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October 26, 2015

Via Hand Delivery and Email

David Clyde
Attention: Nevada High-Speed Rail Authority
600 S. Grand Central Parkway, Suite 350
Las Vegas, NV 89106

RE: Nevada High-Speed Rail Authority Franchisee Application

Dear Mr. Clyde,

DesertXpress Enterprises, LLC (DXE), dba XpressWest, in accordance with Nevada Senate Bill 457 ("SB 457"), hereby applies to the Nevada High-Speed Rail Authority (the "Authority") to serve as the Authority's selected franchisee to construct and operate the Nevada High-Speed Rail System. Our application addresses each of the franchisee selection criteria established under SB 457 and includes as appendices all documents pertinent to these criteria. Do to the size of our application materials, we are not able to submit Appendices via email. We will provide electronic versions of the materials for each board member upon request.

We look forward to discussing XpressWest and our qualifications to serve as the franchisee for the Nevada High-Speed Rail System.

Sincerely,

A handwritten signature in black ink, appearing to read "Anthony Marnell, II".

Anthony Marnell, II
Managing Member

1. Introduction and Background¹

The need for a transportation alternative connecting Las Vegas with Southern California is real and continues to grow. The dynamic multicultural lifestyle of Las Vegas and the diversity of the world-famous “Strip” contribute to the destination's uniqueness and long-standing appeal. It provides a combination of entertainment and leisure activities and world-class convention and business facilities on a scale which makes it a worldwide brand. The core attractions cluster around “the Strip”, a four-mile section of Las Vegas Boulevard that is home to seven of the top ten largest hotels in the world. Because the Las Vegas economy depends so heavily on the hotel, entertainment, event, gaming, and convention industry, which employs over one-quarter of labor force in Clark County, effectively moving visitors from their destinations to the region is an imperative.

Approximately 38% of all visitors to Las Vegas live in Southern California, whose eight counties – including San Diego and Los Angeles – is home to approximately 22 million Americans, 60% of the total population of California and 7.4% of that of the U.S.. An additional 7% of all visitors to Las Vegas live outside Southern California, but travel to Las Vegas via Southern California. As Las Vegas has grown into an international tourist and business and convention destination, demand for travel between Southern California and Las Vegas has substantially increased in the last twenty years and is forecasted to continue to grow.

The principal markets for travel between Las Vegas and Southern California comprise tourists visiting Las Vegas who live in, or are passing through, Southern California; business travelers and convention delegates visiting from Southern California; and residents of both areas visiting friends and relatives. Further, with approximately a third of the new resident population of Las Vegas between 2000 and 2009 coming from Southern California, there exists a substantial reverse flow among Las Vegas area residents who retain personal and business connections to Southern California.

Approximately 90% percent of visitors from Southern California drive on I-15, which is the only highway that connects Southern California with Las Vegas. Over the last decade, the trip on the I-15 has become a time-consuming, stressful, and congested travel experience. Delays on the I-15 during peak times add multiple hours to driving time. Many drivers have described the drive on I-15 across the Mojave Desert as “long, hot and tiring,” and many leave Las Vegas early in effort to “miss the traffic and avoid arriving home too late”. Simply put, the freeway is at capacity to accommodate the high level of demand each weekend, and is not capable of moving tourists and freight.

Recognizing this need, one private project has continued to develop a high-speed rail project to meet the need and has obtained it key environmental, regulatory, and right-of-way permits and approvals - XpressWest.

XpressWest is the only interstate high-speed passenger rail project in America positioned to jump-start a new industry that will have lasting public benefits and produce tangible near-term benefits that satisfy and achieve multiple objectives, including:

- **Creating jobs and stimulating the economy:** With several billion dollars in total capital cost spending projected over a four-year period, construction of XpressWest will economically energize the Southern California and Southern Nevada regions. During construction,

¹ By way of background, Congress enacted the Passenger Rail Investment and Improvement Act (PRIIA) in October 2008, authorizing \$1.5 billion in funding to develop high-speed rail corridors. The following year, through its \$8 billion “down payment” contained in the American Recovery and Reinvestment Act of 2009 (ARRA) and its Vision for High-Speed Rail in America, the government established its intended strategy, approach, criteria, and implementation plan for high-speed rail. The unprecedented level of committed federal funding for high-speed rail spawned hundreds of funding applications, and billions of dollars in allocations and grants. Many states and interested parties responded to the government’s vision and advanced project development based on a clear understanding that developing an efficient high-speed rail network is an imperative to address our society’s continued growth as available natural resources diminish.

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XpressWest will create approximately 88,000 direct and indirect jobs in Clark and San Bernardino Counties during construction, and will also create over 800 long-term permanent direct operational jobs, producing an estimated economic output of \$7.8 billion in the region once operational.

- **Benefitting the environment:** The federal government has repeatedly stated that high-speed rail projects are a national priority because they improve mobility, increase safety, and reduce emissions. The Southwest region faces severe and persistent air pollution problems. By diverting automobile trips, XpressWest will create significant long-term environmental benefits, including a 40% reduction in emissions in the corridor while expanding long-term capacity. Annually, XpressWest will save an estimated 440,000 barrels of oil that would otherwise be consumed through automobile travel. In overall energy consumption terms, the XpressWest will result in a net annual energy consumption reduction of an estimated 2.4 million MMBTU(s). This equates to the annual energy savings consumed by approximately 90,000 households.
- **Connecting regional economic centers:** Consistent with public policy objectives to connect population centers through high-speed rail, XpressWest is an entirely new approach focused on service between population centers with high travel demand. Southern California has over 22 million residents, comprising 60% of the total population of California and 7.4% of the entire United States. Of the over 43 million annual visitors to Las Vegas, approximately 25% are from Southern California, and 90% of those visitors drive.
- **Creating a safe and efficient transportation choice:** The I-15 is currently inadequate to accommodate travel demand. By providing an alternative to automobile transportation between Southern California and Las Vegas, XpressWest will reduce traffic volumes on the I-15, particularly during peak weekend travel periods. XpressWest will reduce approximately 500 vehicles per peak hour in the peak direction in the opening year, increasing to 1,400 vehicles in the horizon year, relieving traffic congestion and improving safety on a freeway corridor known to have a higher-than-average accident rate, attributable in large part to excessive congestion.

