

**Florida High Speed Rail Authority
Board Meeting
November 10, 2004
Hyatt Regency Orlando International Airport
10:00 a.m.**

Draft Meeting Minutes

Welcome and Introductions

Chairman Dudley called the meeting to order at 10:00 a.m. welcoming the Authority members present and the audience. Those members present were: Mr. Michael Harrell, Mr. Doc Dockery, Chairman Frederick Dudley, Mr. John Browning, Ms. Jennifer Closshey, Ms. Leila Nodarse, and Mr. Bill Pitman. Mr. John Larkin attended the meeting by teleconference. Not in attendance was Mr. Lee Chira. Also in attendance were Mr. Nazih Haddad, Staff Director and Mr. John Bottcher, Legal Counsel.

The Chairman introduced and gave a brief background description on the two new Authority members, Mr. Pitman and Mr. Larkin.

Review and corrections/approval of June 29, 2004 meeting minutes

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

Chairman Dudley then invited Senator Jim Sebesta to address the Authority and the Audience. Sen. Sebesta began by reiterating his position that the amendment should have been repealed but that the Authority should not quit on the project. He indicated that he does not believe that the requirement for the system belongs in the Constitution, noting that the Constitution should be a small, pristine document addressing issues of faith, moral and principles. He acknowledged that the project has many economic benefits. He urged the Authority to continue to work on the environmental report, and to begin to involve the second ranked Proposer, Global Rail Consortium.

Chairman Dudley asked for Senator Sebesta to confirm that it takes both chambers to pass a bill, whether it is to repeal a law or create a new one. The Senator confirmed that the statement was correct and noted that the bills had to be identical in both the House and Senate.

The Chairman continued by stating that the Constitution is the only document that the people of the state have to make changes in the legal process as they see fit, because often times the Legislature finds ways to ignore laws that have been passed. By way of example, he noted that there is a Florida Statute regarding High Speed Rail that has been on the books since 1984. He also stated that anytime the Legislature fails to act on requirements of the statutes, the citizens of Florida have the ability to amend the Constitution and force the Legislature to act.

Mr. Dockery commented, in follow up to the Chairman's remarks, that the Florida Statutes still contain laws that require that a high speed rail system must be built. He stated that as a citizen he became frustrated with the path that high speed rail had taken and began working to get the system built. He still believes that it is the right thing for Florida and that it will still be built, noting that the Governor also agrees it will be built.

Mr. Dockery continued by noting that all tracking polls that he followed leading up to the Sunday before Election Day indicated a dead heat on ballot initiative number 6 (repeal of HSR constitutional amendment) each and every day. He commented that he didn't know how to explain what happened the day of the vote except to note the comment made by the Florida Chief Financial Officer Tom Gallagher. On the Monday before the vote was taken, Mr. Gallagher said that half the people voting on Amendment six will not get what they are voting for. That shows, Mr. Dockery noted, how confusing even he thought the repeal language read.

Mr. Browning stated that he believes that the people have spoken and acknowledges that as much as the Authority supported what the people voted for in 2000, he feels the Authority also needs to support what they voted for this year. Mr. Browning stated that he feels there is a need for passenger rail in Florida but that when we confine it to high speed rail the projects get bogged down. He noted that Congressman Mica has purchased train sets that are being used in other parts of the state because there is no system in Central Florida on which to run the trains. Mr. Browning suggested looking at an incremental approach to development of intercity passenger rail in Florida, because there is money from the Federal government and other sources to get a rail system that the state needs. The system, he believes, should be a statewide system that will meet the needs of citizens throughout the state and allow them to travel without cars more frequently.

Presentation by Global Rail Consortium, GRC

Ms. Kathy Beck, GRC, thanked the Authority for the opportunity to talk to them and for the opportunity to assist the State of Florida in moving forward with high speed rail. She noted rail is important in Florida and in the United States as it moves people, opens opportunities, directs growth, manages growth, and is an integral portion of the transportation network.

