

Northeast Texas Rural Rail Transportation District
Northeast Cotton Belt Regional Rail Line
Request for Expressions of Interest
July 20, 2016

The Northeast Texas Rural Rail Transportation District (NETEX) is seeking expressions of interest (REOI) from entities (“Respondents”) that are interested in partnering, purchasing, or leasing the NETEX owned railroad right-of-way, from near Wylie, Texas to near Winfield, TX.

1.0 General Description of Location, Condition and Background:

NETEX is multi-county Rural Rail Transportation District representing six contiguous counties across Northeast Texas. It was formed in 1995 to save the former (SSW) St. Louis Southwestern Railway’s (Cotton Belt Route) Dallas Division, or “C-Branch”, from abandonment and preserve short line freight-rail service for current and future customers along the corridor. NETEX is a governmental subdivision of the state, created by the commissioner’s courts by resolution, and operated by a board of directors appointed by the commissioner’s courts of the member counties.

The NETEX Corridor lies within the State of Texas and consists of three segments that run across six counties as listed here:

- 1.1 Segment I** begins just east of the KCS yard in Wylie, Texas at MP 578.2 and runs east-northeast 23.2 mile to MP 555.0 at Simtrott (just west of Greenville, Texas). This Segment consists of the rail right-of-way without rail, ties or ballast.
- 1.2 Segment II** is in daily operation and begins at MP 555.0 at Simtrott and runs east 31 miles through Greenville and Commerce, Texas to MP 524.0 (just west of Sulphur Springs, Texas). This Segment is fully operational.
- 1.3 Segment III** is in operation and begins at MP 524.0 and runs east 34.6 miles through Sulphur Springs and Mount Vernon, Texas to MP 489.4 near Winfield, Texas. This Segment is fully operational and continues to Mount Pleasant via a UP lease from 489.4 east for approximately 7 miles.

NETEX was formed in 1994 by Hunt, Hopkins, Franklin, and Titus Counties, Texas, to prevent the abandonment of Southern Pacific’s “Cotton Belt C-Branch” line between Mount Pleasant, Texas and Wylie, Texas. Collin and Delta Counties subsequently became members of the NETEX Rail District. The NETEX controlled infrastructure provides connectivity between the North American Freight Rail Network via interchanges with the Union Pacific (Mount Pleasant, Texas), Kansas City Southern (Greenville, Texas) and the Dallas, Garland, and Northeastern Railroad (Greenville, Texas). In 1995, NETEX purchased 31 miles of track from Milepost (MP) 524, west of Sulphur Springs Texas, to Milepost (MP) 555, west of Greenville, Texas. This section of the line (Segment II) was purchased through a grant-funding agreement with the State of Texas (via TxDOT). In 2000, NETEX purchased 34.6 miles of track from Milepost (MP) 489.4 at the Franklin County/Titus County line to Milepost (MP) 524, at Sulphur Springs, Texas. This section of the line (Segment III) was purchased through a US Department of Agriculture (USDA) grant. In 2003, NETEX purchased the 23.2 mile segment of right-of-way (Segment I) from

Simtrott, west of Greenville, Texas, to east of Wylie, Texas. The tracks and ballast had been removed from this line segment prior to the time of the purchase.

The majority of Segments II and III are excepted track. The line is in need of rehabilitation to address a poor tie condition and ballast deficiency that currently limits freight movements to 10 mph based on the Federal Railroad Administration's (FRA) "Excepted Track" classification. The NETEX line is constructed of predominantly 112# jointed rail, which is in good condition, on ties that date from the 1930's to the 1980's, which are in bad to fair condition. Additional details are located on the NETEX website www.netextrail.org including the TIGER VII Application.

Blacklands Railroad (The current freight-rail service operator of Sections II and III) interchanges with two Class 1 railroads; Union Pacific (Mount Pleasant Yard) and Kansas City Southern (Greenville Yard).

2.0 Purpose and Process:

The purpose of this announcement is to gather information and gauge the interest level from private sector (Respondents) on the potential use of the NETEX rail infrastructure and for the NETEX Board to determine if a formal Request for Proposals (RFP) should be developed for the line in the near future.

Respondents that submit a formal Expression of Interest, in accordance with submittal requirements outlined below, may request to present their proposal to the NETEX Executive Committee. Respondents must submit a presentation request to the REOI Coordinator by 4:00pm CST August 30, 2016. Presentation will be scheduled by the Executive Committee and occur on or before September 21, 2016. Presentations will be limited to one hour and all presentation costs incurred by the Respondents shall be borne by the Respondent.

