

**Florida High Speed Rail Authority  
Board Meeting  
June 29, 2004  
City of Tallahassee Commission Chambers  
10:00 a.m.**

**Draft Meeting Minutes**

**Welcome and Introductions**

Chairman Dudley called the meeting to order at 10:15 a.m. welcoming the Authority members present and the audience. Those members present were: Mr. Bill Dunn, Ms. Jennifer Closshey, Mr. Michael Harrell, Mr. Doc Dockery, Chairman Frederick Dudley, Mr. John Browning, Mr. Norman Mansour, and Ms. Leila Nodarse. Not in attendance was Mr. Lee Chira. Also in attendance were Mr. Nazih Haddad, Staff Director and Mr. John Bottcher, Legal Counsel.

**Review and corrections/approval of May 17, 2004 meeting minutes**

Mr. Dunn moved approval of the minutes as presented. The motion was seconded by Mr. Harrell and unanimously approved by the Board.

Chairman Dudley reviewed the contents of the meeting package noting that it included a letter to Mr. Gallagher addressing his request for a detailed financial plan. He noted that the Authority is prohibited from developing costs for Orlando – Miami due to the Governor's veto last year of funds approved for the Authority by the 2003 Legislature. He explained that once funds are vetoed, an agency is prohibited from funding the itemized program even if funds are available from other funding sources.

The Chairman noted that the package also included his letter to Mr. David Gedney, Fluor Bombardier (FB), inviting him to enhance the terms of his proposal including identifying additional private equity participation, and the Fluor Bombardier response.

A letter to the Secretary of the Florida Department of Transportation (FDOT) from the Chairman requesting assistance from FDOT in evaluating modal alternatives to high speed rail was included in the package. Also included was Secretary Abreu's response.

The Chairman thanked Mr. Slater Bayliss, Derail the Bullet Train Organization, for being present at the meeting. He stated that the Authority is an information gathering entity and that the information is used to aide the Legislature in deciding the future of the project. He indicated that after a brief meeting, he feels that Mr. Gallagher understands the position of the Authority and recognizes that the Authority is not an opponent or proponent of the project, as that is not the duty assigned by the Legislature. The Chairman indicated that Mr. Bayliss was welcome to any information that the Authority had published as part of the project, but indicated that the Authority could not participate as a Board in any debates on the Constitutional Amendment.

The package included a letter from the Orlando Orange County Expressway Authority's (OOCEA) General Counsel to the OOCEA. The Chairman noted that he (the Chairman) believes it says that it looks permissible to let HSR be in the GreeneWay but that OOCEA Bond Counsel should be looking at impacts regarding loss of revenue and that the Florida HSR Authority be responsible for mitigating lost revenue. The Chairman also noted that it seems there is still no evidence of the Joint Stipulation agreement being signed with the Hunter's Creek landowners.

Mr. Haddad stated that he had requested a copy of the signed joint stipulation again from Mr. Mike Snyder, OOCEA Executive Director and was informed that a copy of the signed document could not be located. The stipulation purportedly limits the use of the GreeneWay right-of-way to highways only and specifically states that if HSR operates in the right-of-way that additional compensation would be due to the current landowners.

The final document included in the meeting package is the proposed budget and scope items for the \$4 million in Federal funds that have been earmarked by Congress this year to the Florida HSR project.

Senator Jim Sebesta was invited to address the Board. Sen. Sebesta noted that at the May meeting he had suggested that in order to keep the project moving forward, private funding needed to be part of the project. He stated that since the meeting he has had discussions with members of the Global Rail Consortium (GRC) and based on the discussions he believes, that GRC will bring forth a new proposal with private sector financial participation. Senator Sebesta encouraged the High Speed Rail Authority to consider this new information.

### **Presentation by Fluor-Bombardier: Response to the Authority's request for additional financial commitment**

Mr. Gedney referenced the letter from FB that detailed the basis of the proposed financing plan in response to the Authority's request. He indicated that he had provided a handout in the package that would aide in his presentation.

Mr. Gedney reviewed the basis that the Board used in ranking FB number one. He noted that it has remained unchanged and included: significant DBOM experience, a technology that is FRA compliant, FB is assuming ridership risk, the proposal returns 100% of excess revenues to the State, principal members are bonding the project, parent company guarantees, and the team was strengthened by addition of Virgin to operate the system.

