH OF VIRGINIA

DBOM DELIVERY METHOD**

**Originally Issued October 1, 2015
Addendum #1 Issued November 12, 2015**

This Term Sheet (“Term Sheet”) provides a summary of major business terms to be provided to interested private parties or consortiums (each a “Developer”) for the Transform 66 Project Outside the Beltway. The Commonwealth of Virginia (the “Commonwealth”) is providing this Term Sheet relating to the possible use of the design, build, operate and maintain delivery method (“DBOM Delivery Method”) for the Transform 66 Project (the “Transform 66 Project” or the “P3 Project”). For detailed information on the scope of the P3 Project, reference is made to the Request for Qualifications (“RFQ”) issued September 17, 2015, and the Procurement Reference Documents (see the Project Website (<http://www.transform66.org/>)).

It should be assumed that these major business terms will be mandatory requirements should the Commonwealth choose to procure the P3 Project pursuant to the DBOM Delivery Method under the provisions of the Public-Private Transportation Act of 1995, as amended, and would be included in any Comprehensive Agreement (“CA”) entered into for the Transform 66 P3 Project.

Term	Provision
<p>Summary of P3 Project Components</p>	<p>The DBOM Delivery Method includes the following improvements to the approximately 25 mile corridor on I-66 beginning near U.S. Route 15 in Prince William County and continuing to the Beltway in Fairfax County:</p> <ul style="list-style-type: none"> - the design, construction, ROW acquisition, and utility relocation of an ultimate section, including interchanges and bridges, that will result in two Express Lanes and three general purpose lanes in each direction; - the design and construction of access points and interchanges for the Express Lanes, including access ramps to P&R facilities; - relocation of certain elements of the Vienna and Dunn Loring Metro Stations including the design and construction of pedestrian bridges, certain electrical components, and other Metro infrastructure; - the design and construction of associated facilities, including P&R facilities, at strategic points along the corridor; - the operation and maintenance of the Express Lanes, except for snow/ice removal, which will be performed by the Department; and - the design, installation and operation of an open-road electronic toll collection system as necessary to allow for collection of tolls for the benefit of the Commonwealth from users of the Express Lanes, with back office functions being performed by the Department. <p><u>Major Scope Requirements</u></p> <p>Operation:</p> <p>As prescribed in Section 1.14 of the Draft Technical requirements, fullest operational use of both GP lanes and managed lanes is a requirement, not to be diminished by friction points or traffic weave in the Developer’s design. Current plans have been designed to minimize these. Innovative designs by the successful Developer shall improve on these designs to further reduce friction points and weave.</p> <p>As prescribed in Section 1.14 of the Draft Technical requirements, minimization and preferably full elimination of entrance and exit from GP lanes back and forth to HOT lanes to eliminate friction that does not allow full operational capacity. Exit and Entrance to HOT lanes will be by separate ramp, interchange, or other means achieving this end. Addition of friction points and weaving by the Developer will be non-compliant.</p>

Term	Provision
	<p>Extended Life Cycle (100 year design minimum):</p> <p>Construction is to extend life cycle and minimize future maintenance. Cost reduction at the expense of marginal material and quality costs will be considered non-compliant as opposed to innovative. Pavement designs will be exceptionally robust, potentially including additional large aggregate free draining layers. Plan sheet designs should be looked as the minimum.</p> <p>Minimum pavement sections have been prescribed in the Draft Technical Requirements Attachment 3.8 and shall not be modified under Alternative Technical Concepts unless improved upon.</p>
Term	<p>The CA will cover the period of construction plus an operations and maintenance term of fifteen years (the “O&M Period”), with the Department having the discretion to cancel the operations and maintenance contract at the end of year five and/or at the end of year ten or upon any earlier termination as provided in the CA.</p>
O&M Scope	<p>Developer will be responsible for operation and maintenance of the Express Lanes, except for snow and ice removal, which will be performed by the Department. The Department will be responsible for operation and maintenance of the general purpose lanes in the corridor in accordance with the Draft Technical Requirements.</p>
Park and Ride Scope	<p>Developer will be responsible for the design and construction of multiple park-and-ride (“P&R”) facilities along the P3 Project alignment providing access to/from the Express Lanes via new ramps, multimodal access to/from local street network, commuter parking spaces and accommodations for bus transit, kiss-and-ride areas, carpooling, vanpooling, local shuttles, and private buses, parking and transit service traveler information, bicycle accommodations, and supporting infrastructure.</p> <ul style="list-style-type: none"> • New P&R facilities at the following locations: <ul style="list-style-type: none"> – Haymarket (Antioch Road or similar location), minimum of 230 commuter spaces – Gainesville (University Boulevard), minimum of 1920 commuter spaces – Manassas (Balls Ford Road or similar location), minimum of 1300 commuter spaces • Reconfiguration of P&R facility at the following location: <ul style="list-style-type: none"> – Fair Lakes (Monument Drive/Fairfax County Government

