

Florida High Speed Rail Authority (FHSRA)
Board Meeting
May 17, 2004
9:00 a.m.
Orange County Commission Chambers
Orlando

Meeting Minutes

Welcome and Introductions

Chairman Dudley called the meeting to order at 9:15 a.m. welcoming the Authority members present and the audience. Those members present were: Mr. Bill Dunn, Ms. Jennifer Closshey, Mr. Doc Dockery, Chairman Frederick Dudley, Mr. John Browning, Mr. Lee Chira, Mr. Norman Mansour, and Ms. Leila Nodarse. Also in attendance were Mr. Nazih Haddad, Staff Director and Mr. John Bottcher, Legal Counsel.

Chairman Dudley began first by welcoming Ms. Closshey to her first meeting of the Authority, indicating that she brought a high amount of credibility to the commission just as others had, and has been very involved in her community and currently serves as the Chairwoman for the Greater Plant City Chamber of Commerce.

Review and corrections/approval of March 1, 2004 meeting minutes

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

Legislative Report

Mr. Haddad began the report on the Florida Legislature activities noting that included in the Authority's meeting packet was pages from the budget. He stated that \$5 million was provided to the Florida Department of Transportation (FDOT) to continue Intermodal station planning and engineering. These funds, although identified as HSR funds will used by the Department and are not available to the Authority. Mr. Haddad also advised that the Legislature approved State budget authority allowing the Authority to expend \$4 million in federal earmark authorized by Congress this year. Once the budget is approved by the Governor, the FDOT will ask the Federal Highway Administration (FHWA) to transfer the funds to the Federal Railroad Administration (FRA) so that the Authority can enter into an agreement with the FRA and proceed with additional activities.

Mr. Haddad also reported that in Washington the reauthorization of the transportation program was coming upon the end of the extension (June) and that it seemed the Federal government was working on the final elements of a six (6) year reauthorization.

Mr. Mansour asked about the Transportation Outreach Program (TOPS) and what happened to it during this legislative session. Mr. Haddad replied that the TOPS program was repealed this year and that the \$100 million associated with TOPS went to the Strategic Intermodal System (SIS) program. Mr. Dockery noted that he has served

on the SIS planning committee for the past year and that the high speed rail project from Tampa to Orlando and to Miami is part of the program.

Mr. Haddad also noted that the proposal the Authority had put together relating to amending the tax exemption language in the FHSRA Act was approved by the legislature.

The Chairman then invited Mr. David Gedney, Fluor-Bombardier (FB), to discuss what actions they have been taking on the Federal side for high speed rail. He indicated that two efforts were ongoing. The first is to get the ability to issue tax credit bonds to finance the larger portion of the project and to secure an appropriation to procure \$120 million worth of rolling stock. Mr. Gedney noted that there is a lot of support for the Florida High Speed Rail project in Washington and that he also sees the ability in the future for the use of Tax-credit bonds. Mr. Gedney also noted that Florida has joined a coalition of twelve (12) other states to pursue monies for high speed rail through the Federal Government since it was unacceptable for a single state to try to achieve these goals. The other 11 states are: California, North Carolina, South Carolina, Texas, Illinois, Missouri, Georgia, Wisconsin, Virginia, Oregon, and Washington. Mr. Gedney indicated that currently the coalition is in the process of utilizing each state's abilities and the companies in pulling together the lobbying teams and creating the ability to visit with members of State's Congressional delegations to gain support for high speed rail in each of those states. He also stated that even though Secretary Mineta is not in favor of tax credit bonds this year, at the end of the day there was the same opposition when there was a push for the TIFIA legislation which was finally enacted. He said there are considerable inroads being made in selling the process and are in no way deterred when looking at the future of high speed rail in the county.

Chairman Dudley's report on trip to Korea

The Chairman noted that he was invited by the Korean government to Opening festivities for the KTX High Speed Train in Korea on March 31st. This he noted is the fifth nation in the world to have a high speed rail. He stated that he was one of the first to ride the line from Seoul to Pusan, a distance of about 125 miles in about 50 minutes including the 15 minutes it took to get out of town (they don't run high speeds through the city). The train traveled at about 305 km/hr about 180 mph and was a very pleasant ride. On the Sunday when he arrived in Seoul, he was taken to the opening dinner where he was asked to address the audience. The system built is about 450 km. Chairman Dudley indicated that he was invited while there to attend and participate in an International Symposium on High Speed Rail, which he did. There were 750 representatives from many nations attending the symposium to listen, teach and learn about the importance of high speed rail. He spoke on the role of high speed rail in America and discussed the history of high speed rail and the activities of this Authority. He also was a member panel of fifteen experts from around the world.