After review of the REOI responses, including any scheduled presentations, and an assessment of the interest level from the private sector, NETEX may choose to issue a Request for Proposal (RFP). Participation in the REOI process is not a requirement for any subsequent competitive procurement, though the results of the REOI will most likely be used to construct and refine an RFP. NETEX reserves the right to refrain from issuing an RFP or any other formal solicitation document for this infrastructure. The REOI is not a formal solicitation and no contract will be awarded as a result of the REOI and responses. If an RFP is issued, NETEX will outline specific requirements that the Respondent(s) must meet to obtain ownership, a partnership, a lease or operating final agreement from NETEX.

Assumed conditions and requirements that may be included in a competitive solicitation include, but are not limited to:

- 2.1 Although NETEX continues its efforts to secure State and/or Federal funding, there is currently no State or Federal funding available for the rehabilitation of the line and all costs to be borne for improvements and repairs, including but not limited to tracks, ties, ballast, drainage, signals and bridges, shall be the responsibility of the selected private entity.
- 2.2 NETEX (depending on the structure of a final agreement) is willing to continue to seek State and/or Federal funding since NETEX is a subdivision of the state and considered a Public Entity qualified to submit applications to various State and Federal Freight-Rail funding mechanisms.

- 2.3 The NETEX Rail Infrastructure shall forever be maintained in a manner to support Freight-Rail service to existing and future shippers. Inbound or outbound freight shall always be served by a short line railroad operation.
- 2.4 Should the private entity cease short line rail service on the line for any reason, the line and complete control will revert back to the Northeast Texas Rural Rail Transportation District.

3.0 REOI Schedule:

Release REOI	July 20, 2016
Respondents' Questions due by 4:00pm CST	August 10, 2016
Addenda (response to all questions) issued by NETEX online by 4:00pm CST	August 19, 2016
Respondents' Expressions of Interest Due by 4:00pm CST	August 29, 2016
Respondents' Request to present their proposal, Due by 4:00pm CST	August 30, 2016
Requested presentation will be scheduled on or before	Sept 21, 2016

4.0 REOI Coordinator:

Respondent's communications concerning this Request for Expressions of Interest shall be directed to....

REOI Coordinator	Phil Davila, NETEX Executive Director
Address	NETEX 641 Church St. Sulphur Springs, Texas 75482
Email	phil@netextrail.org

5.0 Response Preparation Instructions:

5.1 Submissions of interest shall include basic information about the type of service proposed and a brief description of the relevant experience and capability of the Respondent, and basic information on the financing for the proposed service and infrastructure improvements.

5.2 Submissions of interest shall include a statement of whether or not the Respondent is a railroad corporation organized under the laws of Texas or whether the Respondent is a railroad corporation under the laws of any other state, and approved by the Federal Railroad Administration to own and/or operate the type of proposed service.

5.3 Respondents (whether a railroad or some other private entity) shall describe their particular proposal concept with regards to potential ownership, partnership, lease or operating agreement from NETEX.

5.4 Expressions of interest shall be limited to no more than six (6) pages. Electronic and paper submissions are acceptable.

5.5 Responses to the REOI should be submitted to the REOI Coordinator no later than 4:00pm CST on August 29, 2016. Expressions of interest received after the due date/time will not be considered. With the inclusion of a return email address, the REOI Coordinator will email an acknowledgement of receipt to the submitting Respondents.

6.0 Additional Information:

6.1 Respondents may respond as independent companies, corporations, or as individuals.

6.2 All material submitted in response to this REOI, including during scheduled presentations, become the property of NETEX and NETEX has the right to use any of the ideas presented in the development of a potential formal RFP. Any information submitted in the response that is proprietary or confidential must be clearly designated as such. NETEX will honor requests for confidentiality for information of a proprietary nature to the extent permitted by law. Marking/designating the entire submission as proprietary or confidential will be rejected as non-responsive.

6.3 Respondent may submit comments and questions to the REOI Coordinator prior to responding to the REOI by the date indicated on the REOI schedule above. Response to all Respondents' questions will be considered addendums to the REOI and any addenda will be posted on the NETEX website (www.netextrail.org) by the date indicated on the REOI schedule above.

7.0 Reports and Documents that may be of interest to Respondents include:

7.1 NETEX Rail Preservation and Economic Development Project
FY 2015 TIGER DISCRETIONARY GRANTS APPLICATION – posted on the NETEX website (www.netextrail.org).

7.2 To be added as necessary.

7.3 To be added as necessary.

Sam Young
NETEX Chairman