Ms. Beck stated that over the past three years one of the statements repeated over and over by the Governor and Mr. Gallagher is that the private sector has to step up and has to participate. She stated that GRC has put together a private investment package that will total in excess of \$500 million, involving private development for the stations, and direct payments to the State in the form of access fees. She noted that it is a long term commitment to the state and to high speed rail.

Mr. LJ Mahon, GRC financial consultant, presented the components of the plan. Mr. Mahon noted that he managed the infrastructure group (located in Paris, France) for Alstom. He further noted that the group was created to

fund and finance projects throughout the world similar to the Florida high speed rail project. He went on to say that over the 5 years he managed the group, they funded and financed in excess of \$20 billion worth of projects involving debt, equity, subordinated debt, mezzanine financing, development bank funding, and public private partnerships. He continued to say that it is important for this project that someone can bring true equity, different types of funding and financing, and other players that can create a cross border transaction. He noted that GRC brings all of these things to the Authority.

Mr. Mahon began the summary of the GRC financial proposal by stating that it is a \$2.4 billion lump sum turnkey project with a price good through June 2004, including \$400 million of equity and \$2 billion of debt.

Total project cost was presented to the Authority including dollars spent to date on the proposal. The equity contribution by the team, as explained by Mr. Mahon, would total \$511,000,000 and include partners' expenditures, investment prior to financial close, issuance of bonds and loans, cash guarantee on farebox revenues.

Mr. Mahon reviewed briefly the equity contributes to the project. He stated it will reduce the amount of debt required, minimize the risk to the state, provide leverage of 21% equity in the project in hard and soft equity, and will show willingness to share in the risk of the project by putting equity on the table. He said that the equity is true equity, it will be put at risk, and it doesn't get reimbursed to an equity investor until operating costs are met and debt service has been paid.

Mr. Mahon stated that \$400 million in equity saves \$26 million a year in debt service or \$780 million over the life of the bond issue assuming a 5% interest rate ad a 30 year bond.

Mr. Mahon continued to say that the bonds will be retired by the state commitment of \$75 million a year (a fixed number), and the balance will be serviced from the farebox. GRC equity participation will reduce the debt to about \$2 billion and there are other things that are still in discussion that may reduce the debt further.

Ms. Beck noted that the Authority had a decision to make regarding whether to move the project forward with a system that the state can support and noted that GRC offers that opportunity and is committed to high speed rail for the state of Florida. She then asked that the Authority include the proposal by GRC in the Authority's annual report to the Governor and Legislature and to continue discussions with GRC.

Mr. Harrell made a motion to include details of the GRC proposal in the Authority's report. Mr. Browning seconded the motion which was carried unanimously without discussion.

Presentation by Fluor-Bombardier

Mr. David Gedney, Fluor Bombardier was unable to be in attendance but sent a letter to the Authority thanking them for their time and attention and pointed out that Fluor Bombardier remains committed to the state of Florida and to the project and awaits direction on the next steps.

Mr. Matt Barkley of Fluor Bombardier addressed the Authority and thanked them for the opportunity say a few words. He indicated that Fluor Bombardier is awaiting the direction of the Authority as to how to continue. He stated that on February 10, 2003, Fluor Bombardier made a proposal; technical, commercial and financial; that laid out the clear path as to how the team would build a high speed rail system in Florida that would address the issues of the Floridians and offer a system that protected the tax payers. Part of that proposal, Mr. Barkley stated, was a financial plan that was completely transparent in the sources and uses of the funds. The proposal identified where the money would come from, who the investors were, how much and what it would be used for. It is a financial plan that stands today. Mr. Barkley stated that it is the only plan still on the table that offers true private sector investment and is clear about who is paying for the system.

Mr. Barkley continued to say that Fluor Bombardier looks forward to continuing the process, and that they have made significant progress with the staff and consultants over the last several months particularly on the technical side. He indicated that they had nearly reached conclusion on the technical issues, which are the very detailed and complex requirements of how the system would be built.