Term	Provision																								
	<p>Center area), minimum of 630 commuter spaces (including the existing 170 commuter spaces)</p> <p>Developer’s ROW acquisition obligations in respect of the P&R Facilities shall include ROW acquisition consistent with Developer’s designs for future P&R expansion, as set forth in the Draft Technical Requirements.</p> <p>The Department will be responsible for the operations and maintenance of the P&R Facilities at final acceptance of the P3 Project.</p>																								
Tolling Operations and Collection	<p>Developer be responsible for the design and installation of an open-road electronic toll (“ORT”) configuration with an all-electronic toll (“AET”) collection system to allow for collection of tolls from users of the Express Lanes. Developer will charge and collect tolls from users of the Express Lanes and cause such money to be deposited with the Department. Developer shall use the toll collection philosophy provided by the Department and the toll collection technology approved by the Department for revenue operations by the E-ZPass Interagency Group (or any successor network thereof) compatible with and working through VDOT’s E-ZPass back office (or successor).</p> <p>Toll rates will be set using a dynamic tolling system as directed by the Department. Developer will be required to maintain a minimum performance standard of an average speed of 55 mph.</p> <p>The following table explains the tolling requirements that should be assumed for the DBOM Delivery Method. This table is intended to provide clarity on whether the private or public sector will be responsible for certain aspects of tolling operations, customer service, enforcement, etc.</p> <table border="1" data-bbox="505 1297 1414 1791"> <thead> <tr> <th data-bbox="505 1297 1084 1346">Responsibilities for:</th> <th data-bbox="1084 1297 1252 1346">Private</th> <th data-bbox="1252 1297 1414 1346">Public</th> </tr> </thead> <tbody> <tr> <td data-bbox="505 1346 1084 1394">Tolling policy</td> <td data-bbox="1084 1346 1252 1394"></td> <td data-bbox="1252 1346 1414 1394">X</td> </tr> <tr> <td data-bbox="505 1394 1084 1442">Algorithm management / toll pricing</td> <td data-bbox="1084 1394 1252 1442">X</td> <td data-bbox="1252 1394 1414 1442"></td> </tr> <tr> <td data-bbox="505 1442 1084 1491">Trip building</td> <td data-bbox="1084 1442 1252 1491">X</td> <td data-bbox="1252 1442 1414 1491"></td> </tr> <tr> <td data-bbox="505 1491 1084 1539">Violations processing</td> <td data-bbox="1084 1491 1252 1539"></td> <td data-bbox="1252 1491 1414 1539">X</td> </tr> <tr> <td data-bbox="505 1539 1084 1587">Roadside equipment maintenance and safety service patrol</td> <td data-bbox="1084 1539 1252 1587">X</td> <td data-bbox="1252 1539 1414 1587"></td> </tr> <tr> <td data-bbox="505 1587 1084 1635">Customer service for the facility (Physical Roadway)</td> <td data-bbox="1084 1587 1252 1635">X</td> <td data-bbox="1252 1587 1414 1635"></td> </tr> <tr> <td data-bbox="505 1635 1084 1684">Customer service for E-ZPass</td> <td data-bbox="1084 1635 1252 1684"></td> <td data-bbox="1252 1635 1414 1684">X</td> </tr> </tbody> </table>	Responsibilities for:	Private	Public	Tolling policy		X	Algorithm management / toll pricing	X		Trip building	X		Violations processing		X	Roadside equipment maintenance and safety service patrol	X		Customer service for the facility (Physical Roadway)	X		Customer service for E-ZPass		X
Responsibilities for:	Private	Public																							
Tolling policy		X																							
Algorithm management / toll pricing	X																								
Trip building	X																								
Violations processing		X																							
Roadside equipment maintenance and safety service patrol	X																								
Customer service for the facility (Physical Roadway)	X																								
Customer service for E-ZPass		X																							