The Chairman met with Chong Jong-hwan, Chairman and CEO of the Korea Rail Network Authority, who is an agency of the Government in Korea. He also met with Kim Se-ho, the Administrator of Korea National Railroad, the governmental agency that is part of the Department of Construction and Rail and another assistant later in the week. They each asked how high speed rail was doing in the United States and Florida and

the message the Chairman tried to leave them with was in order to build HSR in Florida was funding.

The Chairman also visited the Rotem Manufacturing Plant where the next KTX trains will be built and the Rotem Research & Development Facility where he drove a simulated bogie. He noted that the trains were tested for 4 years before the service commenced.

He also visited the maintenance facility where each of the 46 trainsets can be brought in for inspection. In the building, the trainset bodies can be separated from the bogies for inspection and maintenance but the trainsets do not uncouple.

The Chairman then shared some statistics of the Korean system. It was under construction from June 1992 through April 2004 with an estimated cost of \$15 billion for the 250 miles. This is about \$60 million a mile versus the \$25.5 million per mile that the FHSRA project is estimated to cost today. He attributed the high costs to the extensive bridge and tunnel sections that are part of this project. Approximately 73% of the system was built on bridge structure or in a tunnel.

Election of Board Officers

Mr. Dunn motioned that in view of the events associated with the repeal of the High Speed Rail amendment, that the election of officers be postponed until after the repeal effort has run its course. The motion was seconded by Mr. Mansour. And after calling for discussion and hearing none, the Authority voted unanimously to postpone the elections.

The Chairman then invited Senator Jim Sebesta to the podium to address the Authority. Senator Sebesta welcomed Ms. Closshey to the Authority and reiterated his long time support for the project. He noted that for the past three years he has been trying to make this project work since he was the Chairman of the Senate Transportation committee and he felt that was his duty after the Constitutional Amendment passed. However, he wanted the Authority to be aware that he felt that the only way for the project to move forward was for the Authority to quickly identify a dedicated funding source because the State does not want to be the single funder of high speed rail. He stated that it would be important for the Authority to get the private sector to make more of an investment upfront in the project so that it can be built. He also noted that Secretary Mineta doesn't believe there will be any funding in Congress for high speed rail this year. He suggested an all our effort to determine a dedicated funding source.

The Chairman then asked if the issue of repeal goes on the ballot and if it is not repealed, if the Senator had any sense as to what his colleagues might view the project. The Senator stated that if it fails it sends a message that Florida does want it to proceed and we will have to proceed, that's a very clear message if the opposition is strongly supporting the effort.

Mr. Dockery was then acknowledged to share his opinion on the Senator's comments. The following is verbatim comments made by Mr. Dockery.

"I do not share the pessimism that Senator Sebesta is laid on the table today. I have not shared it at any time. Senator Sebesta has been helpful, but I would remind you that Senator Sebesta in 2001 fought tooth and nail in the legislature to keep the Florida High Speed Rail Authority legislation from passing. Senator Sebesta was for a Commission with a time certain to die. That was the Governor's position that was the Speaker's position and Senator Sebesta's position. Well that did not happen. There are a sufficient number of legislators, Senate and House, who believed strongly when they took their Oath of Office to uphold and defend the Constitution that they had an obligation to defend the high speed rail amendment which is a part of the Constitution. I know there are others who don't feel that way about it.

Nevertheless, the High Speed Rail Authority was enacted in 2001 and I appreciate Sen. Sebesta's change of heart and I appreciate the fact that he has been here. I disagree with what the people would do if it goes on the ballot. I have professional polls that have been conducted on this subject. The most recent one was conducted in the I-4/I-95 corridor because I wanted to see if we had the support of the people who would have the most to gain by this. That poll of 1000 people with a margin of error of less than 3.5%, and it was not loaded question, it just said would you like to have high speed rail today? Do you approve of high speed rail despite the fact that we have had three years of arguments against it by the Governor and other elected leaders? 53% of the people that responded said that high speed rail should be built in this corridor; 31% said no it should not. The balance of the numbers was made up of those that had no opinion or the 3% who didn't participate in the poll. There is strong support for this, and my guess is that with the proper leadership over the next few months is that these people, 2.9 million who voted for high speed rail, can be energized to provide the political impetus to fund high speed rail next year.