He continued that the plan of finance was dedicated to the least cost of capital to the state for a privately developed public project. The ultimate ownership of the system is by the State and operating revenues in excess of cost return to the State. The plan of finance is developed to meet the requirements of the state including:

- Non-escalation of state funds
- No subsidy by the state for operations
- Private sector produces real private sector equity with bonds that are non-recourse to the State
- A line of credit from the team supporting those private bonds that are again non-recourse to the State
- Parent company guarantees for construction and maintenance.

Mr. Gedney stated that Wall Street will determine whether the private equity is sufficiently high and may ask more of FB in this regard.

FB has expended \$11 million to date in development of the project according to Mr. Gedney. The project development investment from present to financial close is additional to the \$11 million. The private sector investment in the proposal also includes the investment in private sector bonds and the investment of the standby credit facility and totals approximately \$250 million.

The financing plan offered by FB is backed by Wall Street and supported with the Lehman Bros. strategy. Based on the financing plan, the first year of operation will create a surplus of \$15 million from the state appropriation of \$75 million, and a surplus of \$21 million from the farebox revenue, for a net of \$36 million returned to the State from the first full year of operation. With a \$75 million yearly appropriation, based on this plan, there would be no extra subsidy of operations by the State and revenue in excess of the \$75 million per year would provide an additional \$400 million to the State.

But for federal funding it is important to know what the level of support is that the State is offering stated Mr. Gedney. There has to be a positive message from the State that the State wishes to move this project forward before federal funding will materialize.

Mr. Gedney stated that during the negotiations process all aspects of the FB proposal have been brought forward and exposed, understanding that as the first ranked proposer they were the only team to be completing negotiations unless an impasse was reached. To allow simultaneous negotiations to go forward introduces a competitive disadvantage to FB and if that was implemented, FB would expect to recover the development costs that have been expended.

Chairman Dudley asked if there was anything new added to the plan of finance and Mr. Gedney replied that there was not. He then asked how the federal dollars flow into the plan of finance. Mr. Gedney responded that the federal dollars allow for the ability to raise the \$2.0 billion through tax credit bonds, backed by the \$75 million by the state. The Chairman also asked Mr. Gedney to clarify what the net revenue was in excess of revenue and if any of the \$75 million was needed to pay the interest on the bonds. Mr. Gedney responded that the \$400 million was the net return.

Mr. Gedney, responding to a question by Ms. Closshey, stated that the first \$75 million payment would begin the day that FB goes to the federal government to issue the tax credit bonds. The first payout from the bond

sales would pay for items during the Engineering, Procurement, and Construction phase. In operations the \$75 million payment continues in order to ensure the payment of the bonds, not the cost of operations. Mr. Gedney clarified that the \$75 million a year commitment from the state was necessary to enable the bonds to be sold. Depending on the year there will be surplus from the \$75 million, and if use per year is forecasted, the \$75 million does not have to be issued in full each year. There is also a surplus from farebox revenue which will return to the state. In the end, the finance plan calls for a net commitment from the state of \$1.889 billion which the state would receive back over the life of the project plus an additional \$400 million.

The Chairman and Mr. Mansour pointed out that the analysis of excess revenue over cost does not take into account the time value of money but did note that Mr. Haddad had completed an analysis that did take it into account, and although it still produced a positive profit, it was not as high as the \$400 million that was included in the documentation. It also doesn't take into account the fact that at the end of 30 years the state has a system maintained to 98% reliability that will continue to produce revenue.

Mr. Dunn noted that a return on the investment is not normal in government projects and could be leading to some confusion. The Chairman noted that government also is generally expected to pay 100% of every road, of every port, and of other transportation infrastructure in the country.

Mr. Mansour commented that throughout the negotiations, cost has been an important issue. He believes that it is important for the Authority to know what the best deal is for the State. He reminded the members and Mr. Gedney that the estimates prepared by the staff and consultants were about \$300 million less than the FB proposal and no reconciliation of those numbers has ever been done. He also pointed out that the \$250 million that FB has proposed as private equity is very close to the difference in the two estimates. Mr. Mansour noted that he continues to feel as though FB should make some effort to clarify the cost differential and to propose more than they have in terms of private equity.

