

**Florida High Speed Rail Authority
Board Meeting
March 1, 2004
10:00 a.m.**

**City of Tallahassee Council Chambers
Meeting Minutes – DRAFT**

1. Welcome and Introductions

Chairman Frederick Dudley called the Authority Meeting to order at 10:05 a.m. In attendance were Mr. William Dunn, Mr. Doc Dockery, Mr. John Browning, Mr. Lee Chira, and Mr. Norman Mansour. Secretary José Abreu, Ms. Leila Nodarse and Ms. Jennifer Closshey were not in attendance.

Also in attendance were Mr. John Bottcher, Legal Counsel and Mr. Nazih Haddad, Staff Director.

Chairman Dudley indicated that Ms. Closshey was unable to attend the meeting due to her activities as the Chairwoman for the Greater Plant City Chamber of Commerce but that she had been briefed by Mr. Haddad and would be attending future meetings. He also said that Mr. Harrell would be joining the meeting a little late and he would introduce him at that time.

The Chairman noted that the last scheduled meeting of the Contract Committee on February 20 was cancelled because he thought that the same information could be brought in front of the full Board since the meetings were so close together.

2. Review and corrections/approval of December 17, 2003 meeting minutes

Mr. Chira moved for approval of the minutes which was seconded by Mr. Dockery and unanimously approved.

3. Staff discussions progress report

Mr. Haddad asked Mr. Adrian Share of HNTB Corporation, the Authority's General Consultant, to present progress reports of discussions with Orlando – Orange County Expressway Authority (OOCEA), Walt Disney World (WDW), and the Greater Orlando Aviation Authority (GOAA).

Mr. Share began by reviewing activities that had occurred since the October 2003 meeting where Fluor Bombardier (FB) was ranked number one and the Greenway Route was identified as the preferred route in the Orlando area. He noted that FB was asked by the Authority to revisit technology options and to look more closely at double tracking the system. He reminded the Authority that they had identified the Greenway as the preferred route based on two conditions, one an agreement with OOCEA for use of the Right-of-Way (ROW) and two an agreement with WDW concerning the Disney station and ridership. At that meeting the Contract Committee was also established.

Mr. Share reminded the Board that the Contract Committee had established a negotiation process in November and in December requested FB to provide a new proposal for Option 1 (double track with future provisions for electrification). In December discussions also began with WDW and OOCEA (requested MOA).

a. Orlando Orange County Expressway Authority

Mr. Share informed the Authority that the OOCEA had, at their February Board meeting, voted to begin the assessment of what it means to them for High Speed Rail (HSR) to use their ROW along the Greenway. The assessment will review the alignment, assess impacts regarding use of the ROW; evaluate impacts to Hunter's Creek; analyze how HSR affects future expansion plans; and impacts to revenue.

Chairman Dudley noted that the Board approved the assessment predicated on two things. The first that subject to legislative funding the FHSRA would repay any costs for the study and secondly that the vote to go forward wasn't necessarily allowing use of the Greenway but to enable the FHSRA to move forward with the Record of Decision (ROD). The Chairman reminded the Board that OOCEA had not yet signed the MOA and wouldn't at least until the assessment was complete and they could review the impacts.

Mr. Mansour questioned how the decision of OOCEA not to sign the MOA affected the FHSRA's ability to get the ROD. Mr. Kevin Thibault, HNTB Corporation, noted that the initial discussions with the Federal Railroad Administration (FRA) anticipated that the MOA would be part of the Final Environmental Impact Statement (FEIS), however the Consultant's are now trying to see if the FEIS can move forward without the MOA's.

The Chairman took a moment to acknowledge Senator Jim Sebesta for his continued involvement and thanked him for his support of the High Speed Rail project.

b. Walt Disney World

The Staff and Consultants have met twice with WDW, Mr. Share indicated, and have discussed issues such as the form and number of agreements that may be necessary between FB, WDW, and the Authority, ROW issues including ROW to and from the station, the station program and ridership.

Mr. Dunn asked if the Authority was reviewing another site in the Disney area that would be an alternative to the one on Disney property for comparison purposes to see what the difference might be without Disney's contribution. Mr. Chira responded noting that he felt that the Authority was committed to pursue discussions with WDW until and if the Authority finds it necessary to cease negotiations because an agreement can't be reached.