I know that we funded it in the House this year. That was not our problem. My good friend, Senator Jim King, President of the Florida Senate, does not like high speed rail, he never liked high speed rail, he campaigned against high speed rail amendment vigorously and on the air and with letters and he, God love him, will not be there. Senator Lee and Senator Pruitt do not share his vision of high speed rail. I have spoken with both of them on many occasions and I can guarantee you that the climate in the Senate will not be as it was under my good friend Senator Jim King.

I believe in high speed rail, I shall work till I die, and that may be today, to see that it is built in Florida. It is the right thing for Florida; it gives people an alternative to what we have now which is traffic chaos in these corridors. Even people outside the corridors favor it, not in as large a margin but the vote there is around 42-44%.

The polling which I believe Sen. Sebesta has been exposed to, was done I believe, by the Republican party and one person who saw the poll told me that the question presupposed was, Would you like high speed rail, if your taxes had to go up? Well taxes won't have to go up to support it. There is a dedicated funding source; it's called the Florida Transportation Departments budget of \$6.5 billion. We are asking to fund high speed rail, one and one half to one and one quarter percent. That is not a lot of money when we compare it there. There is a dedicated funding source, it's called the Transportation budget, and that is where it should come from. If others develop a source, fine, I think its great, but the source is there right now. The \$100 million which they sent over to fund the SIS was money which could have gone, and money which we

asked for to go to high speed rail. We can do it with \$100 million a year, I can guarantee you, even without Federal support we could do it. The thing about this is that we talk about cost, but no one ever talks about the dollar benefits. Our own report to the Governor and the Legislature shows that the bid that we have in now would return to the State of Florida \$400 million in excess of the cost to build it. This is one of the most financially feasible projects we have ever thought of doing in Florida. We are about to spend \$200 million in the panhandle to move an airport, with no revenue associated with it. We are about to spend \$2.0 billion dollars for a 40-mile segment of highway here in Orlando. So when we compare what we want to do with high speed rail with what others are doing out there, it makes sense and it will get done. I believe in that. I do believe that the Governor is dedicated to seeing it doesn't get done. But the Governor can't run for re-election. God love him he will have to go onto something else after two years. Mr. Chairman, thank you for allowing me the spot."

The Chairman noted that he wanted to thank the Senator for being the champion on some of these issues, and to acknowledge that it is not the job of the Authority to promote the building of high speed rail, but to gather the information that the people in the legislature need to make that decision. He stated that the Authority will continue to keep the legislation informed in order that they can make that decision.

Mr. Chira then recalled, for the Board, that last year he had asked the Secretary of Transportation for an analysis that looked at spending the dollars proposed to be used here to improve the corridor. He asked what the cost benefit ratio would be relative to the train versus the expansion of the road system or other alternatives modes of travel between Orlando and Tampa. He noted that the Authority has yet to get that information. He had also asked for an analysis of what was spent in Miami for the light rail system and what benefit it created for that community in terms of moving people from one point to another. Mr. Chira requested that the Authority request formally that the DOT prepare a report based on the dollars being spent in the corridor and describe the benefit to cost ratios of the other modes alternatives.

After much discussion among the members, the Authority directed staff to prepare a letter to DOT to requesting the identification of viable alternatives to high speed rail in the I-4 corridor that would provide similar capacity and reliability, a cost analysis for each of those modes, a benefit assessment identifying benefits to the user, economic development, job creation and funds returned to the State.

When asked by Ms. Nodarse, Mr. Biggs, HNTB, indicated that the Authority couldn't simply ask what the difference in cost of rail versus the cost of highway was because the FDOT could come back and say that it doesn't cost much for this set of demands and that it is already in the FDOT work program. He said that Mr. Dockery stated that this is not just about moving the same amount of people, but it is about moving them with the same amount of reliability that the high speed rail will move them. The Proposer is proposing a system that is available more than 98% of the time; the highway doesn't offer a system with that high of a percentage of reliability, said Mr. Biggs. The analysis should look at the full range of costs and the full range of benefits, similar to what have been looked at for high speed rail, but that FDOT can best answer the questions in regards to the highways.