Mr. Gedney noted that FB has reviewed several times where the perceived difference lies, has reviewed the estimates and can not find where there may be any \$300 million difference in what it will take to build the job. He acknowledged that in the last eight months, there has been growing concern within FB that the state is not moving forward to consummate a contract, allowing FB to put a firm fixed price in place not knowing how long it will take for a contract to be completed.

Mr. Mansour acknowledged that the process is difficult but he also recognized that the best estimate available to the Authority is the consultant's and the consultants have not been able to get closer to the proposal price. Mr. Gedney, responding to a question from Mr. Mansour stated that there would not be a firm fixed price number for the project until at least after the next session because until he knows what funding the state will supply FB can not complete the financing plan.

Ms. Closshey asked Mr. Gedney to consider revising the cumulative cash flow to reflect the actual dollar amount needed from the State each year versus putting the \$75 in each year. Ms. Closshey also requested information concerning the cash flow during construction until the first projected year of operation. Mr. Gedney replied that the cash flow included in the packet is all inclusive of the costs to engineer, procure, and construct the system. It is a cost that is paid through the bond proceeds. \$75 million a year, Mr. Gedney explained, from the day that the contract is signed is the obligation of the state. The \$75 million enables the federal government to issue their bonds to private holders. The Federal government relies on the State standing behind the \$75 million. The cash flow from day one comes from the proceeds of the bonds, from the federal government or the bond holder. A monthly invoice will be submitted for justification and they will pay it but it is all inclusive.

The Chairman asked Mr. Gedney to assume that there are no Federal Tax Credit bonds, and if that is the case, and that the State of Florida will fund the entire cost, principal and interest, what would the maximum obligation of the State of Florida be per year for the length of the bond issue. Mr. Gedney indicated that FB would provide that information, but that it would be more than \$75 million per year.

Mr. Haddad noted that based on the work of the consultants in the 2004 Annual Report to the Governor and the Legislature, the obligation of the state without federal funding would be \$133 million per year, given the same capital cost as provided in the proposal to cover both principal and interest.

Mr. Dockery stated:

Note: The following was transcribed verbatim at the request of Mr. Dockery

*“Notwithstanding what the President said about Tax credit bonds, the real battle, as I understand it, is between the transportation subcommittee in Congress which has historically come up with a mechanism for funding transportation projects. With the tax credit bonds, the House Ways and Means Chairman, as I understand it, said ‘No you are through creating your own appropriation system. That any tax policy bills have to come through Ways and Means.’ So the fact is, notwithstanding what the President says, but within Congress, particularly in the House it is a turf battle.*

*And now we have bills, and Mr. Gedney mentioned that there are several, but one I believe is called ‘Rail Investment Bond’, which is the same thing, it’s just that it is coming through the Ways and Means committee and they want to call it something else. But you Mr. Chairman, I would assume, have been in turf wars many times when you were in the Legislature. And I would guess that Senator Sebesta is.*

*Let us not just say that there isn’t any Federal money here, there is no State money here. There is no private money here. What we are*

*talking about is developing a plan to get private money invested in this thing, developing a plan to get State money invested in it, and developing a plan to get Federal money invested in it. And we as the Authority are lobbying darn hard to get the most out of the private industry. I think you are doing a good job, your comments demonstrate that. And God knows that I have been involved, as Sen. Sebesta will tell you, in lobbying to get money from the State side. And I will continue to be involved. Mr. Gedney, your team has been involved. And we have been successful, every year. I know that the Governor, one year, vetoed the appropriation, but we have been successful every year. The Federal money, we have been successful every year that we have been working on it. Why? Because we don't take it for granted, we go out and lobby for it. Is this not true?"*

*And we get it every year. And in one year we got it from Congress despite the fact that the Governor had vetoed it. Do you know how hard it is to get money out of Congress for a State project, when the Governor vetoes the appropriation in the State? It is difficult. But why do we get it? Because we have many within our State delegation which approve of this project, we have many which don't really care much about the project itself, but they see potential for \$15 billion in rail investment bond credits, which is on the table and we believe, and our lobbyists believe, that we can get \$2.8 billion of that. And we will be lobbying to get that money.*

*But keep in mind, when people say there is no Federal money on the table, therefore we must give up, there is no state money, there is no private money. But we have a plan to get state money, we have a plan to get private money, and we have a plan to get federal money and we will be lobbying our butts off in all respects. Thank you Mr. Chairman."*

Mr. Gedney reminded the Authority that FB has a full time lobbying group in Washington that does nothing but pursue this as part of what FB believes part of their obligation is to the Authority.