Mr. Chira and Mr. Browning questioned the delivery of passengers to their final destination on Disney property from the station and indicated that they felt this would be the private sectors responsibility but that the Authority needed to review

its pricing structure to make sure that this segment of the trip was accounted for appropriately and to assure the creation of a “fair” pricing structure.

c. Greater Orlando Aviation Authority

Mr. Share stated that Staff and Consultants met with GOAA on February 2, 2004 and GOAA identified business issues and project issues that needed further discussion. Some of the business issues included: revenue impacts, ROW, funding, ridership, and airline agreements. Project issues included: station location, security, corridor impacts, and baggage handling. GOAA recommended another meeting in 90 days.

4. Progress report on discussions with F-B

a. Development of Draft contract

b. Scope of work and technical items

Mr. Share noted that the initial date to have the draft of the contract has proven to be unrealistic since in December the Authority requested the revised proposal for technology and double tracking and FB submitted the revisions in February. Also, the FB contract is dependent on all the 3rd part agreements with OOCEA, WDW, and GOAA. Also the contract will need to include information on the financial plan and federal funding is changing daily making it a moving target.

Mr. Chira questioned whether the Authority felt it would be appropriate to establish a dispute review board (DRB) that would provide for binding arbitration and issues could be resolved quickly since the DRB would have been established so early in the process. Mr. Bottcher answered by stating that a DRB was provided for in the RFP and is part of the FDOT process which the contract will follow.

The Chairman requested that Mr. Gedney continue to work with Staff and Consultants to come to an understanding at all the issues and when he felt it necessary to call a Contract Committee meeting the Chairman would do so. Mr. Gedney agreed to that process.

A draft signatory contract and scope/technical issues draft would be available in the April/May time frame, Mr. Share said. He also indicated that FB is currently seeking an operator and the O&M agreement would be drafted in the July/August time frame.

Mr. Share also reviewed other items for progression. He noted that the cost of the proposal was revised based on Option 1 and would be subject to upcoming global cost discussions. He noted that the funding/finance plan is currently under development contingent on state and federal action. Mr. Share stated that FB has indicated that they would be willing to revisit insurance programs at financial close and coincident with the DBOM&F contract.

Based on the unrealistic date for the draft contract, the Consultant suggested that an early contract be signed with FB that would allow commencement of engineering and ROW work to generally preserve the overall project schedule.

This contract would follow with the schedule that FB proposed including those two activities within the first year. The contract funding would be consistent with the funding requested for FY 2004/2005 by the Authority. It would allow for progress to continue with all parties, would allow for less damage to the schedule and there is no physical construction therefore it is all soft cost items.

Mr. Dunn added that even though this was an unusual way to approach a DBOM contract, which is normally contracted as a whole, this would allow the Authority to better refine prices and costs for items that are currently included as risk in the FB proposal price.

Chairman Dudley welcomed Mr. Harrell to the Authority when he arrived and gave a brief overview of his experience and his past achievements.

Mr. Bottcher, answering a question from Mr. Chira, stated that the ROW process wouldn't go as far as to trigger the condemnation process which would make the ROW unavailable for other purposes thus allowing for private landowners not to be involved in the process yet.

Mr. Share addressed a question from Mr. Mansour and stated that the work would commence subject to legislative funding in July 2004 and would be a 12 month process.

The Chairman indicated that he has asked Staff to begin to draft language that gives the Authority the ability to sign this contract and suggested that it is language that would need to be added on to one of the bills that has already been filed in the legislature. Mr. Share requested that ability to begin discussions with FB at the Staff level and the Authority agreed that he should proceed.

5. Revised F-B Proposal – double track and electrification provisions

a. Fluor Bombardier presentation

Mr. David Gedney began by expressing to the Board that he felt that the negotiations were proceeding well, considering that negotiating a \$2 billion project is no small task. He then reviewed the request by the Authority and what FB had presented to them regarding Option 1. He said that because of FB's feelings that there are efficiencies gained by only allowing for space for the catenary foundations and that putting the actual foundations in the ground now could cost more in the long run due to upgrades to technology and systems, FB had provided two prices, designated Option 1 which would provide for space only, and Option 1A that would provide space and catenary foundations for future electrification.

Double tracking is included in both Options.

Mr. Gedney then asked Mr. Steve Howard to present the effects on the plan of finance. The additional cost for Option 1 is \$294,950,000 and Option 1A is \$352,523,000.