Mr. Barkley thanked the Board and the Staff for the last few years and stated that Fluor Bombardier has enjoyed the process and awaits continuance.

Staff Director's Report

Chairman Dudley noted that the day after the election, he issued a stop-work order to both of the Consultant teams so that no fees would be charged to the project before the Authority could meet and decide how to continue.

(a) Status report on Authority's budget and expenditures

A schedule of the expenditures over the past three years since inception of the Authority was included in the members' meeting notebooks. Mr. Haddad reminded the Authority of the following allocations by the State and Federal governments:

Fiscal Year	State Appropriation	Federal Earmark
2001/02	\$4.50 million	\$3.00 million
2002/03	\$4.50 million	\$2.10 million
2003/04	\$0*	\$4.00 million**

* In 2003/04, the State Legislature approved \$5 million for the Authority but was later vetoed by Governor Bush.

** Funds just became available. Agreement with FRA is needed before funds can be used.

Mr. Haddad also noted that, of the total funds available to the Authority, \$13.5 million was under task order between the two consultants and approximately \$13.0 million had been invoiced to date. He noted that the PD&E Consultant has approximately \$240,000 under task order that has not been expended as of November 2nd, 2004. and if the Consultant continues with preparation of the Final Environmental Impact Statement (FEIS), which is 99% complete, those funds could be used to cover the cost of responding to the comments made by the Federal Railroad Administration, for updating of the document for issuance in final form and for publication of what will be a large document to all the necessary agencies for review. It is estimated that it will cost \$30,000 to complete the FEIS and \$25,000-\$40,000 to publish the document.

The following table was presented to the Board and details the expenditures from July 1, 2001 to October 31, 2004.

Category	Under Contract	Under Task Order	Expended
General Consultant	\$5,458,483	\$5,418,419	\$5,270,971
PD&E Consultant	\$8,554,103	\$7,971,528	\$7,632,810
Financial Auditor	\$15,000	\$15,000	\$15,000
Amtrak	\$25,000	\$25,000	\$25,000
Travel/Expenses*	\$47,836	\$47,836	\$47,836
Total	\$14,100,422	\$13,477,783	\$12,991,617

*FY 03/04 travel and expenses were paid for by the Florida Department of Transportation (FDOT) and are not included in this value.

Ms. Nodarse asked for clarification on how much had been expended on the PD&E documents and how much was needed to complete the process. Mr. Haddad replied that to date \$7.6 million has been expended on this task and there remains \$340,000 under task orders that the PD&E team can use to complete the document and that \$50,000 to \$70,000 of this funds would be needed to complete the FEIS.

Ms. Nodarse also asked what would be required by the Authority to be able to access and use the \$4.0 million earmarked by the federal government. Mr. Haddad responded that the State would have to enter into an agreement with the FRA to use the funds.

Ms. Closshey asked what the anticipated time frame was for the completion of the FEIS. Chairman Dudley noted that originally it was planned to be completed by March 2004 in order to get the information to the 2004 Legislative session. The Chairman asked Mr. Howard Newman, PBS&J, to address the question. Mr. Newman responded that the pre-Final EIS was submitted in late summer and FRA has been reviewing sections, but they have not been on the same fast track schedule that they were on originally when reviewing the previous drafts. The Authority needs to let the FRA know that the State wants to

complete the document and then a schedule of anywhere between 2 – 4 months is likely.

Chairman Dudley asked Mr. Newman whether there is a value to having the approved document even if the legislature does not choose to fund the Phase 1 segment in the next few years. Mr. Newman stated that the FEIS is valid for three years following signature and will allow the state to support maintaining a corridor through that process. He further noted that previous investment of \$7.6 million would be protected by getting the document signed through the expenditure of approximately \$70,000 to get an approved FEIS.