Mr. Browning made a motion that the Authority hear from Global Rail Consortium. The motion was seconded by Mr. Harrell. After no discussion, the motion passed unanimously.

Ms. Kathie Beck, Managing Member – Global Rail Consortium, began addressing the board by reminding the member's that at the May 2004 meeting, Senator Sebesta had expressed the need for this project to find private participation because otherwise there would be no support from the Governor and likely no support from the Legislative body. Ms. Beck stated to the Board, that GRC returned to Korea and negotiated with the new partners and has returned to offer up to \$400 million in private sector investment in the project.

Chairman Dudley told Ms. Beck that the Authority will need to know more information including knowing what the \$400 million consists of and will need written documentation.

Mr. Dockery asked Ms. Beck if the original GRC proposal included a subsidy for operations. Ms. Beck stated that the original proposal said that if ridership was discounted (or if it was inaccurate) then there was a potential for a deficit.

Mr. Dockery then asked if operations and maintenance was guaranteed. Ms. Beck responded affirmatively. She stated that the proposal advised that if ridership numbers were inaccurate there was a potential for deficit but stated that since the proposal GRC has an “at risk” operator.

Mr. Dunn asked if the investment was coming from the Korean government, and Ms. Beck indicated that it was not. He then asked if she could tell the Authority who the new partners were, and Ms. Beck indicated that they had new partners on their team coming in and that there was reorganization within GRC. Ms. Beck stated that one of the new partners was Ultra Construction, the Construction Manager for the last completed leg of HSR in Korea. Rotem and Korean National Railroad have also joined the team.

Ms. Closshey noted that Ms. Beck said she was not ready to elaborate on this information in a presentation yet, and asked when she felt that she would be ready to do so. Ms. Beck replied that it would happen when GRC sat down in negotiations. Ms. Beck stated that “the plan we have put forward is actually quite simple, and it is very obvious as to how you fund this with private investment. However if we disclose that to you at this point, it becomes open.” She stated that GRC desired to keep the information proprietary.

Chairman Dudley pointed out that there is no reason why that situation wouldn't work both ways, meaning that whatever FB has offered could be used in the GRC proposal. He continued to say that it was troubling him to begin negotiations when all that he has is a verbal commitment that has not been detailed. He stated that he would prefer that GRC sit down with staff who could understand the details of the proposal and to advise the Authority of those details. Ms. Beck stated that GRC has advocated simultaneous negotiations but that the issue of discussions with staff in advance of that raises concerns for their team. She continued that GRC was advised the morning of the meeting, by Mr. Haddad, that staff does not feel that they could negotiate with GRC fairly based on the involvement they have had with the current proposer. Ms. Beck suggested that the scope of the PD&E Consultant be expanded and that they be appointed to work with GRC in negotiations. Mr. Haddad interjected indicating that there was no basis for such statement and that staff is capable and willing to work with GRC if the Board so directed.

Chairman Dudley stated that the staff is the staff, and that he is comfortable with Mr. Haddad, and that he intends to rely on Mr. Haddad and Mr. Bottcher as the Staff of the Authority. He also stated that he didn't see how two different groups could negotiate the same contract with different entities. He

also has learned to rely on staff and on the Consultants, who each has a role to play, and will advise on each and every proposal the same.

Ms. Beck acknowledged the Chairman's comments and pointed out that the staff is very involved in the negotiations and that they may have information concerning the FB proposal that GRC shouldn't know about. The Chairman reminded Ms. Beck that the process is a public process and that the process allows nothing to be hidden.

The Chairman indicated that he wouldn't put Staff or Consultant's in the position of having to defend themselves. He continued by suggesting to Ms. Beck that if she was looking for the Authority to make some movement in the direction the negotiations are taking, in having further discussions with GRC, it will have to be with the same Staff and Consultant's. He stated he was comfortable with Mr. Gedney who has been professional throughout the process, even though he too believes the negotiation is moving in the wrong direction in terms of the price, but he is not prepared to say that the negotiations are at a total impasse.