Term	Provision			
	Post trip building Transaction processing / revenue collection		X	
	Cost of Virginia State Police enforcement	X		
Right of Way	<p>Developer shall perform or cause to be performed and shall be responsible for all activities and services necessary for the acquisition, including the purchase, of all P3 Project right of way (“ROW”) necessary for development and operation of the P3 Project consistent with applicable law.</p> <p>The ROW impacts shown in the Procurement Reference Documents shall be considered the maximum allowable impacts under the CA unless the Department determines that any deviation is in the public interest.</p>			
E-ZPass Transaction Fee	For Fiscal Year 2016, the operating costs component of the VDOT E-ZPass Fees will be \$0.0613 per transaction.			
E-ZPass Credit Card Fee	For Fiscal Year 2016, the processing fee component of the VDOT E-ZPass Fees will be 1.756 % of the revenue processed for each individual facility.			
Utility Relocation	Developer shall perform or cause to be performed and shall be responsible for all activities and services, including the cost, necessary for utility relocations or adjustments. The Department reasonably will assist Developer in obtaining the benefit of all rights the Department has under any utility easement, permit, or other right in real property relating to utility relocations.			
Noise Walls	The Department will set a baseline quantity for noise walls to be constructed for the P3 project, as set forth in the Draft Technical Requirements. The Department will pay Developer per square foot of constructed noise wall that exceeds the baseline quantity and Developer shall credit the Department that same amount per square foot for any quantity of constructed noise wall that is less than the baseline quantity. The price per square foot shall be specified in the Draft Technical Requirements.			

Term	Provision
Coordination with WMATA	<p>The Department will be responsible for obtaining a Memorandum of Agreement (“MOA”) with WMATA prior to issuance of the Final Request for Proposals regarding design, construction and interaction with WMATA on their existing facilities within the P3 Project limits and with required operation and maintenance protocols and requirements during the term of the CA. Developer will be responsible, at its sole cost and expense, for obtaining all required WMATA permits in accordance with the VDOT/WMATA MOA during the term of the CA, including but not limited to a construction permit.</p>
Department Efforts	<p><u>WMATA</u></p> <p>The Department will develop the design plans for the relocation of Traction Power Sub Station (“TPSS”) and Tie Breaker Stations (“TBS”) to a sufficient level to acquire approval from Fairfax County for the 2232/SE process or similar process and WMATA approvals for the design (to the extent developed) and location of these facilities.</p> <p>The Developer shall be responsible for the final design and construction and shall obtain all WMATA approvals.</p> <p><u>Northern Long Ear Bat</u></p> <p>The Department will conduct a survey for threatened and endangered bat species between May 15, 2016 and August 15, 2016 in accordance with the latest protocols to determine their presence or absence within the project corridor. The results of this survey will be provided to the Developer.</p>
Permits	<p>The Department will obtain required NEPA approvals, Commonwealth Transportation Board (“CTB”) approvals, and approvals by the Federal Highway Administration (“FHWA”) of the CA and Project Management Plan for the P3 Project, as necessary. Developer will be responsible for obtaining all other permits and government approvals, and will be responsible for obtaining any required reevaluation of the NEPA approvals as a result of Developer’s ATCs, with the Department acting as an intermediary between Developer and FHWA.</p>
Due Diligence and Geotechnical Reports	<p>The Department will make available due diligence and geotechnical reports to Short-Listed RFQ Proposers. Developer will bear all cost and schedule risk related to geotechnical conditions.</p>
Performance and Development Security	<p>The Department will require security from Developer and/or its contractors related to Developer’s responsibilities under the CA, likely in the forms of letters of credit, bonds and/or guarantees by affiliates.</p>

Term	Provision
Limited Notice to Proceed	The Department intends to issue limited notices to proceed so Developer may begin work necessary for obtaining required permits and to meet the schedule, including coordination with WMATA. The limited notices to proceed will remain in place until certain environmental permits are issued and Design Public Hearings are held.
Design-Build Contract	Developer may choose to self-perform or subcontract with a Design-Build contractor to perform all or some of the Design-Build services in accordance with the CA. Notwithstanding its use of a Design-Build contractor, Developer ultimately remains responsible for the Design-Build services of the P3 Project during the term, in accordance with the CA. The CA will include a template Design-Build Contract.
O&M Services Agreement	Developer may choose to self-perform or subcontract with an O&M contractor to perform all or some of the O&M services in accordance with the CA. Notwithstanding its use of an O&M contractor, Developer ultimately remains responsible for the O&M services of the P3 Project during the term, in accordance with the CA. The CA will include a template O&M Services Agreement.
Warranties	The CA will contain representations and warranties for each party that are customary for similar transactions.
Insurance	Developer shall obtain and maintain insurance coverages as required and as set forth in the CA.
Civil Rights	<p>Developer shall use good faith efforts to achieve the goals for DBE and SWaM participation relating to Design-Build Contracting and O&M Services set forth in the CA. Failure to do so may result in increased Department oversight, disbarment or disqualification from participating in other State procurements.</p> <p>Developer shall submit a Hiring Development Plan that includes, but is not limited to, the recruitment, hiring, training, and retention of veterans and local workers in accordance with a pilot program under a Special Experimental Project No. 14 under development by the Department and in accordance with the March 6, 2015 edition of the Federal Register by the U.S. Department of Transportation and relating to the Design-Build Contracting and O&M services as set forth in the CA.</p>
Indemnification	Developer shall indemnify, defend, protect and hold harmless the Department against any claims or losses resulting or accruing from Developer's responsibilities and liabilities under the CA.
Delay Events	Delay Events will be listed in the CA and will be typical for projects of similar scope and purpose.