Of course, many more benefits derive from updating the nation's travel experience by implementing high-speed passenger rail. By spearheading an interstate passenger-only high-speed rail system, XpressWest will serve as a demonstration project for how infrastructure investment can move our regional and national economies forward.

2. Project Overview

XpressWest is an interstate high-speed passenger rail company authorized by the Surface Transportation Board ("STB") to operate and construct an interstate high-speed rail train linking Southern California to Las Vegas, Nevada. Since 2005, XpressWest has been working with the Federal Railroad Administration ("FRA"), STB, Bureau of Land Management ("BLM"), Federal Highway Administration ("FHWA"), State of Nevada, State of California and other state and local agencies to develop the project. Once completed, it will provide passenger-only service using proven, high-speed rail technology to provide a reliable, efficient, and safe alternative to car and air travel. The XpressWest track alignment will span approximately 185 miles with the majority located within the existing Interstate 15 freeway (I-15) right-of-way corridor, with no at-grade crossings conflicting with vehicle or pedestrian traffic.

XpressWest trains will travel at speeds up to 150 miles per hour, providing a journey time of approximately 80 minutes, virtually half the time of traveling the same distance by car that encounters no traffic. Trains will be spacious, with comfortable interiors and a high degree of personal service, including a premium class product. Each seat is currently planned to have personal

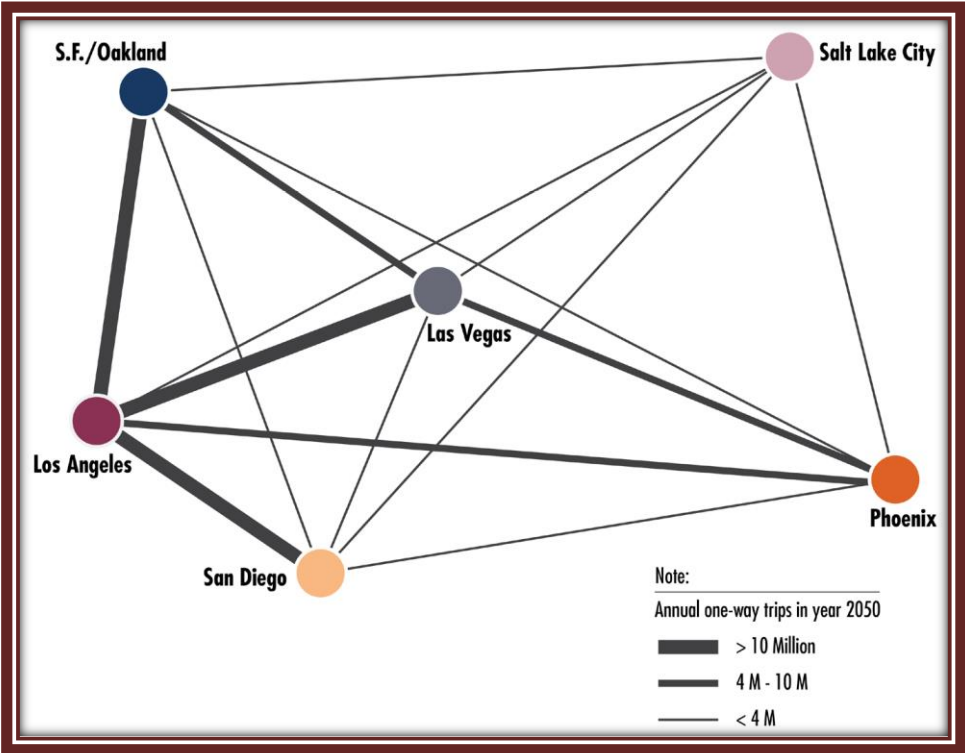
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entertainment systems offering TV, internet, and games. Lounge cars will enable passengers to socialize and buy refreshments. In addition, trains will be equipped with state-of-the art safety technology, including Positive Train Control and advanced signaling capabilities.

The first of two Southern California stations will be located in Victorville, California. All cars traveling between Southern California and Las Vegas converge on the I-15 and pass the site of the Southern California Station in Victorville. This site was strategically chosen because it provides the maximum capture of I-15 travelers bound for Las Vegas relative to the lowest possible infrastructure cost. The second Southern California station will be located in Palmdale and will provide a connection to the existing Metrolink commuter rail system serving all of Southern California and a future connection with California High-Speed Rail. The Las Vegas station is currently planned to be located within the resort corridor at the intersection of Russell Road and the I-15, across the I-15 from the Mandalay Bay Hotel & Casino.² The stations are expected to be true intermodal facilities offering free parking and valet service and to include such services as cafes, shops, lounges, shuttles, bus and car rental facilities for travelers from Las Vegas traveling to Southern California.