Ms. Nodarse questioned if the Authority was discussing simultaneous negotiations or the process for those before agreeing to conduct negotiations in that format. Chairman Dudley responded that he didn't believe that the Authority was ready to change the directions of negotiations until Staff was able to understand the GRC proposal and then a formal presentation was made to the full Authority. Ms. Nodarse then asked that if there was a venue for GRC to come forward with an update for their proposal was there also an opportunity for other entities to come forward with a proposal.

Ms. Nodarse asked that because Mr. Gedney indicated earlier in the meeting that there would be no negotiation of the firm fixed price until the legislature decides what it will do, and because there have been material changes to the GRC proposal, could the Authority agree to accept from FB what has been negotiated to date and then hear, although not negotiate, what those material changes are with the GRC proposal and with any other entities who wish to come forward now. Mr. Bottcher responded that any of those things were legally permissible.

Chairman Dudley stated that the law also allows for the Authority to request enhancements to the proposals, like it requested for FB in the last month. He stated that they could ask GRC for enhancements, which would require that the enhancements be presented in writing, that Staff would be able to review them, and that a formal presentation would be made to the full Authority.

Ms. Nodarse moved that GRC be allowed to make a presentation to the Board at the next meeting as to material enhancements to their proposal and that they would present it to Staff with time to review it prior to the meeting. Mr. Browning seconded the motion.

Mr. Dunn asked if this was moving towards simultaneous negotiations. Ms. Nodarse replied that she would just like to ensure that the Authority

understands every opportunity that is available to the people of Florida. Mr. Browning replied that he feels that this may be moving to simultaneous negotiations. He indicated that GRC should present the information to the Board and then the Authority should decide what they want Staff to do with the information.

Mr. Mansour suggested that if GRC would offer the information in writing, then Staff could offer comment in public, and the Authority could also offer their comments after having time to digest the information. Mr. Harrell agreed that it would be helpful to have it before the meeting in writing.

Ms. Closshey stated that she felt it was important that both Staff and Authority members to review the information as far in advance of the next meeting as possible. This process will allow for true fact finding which later will allow the Authority to decide whether or not to pursue simultaneous negotiations which is an entirely separate issue, since fact finding is the Authority's responsibility.

The motion was called to question, and the motion carried with one dissenting member, Mr. Dunn.

Chairman Dudley handed the meeting to Vice-President Browning in his absence.

The Authority continued with the agenda and would hear from GRC regarding a timeline for their written response at the appropriate time later in the meeting.

### **Discussion of FDOT response to the Authority's request relating to alternative modes of travel**

Lowell Clary, Assistant Secretary for Transportation Support for FDOT, indicated that the packet contained a response from Secretary Abreu on the issue. Mr. Clary began by restating the three questions asked by the Authority.

- Identification of viable modal alternatives of HSR in the Interstate corridor that could provide similar new capacity and reliability.
- Cost analysis of each modal alternative
- Cost/benefit analysis for each viable modal alternative.

Mr. Clary stated that initially FDOT began to identify modal alternatives, but as the review progressed FDOT realized that the request would require a much more in depth analysis and would take much more time to fully answer the questions. Sec. Abreu would like to sit with the Chairman and outline a scope for the review and identify some parameters, because each mode has benefits. It would be premature to give preliminary information that was not well thought out. Mr. Clary also noted that this would not be an inexpensive or simplistic study. He did state that the letter pointed out that there are planned improvements for the I-4 corridor that are funded in the cost feasible plan that will address the capacity that was identified in the Authority's letter.

Mr. Dunn suggested that the Authority simply ask FDOT what are the costs to build one lane in each direction in the median and what capacity that would bring, in order to get a simpler study, because it is something FDOT probably knows very well.