Term	Provision
Force Majeure Events	Force majeure events will be listed in the CA and will be typical for projects of similar scope and purpose.
Compensation Events	The CA shall describe the procedural and claims submission process for administering compensation events and calculating damages. Compensation Events will be typical for projects of a similar scope and purpose.
Governing Law	Laws of the Commonwealth of Virginia.
Federal and State Law	Developer shall comply and require its contractors to comply with all federal and state laws and regulations applicable to transportation projects that receive federal or state funds. Federal or state requirements shall prevail, take precedence and be in force over and against any conflicting provisions in the CA.
Performance Measurement & Non-Compliance Points	The Department and Developer will use a performance measurement and non-compliance point system to monitor Developer's performance. The consequence for performance shortfalls may trigger increased oversight by the Department, the development and implementation of performance improvement plans by Developer, and a Developer default.
Payment Bond	Assume \$500 million for the Payment Bond.
Performance Security	Assume \$500 million for the Performance Security.
Commercial Close Date	Assume a Commercial Close date of October 31, 2016.
Notice to Proceed	Assume Notice to Proceed will be issued on April 28, 2017.
Escalation Base Date	Assume April 28, 2017 as the escalation base date for all operating inputs.
Completion Deadlines	The CA will specify a required completion date beyond which Developer will be expected to pay \$212,026 per day as liquidated damages, and a long stop date beyond which the CA can be terminated if completion is not achieved. The Department expects such final acceptance of the P3 Project by November 15, 2020. The Department will provide incentives for early completion up to 120 days prior to the completion deadline using a graduated per diem rate that will increase for each day the P3 Project reaches early completion, with a maximum total payment of \$50 million.
Milestones	The Department anticipates issuing notice to proceed once financial close has occurred and Section 401 and Section 404 NEPA permits are in hand. The Department may identify additional milestones for the P3

Term	Provision
	<p>Project that will include incentives for early completion.</p> <p>The Department expects that the first milestone will require, in accordance with the Draft Technical Requirements, Developer to make available a minimum of 960 spaces at or near Balls Ford or Gainesville (University Boulevard) P&R lots within eighteen (18) months of Notice to Proceed to support the Transportation Management Plan during construction. Any temporary facility will be designed and constructed to support the transit, carpool, and vanpool strategies of the TMP. Developer will be responsible for operations and maintenance of the P&R lot until final acceptance of the P3 Project. The Department will assess liquidated damages if Developer has not completed this milestone within eighteen (18) months of Notice to Proceed.</p> <p>The Department expects that the second milestone will require, in accordance with the Draft Technical Requirements, Developer to make available improvements on Route 28 that eliminate four signals (at the EC Lawrence Park entrance, at the Braddock Road/Walney Road intersection, and two signals at the I-66/route 28 interchange). The Department will assess liquidated damages if Developer has not completed this milestone within twenty-four (24) months of Notice to Proceed.</p>
Termination	Termination Events will be listed in the CA, will be typical for projects of similar scope and purpose, and will include, among other things, termination for convenience of the Department.

Term	Provision
Anticipated Exhibits	<p>The Department anticipates that some or all of the following exhibits will be included in the CA:</p> <ul style="list-style-type: none"> • Definitions • Scope of Work and Schedules • Technical Requirements • Form of Design-Build Contract • Form of Design-Build Work Guarantee • Form of O&M Services Agreement • Form of Electronic Toll Collection Agreement • Public Funds Amount Payment Terms • Known Geotechnical Conditions • Known Pre-Existing Hazardous Substances • Federal Requirements • Turnover Plan • Non-Compliance Points Table • Shared Facilities Agreement, If Applicable • Insurance Requirements • Labor, Employment and DBE/SWaM Related Matters • Toll Sections • Form of Escrow Agreement • TIFIA Requirements (if applicable) • Form of Violation Processing Service Agreement

* All assumptions in this Term Sheet are preliminary in nature and are subject to change.