Presentation by Kathie Beck of Global Rail Consortium

The Chairman recognized Ms. Beck, who asked that Ms. Cynthia Henderson be allowed to make some opening comments.

Ms. Henderson noted that her firm is representing Global Rail Consortium (GRC) in developing legal strategies for getting high speed rail in Florida. Ms. Henderson noted that she compared the procurement process for high speed rail with the four of five biggest procurements that the Governor undertook in his administration so far. She found that there is opportunity that the Authority hasn't taken yet, that would allow for simultaneous negotiations with both the first and second ranked Proposers. She stated that if the Authority would go along the GRC proposal it would go along way in answering the questions of Mr. Gallagher and Senator Sebesta. It gives the Authority the ability to have both parties at the table and clarify questions that have not been answered by just having one party to the table. She also stated that the legal documents have been broadly drafted and it gives the Authority the ability to do simultaneous negotiations. There is no bad faith shown by doing simultaneous negotiations. It is a flexible process and gives the Authority the opportunity to answer the questions that need to be answered in a short time frame.

Ms. Beck then asked the Board to look at this proposal very seriously and noted that GRC believes that they can help the Board answer the important questions being asked by the Governor and others. She promised that through simultaneous negotiations the Authority will give to the citizen's of Florida the best project that the Commission can offer.

The Chairman asked Mr. Bottcher to comment on the proposal from the legal side. Simultaneous negotiations, Mr. Bottcher explained, are legally permissible, and can work but that it is very labor intensive; it takes about four times the effort. He indicated that the direction that the Authority is taking in moving forward could change, and the Authority can decide to go to number two when the Authority feels it is appropriate. In the order that was entered last November it very specifically said that the Authority would negotiate with one and then two, if necessary, but didn't prohibit simultaneous negotiations. Then the Authority established procedures to follow and a committee to negotiate the terms of the contract and set up the prohibition of communications with both Proposers allowing that communications only go through the Chairman and the Staff Director. If the Authority wanted to change the path it would have to find some rational factual predicate to do so. The Chairman took the time to apologize because he responded to the letter from GRC, which may have violated the rules of communications, but he wanted to make sure that as far as in his own opinion he didn't feel that the Authority was at an impasse with Fluor-Bombardier nor have they been uncooperative.

Mr. Dunn then noted that Ms. Nodarse had asked, just before the vote for Proposer ranking in October, if Fluor-Bombardier would provide electric trains for the project and that Mr. Gedney had responded FB could do that and would do whatever was best for the project. He then noted that since that time electric trains have gone off the board and that Fluor-Bombardier is not talking about an electric train. So in his mind FB has failed to meet his expectations on that one issue, and so that issue is probably

justification enough for the Authority to consider the other proposal. He would not make a motion based on this information however.

Mr. Haddad noted that the minutes of the December meeting stated that the technology that FB was going to use would be the JetTrain with provisions for electrification, which is what the Authority decided based on the presentation by FB.

Ms. Closshey acknowledged that simultaneous negotiations is a common business practice and can frequently reveal more than otherwise could be seen and understood. She then asked the other members to explain how it had been decided that the negotiations would not be simultaneous. Mr. Bottcher explained that the Authority originally decided to begin sequentially and then set up the process with the negotiations committee. Ms. Closshey asked to have explained what the perceived benefits of going sequentially versus simultaneously were of the Authority members. Chairman Dudley noted that from the beginning in setting up the RFP, the Authority had worked towards this process and a ranking of the proposals, much like the DOT had done in the past. The Authority, he said, didn't have a discussion to make the choice between the two. Mr. Bottcher said it was an understood direction because of the enormity of the task and because it is a DBOM contract unlike any usual DOT projects.

Mr. Dockery noted there were numerous reasons he voted for Fluor-Bombardier over GRC and that in his mind he never even had the thought that he would begin negotiations with a team who didn't bring all those same things to the table even though they did have some pluses.

Mr. Browning asked GRC why simultaneous negotiations would help with the Governor and others and what would be the benefit of negotiations in this regard. Ms. Henderson stated that it would help in answering the questions that have been posed by the Governor and others. There will be clear indication of the commitments and funding that are available through simultaneous negotiations. She stated that the administration really wants to know how much it is going to cost, and by bringing the two groups in, you can find out very quickly what the real cost is, there will be less "what-ifs".

Ms. Beck also noted that the Governor's concern is about private investment and that GRC did include private investment in the system and has continued to work and has a larger funding mechanism that will be available to discuss with the Authority in negotiations and answer the questions of the Governor.