Identified by the FRA as a high performance Core Express service corridor, XpressWest service connecting Las Vegas to the greater L.A. metro region is one of three primary corridors comprising the Southwest region’s high-speed rail system, which also includes the San Diego-Bay Area and greater L.A.-Phoenix corridors. The FRA defines Core Express as service over 125 mph serving major metropolitan areas, with frequent service utilizing dedicated tracks, except in terminal areas, with electric-powered vehicles. The Las Vegas to Southern California corridor was identified by FRA as one of three high performance corridors that show the strongest demand as stand-alone corridors and also enable significant increases in ridership on the other corridors in the network.

The figure below depicts the FRA’s projection for total trips (all modes) between selected metropolitan regions:



² A second station alternative was approved in the Project’s Record of Decisions and is known as Central Station B, located off Dean Martin Drive. Designs for the station are included in Appendix J.

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In addition to XpressWest, multiple entities have joined forces to bring high-speed rail service to the greater L.A.-Las Vegas corridor, including:

- **The High Desert Corridor Joint Powers Authority (HDCJPA)**, formed in 2006 by the County of San Bernardino, County of Los Angeles, and the Cities of Adelanto, Victorville, Apple Valley, Lancaster, and Palmdale to develop a new multi-purpose transportation corridor from SR14 in Los Angeles County to SR-18 in San Bernardino County. The High Desert Corridor is officially designated in Section 1305 of SAFETEA-LU as a High Priority Corridor on the National Highway System from Los Angeles to Las Vegas via Palmdale and Victorville. For more information please see the HDC JPA website at: http://www.sbcounty.gov/dpw/transportation/high_desert_corridor.asp
- **The Los Angeles County Metropolitan Transportation Authority (Metro)**, which serves as the transportation planner and coordinator, designer, builder and operator for Los Angeles County, a 1,433-square-mile service with more than 9.6 million people. The High Desert Corridor was included in Metro's 2009 Long Range Transportation Plan: http://media.metro.net/projects_studies/images/final-2009-LRTP.pdf.
- **The California High-Speed Rail Authority (CHSRA)**, responsible for planning, designing, building and operating a high-speed rail system in accordance with the voter-approved Proposition 1A. The California high-speed rail system will connect the mega-regions of the state, running from San Francisco to the Los Angeles basin in under three hours at speeds capable of over 200 miles per hour. The system will eventually extend to Sacramento and San Diego, totaling 800 miles with up to 24 stations. In addition, the Authority is working with regional partners to implement a state-wide rail modernization plan that will invest billions of dollars in local and regional rail lines to meet the state's 21st century transportation needs. CHSRA has also initiated the environmental process for its line segment between Palmdale and Burbank is currently scheduled for completion in early 2017. For more information please see the CHSRA website at <http://www.hsr.ca.gov/>.
- **Metrolink**, governed by the Southern California Regional Rail Authority ("SCRRA"), a joint powers authority formed in 1991 and comprising five county agencies tasked with reducing highway congestion and improving mobility throughout Southern California: Metro, Orange County Transportation Authority, Riverside County Transportation Commission, San Bernardino Associated Governments and Ventura County Transportation Commission. SCRRA created Metrolink in October 1992 to fill a void in Southern California's transportation infrastructure. Metrolink has served as the link between six Southern California counties by providing commuters seamless transportation connectivity options over a 512 route-mile network.

As part of the Southwest high-speed rail system, XpressWest trains are planned to be fully interoperable with the California High-Speed Rail system, allowing for future high-speed service into Burbank and Los Angeles. Environmental studies are currently in progress to provide for high-speed rail service that connects Victorville to Palmdale, 60 miles west, where California High-Speed Rail is planned to connect. A well designed station in Palmdale would provide a cross-platform connection to the existing Metrolink commuter rail system with service into Los Angeles, Orange, Riverside, Ventura and San Bernardino counties.

3. State of Nevada Franchisee Selection Criteria

3.1. Extent to which environmental studies have been completed by or on behalf of XpressWest.

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XpressWest is an environmentally cleared project, approved for construction and operation within the I-15 corridor by regulatory bodies, including: FRA, FHWA, STB, Bureau of Land Management (“BLM”), Caltrans, Nevada Department of Transportation (“NDOT”), U.S. Department of Fish and Wildlife, California Department of Fish and Game, U.S. Army Corps of Engineers, National Park Service (“NPS”), and the Environmental Protection Agency (“EPA”). Both NDOT and Caltrans participated in and concurred with the federal Environmental Impact Statement (“EIS”) process. The following environmental clearances have been issued to XpressWest:

- On July 8, 2011, the FRA, serving as the lead NEPA agency, issued its Record of Decision (“ROD”) approving the DesertXpress project, including selection of the Preferred Alternative and Project Impact Mitigation Obligations, based on the final EIS issued for the project on April 1, 2011 (See Appendix A and A-1.)
- On October 31, 2011, the BLM executed its ROD as a federal cooperating agency and adopted FRA’s mitigation obligations in addition to its own. (See Appendix B.)
- On November 18, 2011, the FHWA’s Nevada and California Division Administrators executed a joint Record of Decision (See Appendix C) concluding that:
 - The XpressWest project would be a compatible use within the I-15 corridor and would not interfere with the free flow of traffic or impair the full use and safety of the highway
 - The project is acceptable from a highway engineering and operations perspective
 - The Highway Interface Manual will be the guiding document for final design. The Highway Interface Manual includes applicable codes and regulations, measures to protect against intrusion (barrier design, fencing, detection), emergency access and typical sections.
- A draft EIS for the High Desert Corridor project, including high speed rail from Victorville to Palmdale, has been prepared by Caltrans and was issued in September 2014; a final EIS is expected to be issued in April 2016. (See Appendix D.)

Environmental clearances and approvals have been acquired by XpressWest without the use of any public funds. To date, all costs for the project have been paid for by XpressWest.