Mr. Dockery said

The following was recorded verbatim at Mr. Dockery's request

*"I think there was a component of the letter which I would like to see us not drop out, and that is reliability of service.*

*I drive in the I-4 corridor, I drive in the I-75 corridor, and I drive in the I-10 corridor and I drive in the I-95 corridor; the reliability of that service certainly leaves something to be desired for the commuter who is out there, if not daily, weekly in that corridor. And I find, anecdotally, the reliability of service to be very, very poor. And it has been that way since it was built. I remember it wasn't open much more than three months till we had a sinkhole that destroyed one of the lanes. And then we decided to put up wood medians, and then we decided to put up steel medians, and then we decided to put up concrete medians.*

*The reliability of service there, I think is an important issue versus high speed rail which would be protected in the median. A reliability of service I think was rated by our consultants, or somebody who feels like I do, at about 98%-99%. I can tell you from experience, adding additional lanes there will not improve the reliability, when you have traffic accidents. It will not improve the reliability of service when the patrolman pulls over a car for speeding and that automatically backs up lanes for three or four miles. It won't improve the reliability of service when you have wildfires like we have almost consistently, every year, in Florida on I-4 and I-95. It will not, in my view, improve reliability when you are moving people from an evacuation from a hurricane, particularly when we get down to I-95.*

*So the reliability issue is very important with me. And how reliable will that additional two lanes, or four lanes or ten lanes, or whatever, be in providing service."*

Mr. Dunn made a motion to modify the request to the FDOT to ask for an estimate of building two lanes in the median through the length of the corridor that HSR is occupying. And to make a statement about the capacity that would be added by those two lanes, and addressing the reliability question. Ms. Nodarse seconded the motion.

Mr. Clary replied that FDOT could address the cost of adding two lanes, but that the reliability would be more difficult to address, but could be described as a reliable travel lane, with a fee for service system.

Ms. Closshey suggested an amendment to the motion, which Mr. Dunn accepted, that requested FDOT to clarify which planned improvements were

under consideration so that the Authority could understand the extent of them, the scope, what monies are involved, and what physical land and easements are being affected by the improvements. Mr. Harrell seconded the amendment. The amendment passed unanimously.

Chairman Browning called the question on the motion. The motion passed with approval of all members.

Ms. Beck returned to the podium to ask that the Authority consider a mid to end of August Board meeting where she could present in writing the enhancements to their proposal. The letter would be submitted to Staff and the Authority the first week of August.

Mr. Harrell moved that the next meeting of the Authority be September 8<sup>th</sup> as suggested in the meeting packet. The motion was seconded by Mr. Dunn. Chairman Browning suggested that the meeting be held in Tallahassee, in order to be closer to those people the Authority may be interested in hearing from at the meeting. Mr. Dockery suggested that for many people that attend the meetings, it is easier to get in and out of Orlando, particularly for those people who are flying from long distance places. Ms. Closshey suggested that the Authority meet in Orlando, and the Board agreed. The members voted on the motion which passed unanimously.

Chairman Browning replied to Ms. Beck that the letter should be submitted to Staff at least two weeks prior to the September 8<sup>th</sup> meeting.

Mr. Dunn made a motion to remove the November meeting from the schedule, and it was seconded by Mr. Harrell. After no discussion, the motion passed unanimously.

## **Staff discussions progress report**

### **(a) Orlando Orange County Expressway Authority**

Mr. Haddad indicated that the Consultants who are doing the review of the impacts for the OOCEA will present their initial findings to the OOCEA Board on July 21<sup>st</sup> and he will provide a report at the September 8<sup>th</sup> meeting.

The memo from the General Counsel of the OOCEA discussing the legal aspects of using the ROW for the high speed rail was reviewed by Mr. Bottcher. He noted that the memo does say that through proper negotiations, the HSR and OOCEA will be able to work out an arrangement for the use of the ROW.

Mr. Dockery stated that the Authority has consistently dealt with the cost of operating within the GreeneWay and recommended that the Authority talk to OOCEA in terms of indemnifying them in terms of a revenue sharing basis. He recognized that OOCEA will be looking at how much business they are losing and if the Authority approaches the negotiations on the basis that the revenue can be shared through some agreeable formula, it would be appropriate rather than asking the legislature to come up with a fixed cost for

the use of the ROW. Mr. Dockery suggested that if Staff was agreeable that they meet with Mr. Gedney to ensure that it didn't affect their proposal negatively and if not to proceed with the OOCEA in that manner.

**(b) Walt Disney Company**

Mr. Haddad noted that there has not been much discussion with Walt Disney since the May 2004 meeting. WDW has decided to put negotiations on hold until the Authority makes a final decision regarding simultaneous negotiations.