Ms. Closshey asked if after the three year period, the state picked up the high speed rail project again, what sort of revision would be required for the document. Mr. Newman stated that if the State remained with the same technology and alignment, a reassessment would be required to revisit areas where development has occurred to identify any new environmental impacts.

Mr. Closshey continued by asking if considering the second proposal would require a revision to the document since it is a change in technology. Mr. Newman stated that a reassessment would be required for the new technology, which would be required at any time you changed the technology, however the documentation exists in the FEIS and only a small revision would be required.

Mr. Browning asked if the work completed to date is good for three years if no more work is done on the document. Mr. Newman replied that FRA is reviewing the document and the document could be finalized based on the Authority's original preferred alternatives for a few more dollars as it relates to the total expended to date. If the document is not finalized and the Legislature takes a different action than the Authority did, the document would have to be reassessed to update it.

Mr. Browning asked Senator Sebesta for his opinion on whether the extra money should be spent, as a representative of the Legislature. Senator Sebesta asked Mr. Newman whether the document was good for three years if no more money was spent on the document. Mr. Newman responded that it was not good for three years. Senator Sebesta continued by asking if an extra \$70,000 was spent to complete the document was it then good for three years. Mr. Newman responded that it would be finalized and good for three years.

Ms. Nodarse asked what was required to get to the Record of Decision (ROD). Mr. Newman replied that, based on the alignment and technology, a Memorandum of Agreement would need to be in place with affected parties, including the Orlando-Orange County Expressway Authority, Walt Disney World and the Florida Department of Transportation and Florida Highway Administration before the FRA would issue a ROD.

Ms. Nodarse continued by asking if the MOA's are based on route, so that if the Beeline was selected as the preferred alternative then those MOA's, which the Authority has had difficulty getting, would not be necessary. Mr. Newman stated that the document would have to be revised based on the new alternative, which should be a relatively minor effort which could be completed within the funds remaining that have already been tasked to the PD&E Consultant.

(b) Preparation of Authority's Annual Financial Audit

Mr. Haddad noted that FDOT is providing funds to pay for the audit for this year as they did for expenses and travel since the money from the Federal Government can not be used for those functions of the Authority.

Mr. Haddad further noted that Ernst and Young, who had completed the audit in the past, no longer undertakes this work for small agencies and referred the Authority to Thomas Howell Ferguson, a Tallahassee accounting firm. The audit will be paid for by the Florida DOT and the firm will be starting the audit shortly and will be finished by the end of the year.

Discussion on the development of the Authority's annual report to the Governor and Legislature

Chairman Dudley reminded the Authority that the General Consultant generally drafts the report to which members' then make revisions and comments in order to complete the document by January 2nd. Chairman Dudley asked the Board for any specific comments that they would like included in the report.

Senator Lee Constantine joined the meeting and the Chairman invited him to speak. Senator Constantine indicated that he felt that the voters were not rejecting high speed rail but were rejecting high speed rail in the constitution. He also noted that the Legislature needs to work towards creating ballot items, because it seems that if a measure gets on the ballot the voters will vote yes. He indicated that the State still needs to work hard to find innovative transportation means in Florida and that the high speed rail is an important part of that system. He vowed that as long as he is a Senator he will be supportive of and will work toward finding a way to promote high speed rail in Florida.

The Chairman continued by requesting comments from other Board members regarding the Annual Report and also suggested that they could also send any recommendations to Mr. Haddad for inclusion in the report.

Mr. Dockery presented a motion to spend the funds necessary to finish the FEIS, authorizing funds up to a maximum of \$70,000. Ms. Closshey seconded the motion. The motion passed unanimously.

Mr. Newman, responding to a question from Ms. Nodarse, stated that in order to revise the document to include the Beeline alternative an extra cost of approximately \$30,000 plus the \$70,000 to finish the FEIS would be required. He also commented that based on experience another two months would be required to get the signed FEIS.