3.2. Confirmation by XpressWest of the level of private investment that has been made or committed for the Nevada High-Speed Rail System.

XpressWest is a private company and has never received governmental grants or subsidies. To date, XpressWest has spent over \$50 million for start-up and development costs. Other than adhering to applicable governmental regulations related to passenger high-speed rail and involving government entities in typical construction, safety and operational oversight, XpressWest remains a private enterprise.

As a private company, XpressWest controls the selection of the parties that will ultimately finance, design, construct, operate and maintain the entire system. To that end, XpressWest has recently established a joint venture with China Railway International USA Co., LTD. (“CRI”), and through the company’s rigorous due diligence process has determined that XpressWest and CRI, including its member entities, have sufficient experience and access to available financing resources to support anticipated project implementation costs. Together with its joint venture partner, XpressWest will be initially capitalized at \$100 million.

XpressWest, with its joint venture partners, will continue to incorporate strategic partners, and seek financing with terms that align with the particular characteristics of a multi-billion dollar transportation-infrastructure project. Large infrastructure projects typically have long construction periods and take time to stabilize once operational. XpressWest has invested the better part of the past ten years identifying and working with infrastructure investors, lenders, and financial institutions that have the interest and capacity to provide financial support for high-speed rail in the United States. XpressWest is presently evaluating financing alternatives to achieve the most cost-effective solution, whether domestic or foreign, for financing project construction and operations.

XpressWest expects that Financial Close for the entire project will not be reached until the High Desert Corridor environmental work is completed. Once complete, the alignment connecting Victorville and Palmdale will be solidified and XpressWest can refine its construction cost estimates, and operational considerations.

3.3. A review of the readiness of XpressWest for the Nevada High-Speed Rail System to engage in construction.

Beyond the environmental studies completed on behalf of XpressWest, addressed in Section 3.1 above and the permits it has already received (See Section 3.4 below), XpressWest has achieved significant milestones demonstrating a high level of readiness for construction. XpressWest will continue its development efforts, commence final design, begin construction following the completion of the High Desert Corridor's environmental permitting process and commence operations. Milestones already completed by XpressWest that demonstrate readiness to build the project are discussed below.

3.3.1. Surface Transportation Board Authorization

XpressWest received authorization from the STB to construct and operate a high-speed rail system connecting Southern California and Las Vegas on October 25, 2011, in its decision filed at Docket No. FD 35544, the first interstate high-speed passenger rail company to receive such authorization. (See Appendix E.) This authorization is a mandatory permit for any railroad intending to implement a project connecting Las Vegas to Southern California. Without approval from the STB, there can be no project – XpressWest is the only private and non quasi-governmental passenger railroad company with such approval.

3.3.2. Rights of Way

XpressWest has obtained, or has federal authority to obtain, all right-of-way access authorization required to construct and operate its route.

- XpressWest has already entered into a lease agreement with the BLM dated December 19, 2011 for rights-of-way across all of the BLM managed lands required for construction and operation of the project, which. (See Appendix F.) XpressWest has paid the BLM for its property via a lease agreement since December 19, 2011.
- XpressWest executed a Memorandum of Understanding with Caltrans and California's Business Transportation and Housing Agency ("BTHA") on December 29, 2010 to provide right-of-way access across public lands under those agencies' jurisdiction. (See Appendix G.)

In addition, XpressWest completed a survey of the Las Vegas-Victorville alignment to identify all impacted lands where additional right-of-way access is required. This survey was required to identify the actual legal parties who have historical and current legal interests in land along the

alignment. Guided by this survey, XpressWest is now prepared to lease, license or purchase all remaining rights-of-way required to construct and operate the Las Vegas to Victorville segment.

3.3.3.Federal Aviation Administration (FAA)

The FAA has issued a Determination of No Hazard to Air Navigation, dated August 27, 2010, for the project, concluding that the proposed rail system structure would have no substantial adverse effect on the safe and efficient utilization of navigable airspace or air navigation facilities. These permits are consistently being renewed and are current.

3.3.4.Highway Interface Manual

FRA, with the concurrence of XpressWest, FHWA, NDOT, and Caltrans issued a Highway Interface Manual on February 8, 2011 that was also included in the formal Records of Decision approved by the lead and cooperating federal agencies.. This manual provides guidance for implementing the XpressWest project within the Caltrans and NDOT highway rights-of-way, addressing such elements as highway design standards, barriers, emergency access, and maintenance of traffic. (See Appendix H.)

3.3.5.Ridership Surveys

To determine the potential market for high-speed rail service between Southern California and Las Vegas, XpressWest commissioned an investment-grade ridership and revenue study. This study, issued April 20, 2011, was conducted by Steer Davies Gleave, one of the world's leading transportation consultants that has developed similar surveys for rail systems across Europe and around the globe. Key characteristics of this investment-grade analysis include:

- Primary source research and local original data collection, including stated-preference and origin and destination surveys to confirm travel behavior, preferences, and willingness to pay.
- Construction of a forecasting model using local data gathered from regional planning agencies, stakeholder organizations, and recognized commercial sources.
- Use of best practices in discrete choice analysis and network travel demand modeling.
- Critical evaluation of economic growth assumptions.
- Clear identification and explanation of key risks and quantification of their impacts.
- Thorough documentation, including detailed data collection, evaluation, and forecasting procedures.
- Benchmarking and validation against previous reports.

Steer Davies Gleave issued an update to this original ridership and revenue study in February 2012. This study was completed as a required part of XpressWest's RRIF loan financing application to the FRA, will be required by all lenders and financial institutions as part of XpressWest's financing applications and is a confidential document.