Mr. Mansour did note that at the October meeting, the Board took a vote on a motion he made to reject both Proposers. But the motion did fail so the Authority had considered this process and the Board preferred to go forward with the ranked order.

Ms. Nodarse asked that the Board formally ask Fluor-Bombardier to formalize in writing their commitment to private investment in the project so that the Authority and the Governor know for sure what the team is bringing forward to the project.

After continued discussions regarding the simultaneous negotiations, Mr. Dockery requested that both FB and GRC to come forward and repeat what is included in their proposal regarding private investment.

Mr. Gedney reaffirmed that there is no impasse with the negotiations team and that the contribution to the project is \$250 million in private equity bonds which hold no obligation on the part of the State; FB is responsible in full for the repayment of those bonds. He also acknowledged that FB is standing behind the project contract after it is negotiated with a parent company guarantee, meaning that whatever is negotiated, FB will deliver at no additional cost to the Authority. Without the parent company guarantee, a team could say they would do anything and sign a contract, but at the end of the day if it is not produced, the responsibility falls on the Authority because the team can not fix what problems might arise. He also noted that the operations and maintenance of the system is the responsibility of FB. He noted that FB has partnered with Virgin Rail to operate the system. Virgin is going to take the ridership numbers the Authority has prepared, enhance them to make them investment grade, produce a ridership platform which will cause revenues to be equal to or in excess of what have been forecasted by the ridership thus far. The addition of Virgin Rail, he said, further confirms FB's commitment that the operations and maintenance of the system can be self-supported. FB will return to the State of Florida in excess of that amount that the State puts into the system. Mr. Gedney also noted that there is a \$50 million standing behind a letter of credit as backup should there be a slow ramp-up of the system so that the State is not obligated in any way.

Ms. Nodarse noted that all that money is on the back end of the project and if there is no front end money then the project will not be built. Mr. Gedney responded that the RFP included criteria that private funding sources be utilized for operations and maintenance; he also stated that the \$250 million in bonds is money used to purchase the trains which is an upfront cost. He noted that it was clear in the RFP that the State understood that investing in the infrastructure which is the State's property, not FB's, was part of the State's responsibility. He then reviewed the proposal included in the State's responsibility for \$75 million a year for 30 years but at the end of the 30 years, the State would be repaid for their investment in infrastructure plus at the time of the proposal, \$400 million. At the end of the operating contract, the infrastructure would be the property of the State and would have been maintained to the highest criteria.

In response to a question by Chairman Dudley, Matt Barkley, FB, responded that the analogy that the Chairman used of the cost of the bonds coming off the overall costs of the project was correct. If the cost is \$2.3 billion, the cost of the latest scenario, then the total that the State would pay would be \$2.3 minus the cost of the private investment.

Ms. Beck then noted that GRC has a developer that is willing to provide stations which she stated are a significant infrastructure development. She also noted that GRC has continued to work on more private investment and indicated that the country of Korea is very interested in seeing the proposal go forward, and should GRC enter into negotiations it will be found that there is strong support from them. She said that the FB \$250 million bonds are not infrastructure commitment, but what GRC brings is infrastructure commitments. She also stated that the operations segment is not the Authority's responsibility so that the \$250 million bonding on technology goes toward the operator which doesn't benefit the Authority. GRC does not ask the Authority to pay for the cost of the trainsets, which is an operational expense.

Chairman Dudley asked that Mr. Share, HNTB, give the perspective of the General Consultant on the simultaneous negotiations. Mr. Share responded that there are two

totally different products being offered by the two Proposers and many different components in each. He acknowledged that it is very common in business to compare one to the other when you are buying the same thing, but for this project that is not the case. Mr. Share's advice was that because there is no impasse right now and the outside factors are controlling the pace, but he suggests continuing in the same direction.

Chairman Dudley asked that all motions regarding these issues be held until the updates have been provided by staff and consultants on the negotiations with the various entities.