Mr. Howard began by stating that the same financing plan was used to provide indicative changes as was used in the proposal. The extra cost was financed with Tax Credit Bonds for modeling purposes and changes to O&M costs were added to the Capital Renewals costs. This led to a modest increase in state subsidy from \$75 million per year to \$76.2 million for Option 1 and \$78.2 million for Option 1A. The net revenue to the State (after total payback of all state appropriations) was \$419 million in the base case and \$162 million for Option 1 and \$123 million for Option 1A. He also indicated that the appropriations can be kept below \$75 million through modifications to the plan of finance and that the conclusions are still subject to a final revenue study by FB.

Answering a question posed by Mr. Mansour, Mr. Haddad indicated that the prices proposed by FB were under discussion with Staff and that he continued to believe that the FB price is high, however Staff is proceeding to review with FB each element to better define the differences.

b. Staff and consultant evaluation

Mr. Jim Egnot, HNTB Corporation, presented to the Authority Staff and consultant's evaluation of the Options presented by FB. He did note that a detailed assessment of the options is on-going and more information would be brought forward in the future. Mr. Egnot stated that the Staff and Consultant opinion is that Option 1 would have a lower initial cost but a potential higher implementation cost downstream, and Option 1A would have a higher initial cost but that future implementation risk is greatly mitigated. He also discussed an issue with the proposal concerning the location of the catenary poles and indicated that the issue would be resolved during ongoing discussions.

Mr. Mansour asked when the decision needed to be made selecting the base proposal, Option 1 or Option 1A. Mr. Egnot responded that this needed to be a near-term decision because it would determine things like the spacing of the rails.

6. Legislative Report

a. Pending State Legislative proposals

Mr. Haddad reminded the Board that the Session was starting the next day and that currently there were bills in both the House and Senate that included new tax exemption language (which was approved by the Authority and the Governor's Staff), the requirement for the Surety bonds for construction, and a proposal by Representative Bob Allen to place the HSR issue on the November 2004 general election and to repeal the Constitutional requirement.

b. Report from Washington

Mr. Haddad indicated that the US Senate has passed a bill for a 6-year reauthorization for \$318 billion, however no tax credit bond program is included in the reauthorization to fund HSR in the United States. He said that the US House is currently still reviewing the reauthorization (length and amount), however both sides have approved a two month extension of the existing authorization.

Mr. Haddad also noted that Congress approved \$4 million for the Authority, thanks to the efforts of Congressmen Putnam and Mica; and Senators Nelson, Graham and others.

Mr. Gedney also indicated that Florida had joined a coalition of other high speed rail projects through the efforts of FB to get high speed rail funding, realizing that no state will be able to do it on its own.

7. Orlando-Tampa PD&E activities progress report

Mr. Kevin Thibault, HNTB Corporation, presented to the Authority that since the public hearings in October, the PD&E team has been compiling and responding to comments for inclusion in the Final Environmental Impact Statement. The document is currently in internal review and will be going to FRA in the next week. He will be revisiting the necessity of the inclusion of the Memorandums of Agreement with the FRA and believes that a ROD will be issued shortly after submittal of the FEIS.

8. Staff Director's Report

a. Status report on Authority's Expenditures

The total allocated to the Authority during the past three years is \$14.136 million and currently under task order is \$12.854 million.

b. Authorization for new consultant task orders

Mr. Haddad asked the Authority to approve a task order for the General Consultant, HNTB, through June 30th. It would be for the remainder of the amount contracted to HNTB for approximately \$468,000.

Mr. Dockery moved approval, seconded by Mr. Dunn and carried unanimously.

c. Future Board meetings schedule

Mr. Browning moved that the next Authority meeting be scheduled for April 12th, the motion was seconded by Mr. Chira and approved by all members. The meeting could be cancelled depending on the desire of the Authority and the need of the discussion teams.

Mr. Dunn moved that the next meeting should include the election of Officers since there are new members who should have the opportunity to select the leaders and that future elections should be set at the same meeting. Mr. Harrell seconded the motion. Discussion continued concerning the need for the new members to have time to get to know the members of the Authority before making that discussion. The motion was called to vote and passed with two dissenting members, Mr. Browning and Mr. Mansour.

9. Public comments (speaker cards must be submitted to Authority staff)

The Chairman called for public comments. No speakers came forward.

10. Adjourn

Chairman Dudley adjourned the meeting at 12:45 p.m.