Currently, XpressWest is part of an effort led by the HDCJPA to complete an updated and expanded investment grade ridership and revenue study for the full Los Angeles to Las Vegas corridor, which comprises three segments: 1) Las Vegas to Victorville, being developed by XpressWest; 2) an approximately 60-mile extension of the XpressWest route connecting

Victorville to Palmdale over the High Desert Multi-Purpose Corridor, which XpressWest intends to develop; and 3) Palmdale to Los Angeles, along the high-speed rail line being developed by the CHSRA as part of the California High-Speed Rail system. Authorization to contract for the study was approved by the HDCJPA Board of Directors on September 22, 2015. (See Appendix S)

The study's objective will be to update the previously completed studies and complete an investment grade ridership study of the greater L.A.-Las Vegas corridor which will be relied upon by project investors and key stakeholders. The corridor will be analyzed in three phases of implementation:

1. Phase 1: "One-seat" high-speed rail service between Palmdale and Las Vegas, with an intermediate station in Victorville, and including a cross-platform transfer to the existing Metrolink service at Palmdale.
2. Phase 2: "One-seat" high-speed rail service from Burbank to Las Vegas, with intermediate station stops in Palmdale and Victorville.
3. Phase 3: "One-seat" high-speed rail service from Los Angeles Union Station to Las Vegas, with intermediate station stops in Burbank, Palmdale, and Victorville. At Los Angeles Union Station, passengers will be able to connect to or from the Metrolink commuter rail system and Metro's subway, light rail and bus systems.

The ridership study will consider the conventional rail feeder service at each phase of the project's implementation as well as the auto access to the station points, and may also address future connection in Palmdale with the California High-Speed Rail service to the Central Valley and Bay Area.

3.3.6. Railroad Rehabilitation and Improvement Financing program and its application to this Project

The Railroad Rehabilitation and Improvement Financing program was established with the 1998 passage of the Transportation Equity Act for the 21st Century (TEA-21), as amended by the Safe Accountable, Flexible and Efficient Transportation Equity Act: a Legacy for Users (SAFETEA-LU). Under the RRIF program, funds can be made available for the development or improvement of railroad infrastructure. The FRA can provide direct loans or loan guarantees to state or local governments, railroads, government sponsored companies, or railroad joint ventures.

To explore all possible avenues for financing the project, XpressWest submitted a RRIF application to the FRA on December 17, 2010. In October 2011 the FRA awarded a contract to hire an Independent Financial Advisor ("IFA") for the review of the XpressWest RRIF loan application. A consortium led by Delloite (along with Cambridge Systematics) was chosen as the IFA.

XpressWest submitted further materials to FRA in February 2012. In July 2012, after the IFA completed its review XpressWest's loan application, the FRA provided preliminary approval in an amount that approached the original amount requested by XpressWest subject to a variety of other conditions including a requirement that XpressWest must comply with FRA's "Buy America" procurement policies for the rolling stock required for the project.

With no existing domestic-based high speed train manufacturing facilities in the US, XpressWest had no means of complying with Buy America requirements. As a result, XpressWest's loan application was put on suspension status until such time as it could better address these issues.

At the time XpressWest submitted its loan application and continuing until the date of this application, there are **no high-speed rail train manufacturers in the United States**. The FRA

continues to require that all parties receiving funds from the FRA for high-speed rail projects ensure that the trains are manufactured in the United States – a requirement that cannot be met without FRA approving waivers. California High Speed Rail and Amtrak have both submitted such waivers to FRA as allowed by applicable law.

XpressWest may, but is not required, to continue efforts to obtain funds from the RRIF program. At this time, the RRIF program is one of many options available to XpressWest. Other options are the result of alternative public private partnerships and foreign investment. XpressWest will evaluate the benefits and burdens of pursuing funds from the FRA at a later date following the completion of the environmental work needed to connect Victorville to Palmdale.

3.3.7. Interface with California High-Speed Rail

The FRA's Southwest Multi-State Rail Study, released in June 2014 (See Appendix I), validates the need for high-speed rail in the Southwest and designates the Southern California/Las Vegas corridor as a "Core Express" service forming the backbone of the Southwest network. To fulfill the vision of a fully interoperable high-speed rail network, XpressWest has entered into a Memorandum of Understanding dated September 1, 2014 with CHSRA under which the parties will work together to ensure each respective rail system is designed and built to allow seamless interoperability and one-seat ride capability across systems. (See Appendix I-1.) California High Speed Rail has initiated the environmental approval process for service between Palmdale and Los Angeles Union Station (LAUS). Records of Decision are anticipated to be complete for the first segment between Palmdale and Burbank in 2017.

3.3.8. Rail Station Design

As part of the FRA's EIS process, and through XpressWest's continued project development efforts, XpressWest has developed initial conceptual designs for both the Victorville, California proposed station as well as the Las Vegas station. Each station is designed to be a world class, state-of-the-art multi-modal facility that will include curbside pick-up and drop-off, taxi and private resort shuttle/limousine staging, valet and self-parking, rental car facilities (Victorville only), and transit availability. In addition, the stations will feature such amenities as premier lounges, retail, and baggage check-in and transfer. (See Appendix J.)

3.3.9. Joint Venture Formation

XpressWest and CRI have agreed to form a joint venture that will accelerate the launch of the XpressWest rail project connecting Las Vegas, Nevada to Southern California, announced September 17, 2015. The combined team will continue to develop, finance, build and operate the XpressWest high-speed rail system between Las Vegas and Victorville, California, with anticipated extension to Palmdale, California. The joint venture with CRI is supported by over \$100 million of initial capital. The decision to form a joint venture is the culmination of years of work and builds upon the significant accomplishments of XpressWest and the extensive experience of CRI and its members.