**(c) Fluor Bombardier**

Mr. Adrian Share, HNTB Corporation, briefly reviewed for the Authority members the status of the negotiations with FB. On signatory contract and the scope and technical items the negotiations are 85-90% complete with the intent of having a draft ready by mid- or late- July. The operations and maintenance section of the contract has been kicked off and discussions are in the initial stages with a draft in September. The cost and financial components of the contract including the financial plans are on hold pending a decision on the funding sources.

Mr. Share, in response to a question by Mr. Dunn, stated that the negotiations regarding the firm fixed price have essentially been put on hold until there is funding identified by the Legislature and the Federal Government. He also stated, responding to Ms. Closshey, that the majority of the remaining work is procedural and that there are no items identified which staff believes an agreement can not be reached on.

Mr. Share stated that it is fair to say that no negotiations have taken place regarding price, because the timing is not right, in response to Mr. Dockery.

**Status report on public initiative to repeal HSR Constitutional Amendment and possible presentation by Florida CFO Tom Gallagher or designee**

Mr. Haddad stated that as of June 29<sup>th</sup>, the Supervisors of Elections had verified 133,000 and has submitted them to the Secretary of State. He reminded the Authority that a total of 488,722 signatures must be verified and submitted by August 3, 2004 for the initiative to be placed on the ballot in November. On June 2<sup>nd</sup>, the Secretary of State acknowledged that 10% of the signatures required had been verified and submitted the petition to the Attorney General for review.

Mr. Haddad also indicated that also on June 2<sup>nd</sup> Mr. Dockery filed a complaint in the 2<sup>nd</sup> Circuit Court in Leon County seeking an injunction invalidating the petitions on the basis that they did not contain the name and address of the paid petition circulator. A hearing by the Leon County Circuit Judge took place on June 28<sup>th</sup> and a decision is forthcoming within the week.

On June 7<sup>th</sup>, the Attorney General forwarded the petition to the Supreme Court which should be taking up the initiative and other petition amendments on the day of the Board meeting.

The Financial Impacts Estimating Conference (FIEC) will have to prepare a financial impact statement to be placed on the ballot regarding estimated increases or decreases in revenues or cost to the State and local governments arising from the proposed initiative. The FEIC held a meeting on June 22<sup>nd</sup> to hear testimony regarding the repeal initiative and will meet again on July 8<sup>th</sup> and 13<sup>th</sup> to prepare the language for the ballot.

Mr. Haddad reminded the Board that the Authority did invite Mr. Gallagher to present before the Authority but that he was out of town and unable to make the meeting.

### **Orlando-Tampa PD&E and FEIS activities progress report**

Mr. Howard Newman, PBS&J, stated that the key effort the PD&E team is pursuing is the review of the FEIS by the Federal Railroad Administration (FRA). He indicated that comments were anticipated from the FRA on July 9<sup>th</sup> which is approximately six weeks later than was anticipated when it was first submitted. A revised schedule including a mid-September Record of Decision was included in the meeting packets. The reason for the delay, Mr. Newman noted, is that there is a small review staff at FRA and the California project is taking some of their time as they provide them similar opportunities that they provided to Florida HSR during our process to help California accelerate the process.

### **Staff Director's Report**

#### **(a) Proposed budget for \$4 million federal earmark**

Mr. Haddad indicated that, as part of the \$4 million for the Federal earmark, the monies have to be transferred from the Federal Highway Administration to the FRA. The agreement with the FRA will be based on a specific scope and budget including deliverables as the Authority has had to do in the past. The member's package included a copy of the proposed budget.

The proposed budget includes \$320,000 for the Authority's operations, \$500,000 for the completion of the PD&E study for Phase 1 – Part 1 of the project, and \$3,180,000 for preliminary engineering for the Tampa to Orlando project. The budget includes money that would be used to pay the Preferred Proposer for efforts for preliminary engineering.

Ms. Closshey moved that the draft budget be approved and as more information is available the budget is subject to change and that this budget is presented to the FRA. Mr. Dockery seconded the motion. The motion passed unanimously.

### **Public comments (speaker cards must be submitted to Authority staff)**

Chairman Mansour called for public comment. No speakers from the public came forward.

### **Adjourn**

Mr. Harrell made a motion that the meeting be adjourned that was seconded by Ms. Closshey. The motion passed unanimously.