Staff discussions progress report

Mr. Haddad addressed the Board regarding on-going discussions with Walt Disney World and Orlando-Orange County Expressway Authority. Mr. Haddad noted that following discussions with OOCEA, the OOCEA Authority decided to go ahead with an independent review of the impacts to their system as a result of high speed rail in the median of the GreeneWay. Mr. Steve Pustelnyk, OOCEA, was invited to give a brief update of that analysis. Mr. Pustelnyk indicated that the subconsultant has begun their work and is starting to do an analysis of the data that they have collected over the past month. The first phase of this study is expected to be complete in July and presented to the Board. This phase will identify those issues that will affect the system, and what if anything requires further consideration. Additional work will be determined after the Board is presented with the results from the first phase. Chairman Dudley noted that there is a timeline included in the Board members' books. The first phase of the study will not give a price tag for the impacts. Mr. Dunn noted that the Authority needs the price tag to ensure that the correct decision was made on the preferred route. In July, based on the results of the initial study, the OOCEA should be able to determine what extra study is needed and the timeframe that the new results would be available.

Mr. Haddad indicated that staff has met with Disney to discuss contractual issues and that Disney has met with FB to discuss operational issues and has taken visits to observe the operations of other systems. Mr. Bryan Gaines, WDW, was invited to address the Board. Mr. Gaines explained that WDW had met with FB in developing service standards and criteria that would be part of a contract for this project. WDW and FB also met to discuss station locations and established the site where a high speed rail station would be, approximately 1500' west of the Wide World Sports area. A site plan will be developed in the future. WDW and Bombardier toured some sites in Vancouver to develop service standards and spoke with operators that are guest service oriented similar to WDW. Discussions are also being held regarding baggage and the integration of seamless baggage into the system. WDW is working to put together a draft contract outline for review by the end of June. In response to a question raised by Mr. Dunn, Mr. Gaines stated that the contract outline would be available in June, but no schedule for implementing a contract had been developed.

Status and progress report on discussions with F-B

Mr. Share began by noting the regularity with which negotiations have occurred, basically every two weeks; two teams are meeting for two to three full days. He noted that positions on various issues were established early in a matrix to aide with

negotiations and parallel teams are moving forward with individual documents and are currently developing contract language. The signatory contract and scope/technical items documents should be available in draft form in July 2004 and are approximately 85% complete. The kick-off for the O&M agreement will be held May 18th and will include the new team member of Fluor-Bombardier, Virgin Rail.

Mr. Share noted that the Authority will be in the best position to negotiate price once there is approved funding for the project. So to date the negotiations have focused on those items important to the contract, but have not focused on committing to the cost of those items. He noted that there is a needed to change the current legislation regarding bonding and limitation of liability for one single project which is currently capped at \$500 million. This should be addressed during the next legislative session.

Overall, the progress has been good and tentative agreement has been achieved on most items, however some additional detail language development remains to be accomplished. Mr. Share also indicated that there are additional action items remaining that are pending the results of 3rd party agreements.

In regards to reliability and warranty, while in most contracts there is some of this is not related to the performance of the system, however this contract will address language regarding the availability of the system being 98% or higher across all areas of the system. This is unprecedented in the State of Florida. Recent discussions have been held regarding reviews and submittals, incentives and disincentives as opposed to liquidated damages, bonding limitations, and limitation liability. There has been great progress to date and agreements have been reached on many topics, discussion is still continuing on others.

Chairman Dudley invited Mr. Gedney to introduce the members of Virgin Rail. Mr. Gedney indicated to the Board that Virgin Rail has joined the Fluor-Bombardier LLC as a full partner. Virgin Rail is a leader in the world in the "Yes Culture" as attracting riders to rail services. Mr. Gedney then introduced Mr. Will Whitehorn with Virgin Rail.

Mr. Whitehorn began his presentation by giving a brief background about the Virgin Group and continued with train operations and the Florida project. The Virgin Group builds their company on innovative ideas that provide value for money in a simple way to the user. The Group prides itself on service that is: friendly, informal, and flexible. The Group anticipates the wants and needs of the user before the user wants or needs them and strives to exceed expectations. Virgin Group has been operating Virgin Trains for 7 years since it took over a run-down railway built in the 1950's that now carries 40% of the UK intercity network with 400 trains daily. The system is operated in head to head competition with the highway network which essentially mirror each other. Virgin Rail currently operates the most heavily traveled railway in the world and has worked on numerous projects with Bombardier for train supply and maintenance. Ridership has increased by 40% on the intercity lines and has increased the number of business travelers by 50%. Mr. Whitehorn presented a short video of the Virgin Rail systems.