3.4. Pending or completed permit applications to implement the High-Speed Rail System

XpressWest has received its key permits necessary to move forward with development of a high-speed rail system between Las Vegas and Southern California, following the preferred alternative approved by the lead and cooperating agencies in ROD(s) that were executed between July and November 2011. These permits include:

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- A National Historic Preservation Act Section 106 Programmatic Agreement, executed February 15, 2011 by FHWA, STB, BLM, NPS, and the California and Nevada State Historic Preservation Offices. This Programmatic Agreement ensures protection of any culturally significant resources in the construction and operation of XpressWest's high-speed rail system. (See Appendix K.)
- A waiver from FRA dated March 25, 2011 related to 49 CFR §229: Railroad Locomotive Safety Standards; 49 CFR §231: Railroad Safety Appliance Standards; and 49 CFR §238: Passenger Equipment Safety Standards. This waiver was granted by FRA because existing FRA regulations were not developed for high-speed, grade separated, passenger-only rail systems – rather, these regulations were developed in the context of mixed passenger and freight rail systems. Because XpressWest is the first such high-speed, grade separated, passenger-only rail system, a more appropriate regulatory framework is required, benchmarked and referenced to safety standards governing high-speed rail for existing systems, and is achieved through this waiver. (See Appendix L.)
- U.S. Fish and Wildlife Service final Section 7 Biological Opinion and incidental take permit, issued April 26, 2011 pursuant to the Endangered Species Act of 1973. This Biological Opinion sets out protective measures required during construction and operation of the XpressWest rail system to minimize adverse effects to fish and wildlife species and habitat. (See Appendix M.)
- The STB issued its decision on October 25, 2011 granting XpressWest the Certificate of Public Convenience and Necessity which authorizes construction and operation of the railroad. Accordingly, XpressWest is now a federally authorized and regulated interstate passenger railroad.
- CWA Section 404 permits issued to XpressWest November 1, 2011 for the State of Nevada by the U.S. Army Corps of Engineers, Sacramento Division, in compliance with the federal EIS process. This permit is required to comply with Clean Water Act ("CWA") requirements for all discharges of dredged or fill material into U.S. waters associated with constructing a new high-speed train and appurtenant parking and operations facilities. (See Appendix N.)
- CWA Section 401 permits for Nevada issued to XpressWest March 23, 2012 by the Nevada Division of Conservation and Natural Resources. Section 401 permits are required for activities, such as construction, that may result in discharges into U.S. waters, including projects such as XpressWest that require federal agency approval. (See Appendix O.)
- CWA Section 401 permits for California issued to XpressWest August 30, 2012 by the California Regional Water Quality Control Board, Lahontan Region. Section 401 permits are required for activities, such as construction, that may result in discharges into U.S. waters, including projects such as XpressWest that require federal agency approval. (See Appendix P.)
- CWA Section 404 permit issued to XpressWest September 12, 2012 for the State of California by the U.S. Army Corps of Engineers, Los Angeles Division, in compliance with the federal EIS process. This permit is required to comply with Clean Water Act requirements for all discharges of dredged or fill material into U.S. waters associated with constructing a new high-speed train and appurtenant parking and operations facilities. (See Appendix Q.)

4. Additional Franchisee Applicant Information



4.1. XpressWest Management Team and Representative Experience

The XpressWest team comprises world class organizations with proven track records of successfully delivering complex projects.

DesertXpress Enterprises, LLC, dba XpressWest: XpressWest is the owner and developer of the project and of all applicable permits and entitlements for the project. In 2005, XpressWest initiated the process of acquiring the rights and permits to such entitlements necessary to construct, operate, and maintain the project. XpressWest has and will continue to serve as the lead entity to ensure consistency and accountability for project delivery.

Marnell Companies: Marnell Companies provides primary project support for XpressWest. Marnell Companies is owned by Anthony Marnell, II. Anthony Marnell serves as the managing member and majority owner of XpressWest. Over the past 35 years, Marnell Companies has designed, built, and operated some of the largest, most complex commercial developments in the world totaling over \$10 billion in construction value. Known most notably for their work in the Las Vegas hospitality industry, the Marnell Companies has constructed over 100,000 hotel rooms for many of the world's largest resorts. Many of these projects were the largest, first-of-their-kind, and most complicated of their type, and yet the Marnell Companies has maintained a record of consistently delivering projects on time and under budget throughout its company's history.

Macquarie Capital (USA), Inc.: Macquarie Capital (Macquarie) is the project's financial advisor and is a global provider of banking, financial, advisory, and investment and funds management services. Macquarie and has developed the business and contractual structure for the project to meet typical standards for major greenfield infrastructure projects in the U.S. Macquarie is also an advisor to DXE on capital procurement. Macquarie is an owner and manager of important infrastructure assets, and works closely with governments around the world to deliver services including transportation, roads, airports, utilities, hospitals, schools, and secure facilities.