Mr. Newman, responding to Ms. Nodarse, stated that the significance of the FEIS is that it is the document that identifies the impacts of the project while the ROD is the document that allows for design and construction of the project.

The Chairman noted that the decision about the route was a very contentious issue and he suggested that if the Authority wants to revisit that issue that the meeting be publicly announced giving fair notice that the route issue will be discussed.

Ms. Nodarse reminded the Board that when the Authority made the selection for the GreeneWay it was based on a strong expectation that certain commitments would be made by and agreements reached with OOCEA and the Walt Disney World Company. She indicated that if identifying the Beeline Route as the preferred route would allow the Authority to achieve the Record of Decision (ROD) fairly quickly and fairly inexpensively, then that is how the Authority should move forward to take advantage of the time and money spent to date.

Mr. Newman indicated that if the GreeneWay alignment remains the preferred alternative, then MOA's would be required based on the recommendation of the Authority to make it the preferred alignment. MOA's required for the GreeneWay alignment would be required with: OOCEA, Walt Disney Company, the Greater Orlando Aviation Authority (GOAA), FDOT and Federal Highway Administration (FHWA). If the Board makes the recommendation to move to the Beeline alignment then MOA's with the Greater Orlando Aviation Authority, the Florida Turnpike Enterprise, FDOT and FHWA would be required.

Mr. Newman when questioned concerning the cost for bringing the document to the ROD, identified the costs for the different tasks:

- Completion of FEIS on the GreeneWay Route: \$70,000
- Completion of FEIS on Beeline Route: \$100,000 (includes \$30,000 to revise document and submit to FRA)
- Completion of ROD on either route: \$240,000 (existing task order 12)

Ms. Nodarse made a motion for the Authority to identify Beeline Route as the preferred alternative, with a station in the Orange County Convention Center area and one in the Walt Disney World area, and to complete the work necessary to obtain the ROD with a cap of \$240,000 already under task order with the PD&E Consultant. Ms. Closshey seconded the motion. After brief discussions, the motion passed with Mr. Harrell and Chairman Dudley casting dissenting votes.

Discussion on future Board meetings

The Authority agreed to a meeting in Tallahassee on December 9th to review the draft Annual Report.

Public comments

Chairman Dudley called for public comment.

Dr. Roger F. Cooper, of The Villages, Florida, addressed the Authority stating that he had followed the Authority's actions through the minutes of the past meetings and had a deep respect for the Authority's work. He stated that he was disappointed with the politics involved with the repeal of the 2000 Constitutional amendment. He noted that he felt that misinformation triumphed in the election and that he knows that the building of high speed rail is inevitable.

Mr. Gregg Wiederer, Orlando, Florida, stated he is a resident of Hunter's Creek. Mr. Wiederer suggested that people contact their Legislator's in order to get funding for the Strategic Intermodal System plans as the state of Florida is in need of better transportation infrastructure. He stated that that system needs to have connections between corridors to provide for seamless transportation alternatives. He stated that we all need to be on the same agenda in order to build a better system and suggested that the legislature should be encouraged to fund pre-kindergarten programs since those will be the people voting when high speed rail finally gets funded and they shouldn't be confused like the people were in this election.

Mr. Bob Pickering, Palm Coast, Florida, stated that he is a strong supporter of high speed rail in the state of Florida since the transportation system in the state has reached melt down status. He stated that traffic congestion occurs throughout the entire state. He noted that he has started a grass-roots campaign to help bring passenger rail to the state of Florida indicating that they will write letters to the editors and to legislators in Tallahassee, supporting high speed rail in Florida. He expressed his belief that those who crafted Amendment 6 [Repeal of high speed rail amendment] knew that the wording would generate confusion. Interested persons can subscribe to the grass-roots campaign by accessing:
www.groups.yahoo.com/group/floridafasttrain.

Adjourn

Mr. Harrell moved that the meeting be adjourned. The motion was seconded by Ms. Closshey and was unanimously approved. The meeting adjourned at 1:10pm.