Mr. Whitehorn stated that critical success factors for the Florida project are: brand, marketing, customer experience, punctuality and reliability during which the operator plays a large part in shaping this process. The operator makes decisions based on the needs and wants of the end user. He also stated that Virgin Rail has signed a

Memorandum of Agreement (MOA) with Fluor Bombardier to develop and refine the business plan to create “the most successful passenger railway in the U.S.”

Chairman Dudley thanked Virgin Rail for the presentation.

Orlando-Tampa PD&E and FEIS activities progress report

Mr. Howard Newman, PBS&J, explained in response to the Chairman’s question that as identified at previous meetings, there were many issues with EPA and FRA and local agencies that took longer to coordinate than planned regarding what sections of the EIS would be reevaluated. These issues are the reason for the delay in the anticipated date for the signing of the Record of Decision. The Record of Decision is expected to be signed in August 2004 based on coordination with FRA. The FRA will identify within the next week what their schedule for review is and an update will be provided at the next Board Meeting.

Mr. Mansour questioned what would happen if the Authority doesn’t have an MOA with the OCEA regarding the use of the GreeneWay. Mr. Newman stated that based on the continued coordination with agreements, there is an opportunity to reevaluate some sections on the document based on future planning and more detailed design and FRA recognizes that this will occur as the project moves forward.

If the route changes, the work has already been done to identify the impacts as a result of the Beeline, as long as the time frame for reevaluation is not too long. So this process should result in fairly quick turn around. The FEIS also includes the potential for electrification as included in the Fluor-Bombardier proposal.

Chairman Dudley then returned to previous discussions and called for any motions the members may want to make.

Ms. Nodarse requested that the Authority ask for in writing from Fluor-Bombardier there private investment commitment within 30 days and if that is significant enough, then decide how to move forward with negotiations. The motion was seconded by Mr. Mansour. Mr. Mansour acknowledged that he liked the motion made by Ms. Nodarse and also that there is no basis for moving away from Fluor-Bombardier and begin simultaneous negotiations but that it will be good to have the final hard answer to an important part of this project and then after providing that answer the Authority can determine how to proceed. He also asked Counsel if there was an ability to receive unsolicited proposals from any entity which decides to do so, to which Mr. Bottcher indicated that was allowable in the process at any time.

Mr. Browning acknowledged that he would like to enter into some form of simultaneous negotiations but is concerned with the 30 day limit on the response because currently the next meeting is approximately 60 days from the current meeting. Chairman Dudley noted that if the motion passed, it would be his intent to ask that a meeting be scheduled for thirty days, because it is important enough to call a meeting. Mr. Browning then stated that if the motion passes and the results of the letter are not satisfactory, he will then make a motion to begin simultaneous negotiations.

Chairman Dudley called the question. The motion was carried unanimously. Chairman Dudley directed staff to prepare the letter requesting the information from Fluor-Bombardier.

Chairman Dudley noted that the information requested from FDOT would be requested within the same time frame and he would request that someone attend the meeting on behalf of FDOT. He also indicated that he would invite Mr. Tom Gallagher to be present at the June meeting, and Mr. Browning suggested that the meeting should be held in Tallahassee to enable those groups to attend the meeting. Ms. Nodarse also suggested that WDW be invited at that meeting to provide in writing their commitment to the project based on the fact that the draft outline of the contract would be available in June.

Staff Director's Report

Mr. Haddad noted that there is approximately \$750,000 remaining in Authority funds which has been committed to the consultants. He then requested the authorization to issue a Task Order to Parsons to continue with the EIS for \$290,000. Mr. Dunn so moved and Ms. Closshey seconded the motion for the Chairman to enter into a task order with Parsons. The motion was carried unanimously.

Chairman Dudley requested that Mr. Haddad poll the members in the coming week to determine the date and location of the June meeting.

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

Chairman Dudley called for public comment. Mr. David Shirk, President of Hunter's Creek Community noted that Hunter's Creek has hired legal counsel to defend the transfer agreement. He wanted to note that Hunter's Creek is very opposed to the GreeneWay route. Mr. Dockery thanked Mr. Shirk for expressing his concerns and acknowledged that the Authority had not seen a signed copy of the transfer agreement and asked if Mr. Shirk could supply the Authority with that. Mr. Shirk agreed to forward it to the Authority. Chairman Dudley acknowledged the concerns of Hunter's Creek and indicated that the Authority will work toward amelioration of those issues.

Adjourn

The meeting was adjourned at 1:30pm.