China Railway International USA Co., LTD. (CRI): CRI and its member companies have been involved in bringing to fruition some of the world's most advanced rail systems, including the Chengdu-Chongqing Railway, Chengdu-Kunming Railway and Nanning-Kunming Railway. In addition to its projects in China, CRI's member entities have played instrumental roles in developing rail systems in Africa and in South America, including the Venezuela North Plain Railway. CRI, a Nevada limited liability company, is owned by a consortium of the world's premier experts in designing, building, financing and operating high-speed passenger rail projects, including: China Railway International Co., Ltd, China Railway Group Limited, CRRC Qingdao Sifang Co., Ltd, China Construction America, Inc., CREEC USA, and CRSC International Co., Ltd. Please see the following information concerning the members of CRI and their respective experience in high-speed passenger rail throughout the world:

<http://www.crecg.com/tabid/173/default.aspx>

<http://www.crrcgc.cc>

<http://www.chinaconstruction.us/>

<http://www.cccme.org.cn/shop/cccme4855/index.aspx>

<http://creecg.com/Default.aspx?alias=creecg.com/en>

<http://www.creecusa.com>

4.2. Corporate Formation Documents

DXE is a Nevada limited liability company in good standing, established February 1, 2005. (See Appendix R.)



4.3. Project Support

A wide variety of organizations and entities have participated in and expressed support for the XpressWest project through the development process, including but not limited to those shown below:

- May 13, 2010: The Counties of Los Angeles and San Bernardino together with the cities of Victorville, Palmdale, Lancaster, Adelanto and Town of Apple Valley acting through the HDCJPA unanimously adopt a resolution of support for XpressWest connectivity from Palmdale through Victorville to Las Vegas.
- October 12, 2010: LiUNA sent is letter of support for the project to Ray LaHood, Secretary of Transportation, USDOT.
- October 16, 2006: International Brotherhood of Teamsters Rail Conference, Brotherhood of Maintenance of Way Employees Division/IBT, Brotherhood of Locomotive Engineers and Trainmen Division/IBT: STB Filing: Comments of the IBT Rail Conference.
- April 28, 2011: Metro Board adopts resolution authorizing the Antelope Valley Line Infrastructure Improvement Strategic Plan to determine what is necessary to reduce travel times between LA Union Station and Palmdale to under 1 hour and to identify improvements necessary to facilitate High Speed Rail operation among other tasks.
- June 6, 2011: HDCJPA adopts resolution supporting a north-south alignment of the CAHSR project that includes a station stop in Palmdale citing the need for integration with XpressWest and Metrolink; and also adopts resolution supporting XpressWest's efforts to obtain federal authority and loan financing.
- March 22, 2012: Metro Board adopts resolution to include high speed rail project in the High Desert Corridor (item 59 in minutes). Metro Board adopts resolution to advance recommendations of the Antelope Valley Line Infrastructure Improvement Strategic Plan between Palmdale and LA Union Station (item 14 in minutes).
- June 6, 2012: Metro staff reports to the Board advising of coordination efforts with XpressWest on the Palmdale extension.
- June 7, 2012: Metro Board Chairman, CEO and XpressWest Chairman exchange letters to express willingness to work together to define development of high-speed rail service from Las Vegas to Los Angeles.
- July 18, 2012: Metro staff give presentation to Metro Board Planning and Programming committee regarding status of XpressWest and continued coordination.
- July 26, 2012: The Metro Board unanimously adopts a resolution to support the XpressWest RRIF loan application.
- October 7, 2014: City of Los Angeles Mayor Garcetti sent a letter to Transportation Secretary Anthony Foxx indicating his support for the P3 development of the High Desert Corridor and as a candidate project for the Administration's Build America Transportation Investment Center.
- Southern California Association of Governments: XpressWest from Las Vegas to Palmdale included in 2035 Regional Transportation Plan as a Strategic Plan Project.

4.4. Employment Opportunities and Small and Disadvantaged Business Initiative

XpressWest's construction activities will offer skilled employment opportunities, at competitive wages and benefits, to tens of thousands of the most impacted middle class households currently struggling to get by as the national and regional economies slowly recover. During the operations phase, there will be a wide range of high quality permanent employment positions directly with the operating and maintenance companies. These employment opportunities include positions in customer service and reservations work, train crew and onboard food service, operations control, train, electronic, and power distribution system maintenance, Station, facility, and right-of-way maintenance, security, cleaning, and parking service and management. Indirectly, employment positions are likely to be created or enhanced through the establishment of feeder bus and van services, new or expanded retail or food services in or near the Stations, and in supply of the consumable goods required on an ongoing basis for operations and maintenance.

XpressWest has been in and will continue its discussions with a number of local and national labor organizations who are ready to provide resources to the project and expressed their support. The construction and operations budgets are being developed in contemplation of execution of a Project Labor Agreement, a commitment to pay prevailing wage rates.

XpressWest also intends that Disadvantaged and Women Business Enterprises will be substantially and significantly engaged in the implementation of the high-speed rail project. In furtherance of this objective, the management of XpressWest has voluntarily committed to implement a Small and Disadvantaged Business and Inclusion Initiative (the "Initiative"). All XpressWest personnel associated with contracting, procurement and purchasing for the project will be formally advised of this Initiative and held accountable for its implementation. In addition, majority prime contractors and suppliers will be advised of the Initiative and will be required to support its goals.

Further, XpressWest senior management will actively oversee the implementation of the Initiative and track and evaluate its results on a quarterly basis. The Initiative will proactively maximize and facilitate opportunities for small and disadvantaged business enterprises to participate in the design, construction, operation, and maintenance of the high-speed rail project as professional service providers, suppliers, contractors and sub-contractors. The Initiative is a strategic tool that will help XpressWest obtain value-added quality services at competitive prices and in so doing generate tangible economic benefits and support the growth of Disadvantaged and Women Business Enterprises.

To participate in the Initiative, a firm must be a U.S.-based for-profit enterprise that is at least 51% owned and operated by minority individuals or women. Firms must be certified by a nationally recognized supplier diversity certification organization or certified as a "disadvantaged business enterprise" ("DBE") or Women Business Enterprise ("WBE"), as defined in regulations of the U.S. Department of Transportation ("DOT").

- Phase I: Targeted outreach to broadly communicate the XpressWest supplier diversity policy and the Initiative to governmental and non-governmental supplier diversity stakeholders and DBE/WBE organizations. Also, XpressWest will engage in outreach to majority prime contractors who express an interest in contracting opportunities (particularly such contractors that have their own supplier diversity contracting/sub-contracting programs). The prime objective of Phase I will be to develop strong working relationships with these organizations and entities to proactively identify prospective diverse-owned project contractors or suppliers.
- Phase II: Analyze, review and develop project contracting and subcontracting opportunities. The management of XpressWest is adopting an overall percentage DBE/WBE participation goal for the project. However, XpressWest reserves the right to

establish enhanced goals for any stage or component of the project. The objective in Phase II is to establish well defined and specific contracting participation goals for DBE/WBE professional service providers, contractors and suppliers with regard to the various stages, components and aspects of the project.

- Phase III: Establish mechanisms and procedures for disadvantaged and woman-owned firm registration, vetting, evaluation and qualification as potential project contractors. Also, continue outreach efforts to stakeholders and disadvantaged and women-owned firms to ensure that opportunities as well as requirements and standards are clearly communicated and understood. The objective of this phase is to facilitate contract awards to responsive and qualified minority and woman-owned firms.
- Phase IV: Create and maintain systems and procedures to monitor the effectiveness of the Initiative in meeting minority and women-owned contractor participation goals. These activities will include collecting information on contract awards and payments at both the prime and sub-contracting tiers. The goal of this phase is to benchmark contracting activities pursuant to the Initiative, analyze results and to develop strategies to address areas of needed improvement.

XpressWest has identified, and is being advised by, individuals who have substantial professional experience working on matters pertaining to supplier diversity and inclusion and who have long-standing relationships with governmental and non-governmental stakeholders. Working with its advisors, XpressWest will designate and empower a Coordinator to manage the Initiative and to serve as its central clearinghouse for information and implementation. Once established, the Coordinator will work closely and report to senior XpressWest management. The Coordinator will have lead responsibility for implementation of each phase of the Initiative. In addition, the Coordinator will have ongoing duties to develop and maintain a responsibility matrix for XpressWest procurement/contracting personnel and to work with them on identifying and realizing DBE/WBE contracting opportunities for all aspects of the project.

4.5. Livable Communities

On June 16, 2009, the U.S. Department of Housing and Urban Development (“HUD”), U.S. DOT, and the EPA joined together to help communities nationwide improve access to affordable housing, increase transportation options, and lower transportation costs while protecting the environment. The partnership promotes the principle that sustainable communities are important to our national goals of strengthening our economy, creating good jobs now while providing a foundation for lasting prosperity, using energy more efficiently to secure energy independence, and protecting our natural environment and human health. The three federal agencies came together to create the Partnership for Sustainable Communities to help places around the country develop in more environmentally and economically sustainable ways. The partnership agencies incorporate six principles of livability into federal funding programs, policies, and future legislative proposals:

- Provide more transportation choices
- Promote equitable, affordable housing
- Enhance economic competitiveness
- Support existing communities
- Coordinate and leverage federal policies and investment
- Value communities and neighborhoods

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XpressWest supports these principles of livability. By definition, the system will provide a new transportation choice in the corridor. The project will enhance economic competitiveness by initiating the high-speed rail construction, operation, and maintenance industry with significant job creation and training. The project will support the existing communities of Southern California and Southern Nevada by fostering transit oriented and mixed use development around the terminal Stations. In addition to policies cited above, the project embodies the federal policy objective as stated under PRIIA Section 307, which provides that the DOT's rail plan must promote an integrated, cohesive, efficient, and optimized national rail system for the movement of goods and people.

Currently, Southern California and Southern Nevada travelers have no high-speed rail option. While merely establishing the service satisfies the requirement of interconnectivity mandated by PRIIA, XpressWest as designed, will provide for complete and seamless interoperability with future high-speed rail systems. This approach is consistent with the belief expressed by FRA that it is imperative that each high-speed rail trainset be interoperable with other conventional and high-speed rail trainsets and that it is critical that individual high-speed rail systems are compatible with and can connect with other high-speed rail and passenger systems. And lastly, as designed, the project values communities and neighborhoods by maximizing the use of existing right-of-way so as not to require the relocation of even one household over the entire rail line.

4.6. References

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4.7. XpressWest Contact Information

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APPENDICES

<u>Appendix</u>	<u>Description</u>
A	FRA ROD dated July 8, 2011
A-1	Final EIS dated April 1, 2011
B	BLM ROD dated October 31, 2011
C	FHWA ROD dated November 18, 2011
D	Draft EIS, High Desert Corridor September 2014
E	STB Authorization to Construct and Operate the Railroad
F	BLM lease agreement dated December 2011
G	Caltrans/BTHA MOU dated December 29, 2010
H	XpressWest Highway Interface Manual
I	FRA Multi-State Rail Study
I-1	DXE/CHRSA MOU dated September 1, 2014
J	Conceptual Rail Station design
K	Section 106 Programmatic Agreement
L	FRA waiver dated March 25, 2011
M	U.S. Fish & Wildlife Section 7 Biological Opinion dated April 26, 2011
N	CWA Section 404 permits – Nevada dated November 1, 2011
O	CWA Section 401 permits – Nevada dated March 23, 2012
P	CWA Section 401 permits – California dated August 30, 2012
Q	CWA Section 404 permits – California dated September 12, 2012
R	Nevada Certificate of Good Standing
S	Letter from HDCJPA Chairman regarding Investment Grade Ridership and Revenue Study