



January 4, 2021

Chairman Smith and Members of the Board
Nevada High-Speed Rail Authority
c/o Southern Nevada Regional Transportation Commission
600 S. Grand Central Parkway, Suite 350
Las Vegas, NV 89106

Re: January 2021 Brightline West Report

Dear Chairman Smith and Members of the Board:

DesertXpress Enterprises, LLC (DXE) continues to make significant progress in the development of the Brightline West (formerly XpressWest) high-speed passenger rail project between Southern California and Las Vegas. The purpose of this letter is to provide a status update on the project, which is on target to commence construction in early Q2 2021.

As reflected above, we have updated our branding to Brightline West. This change compliments our sister company Brightline Florida's branding and helps communicate our shared purpose of providing safe and efficient privately operated passenger rail services in high-demand corridors.

On August 24, 2020, DXE and Caltrans executed a Design and Construction Agreement in preparation for breaking ground for construction of the project within the Interstate 15 (I-15) corridor between Apple Valley, California and the Nevada/California border. On September 9, 2020, DXE and the Nevada Department of Transportation (NDOT) likewise executed a Design and Construction Agreement related to construction in the I-15 corridor between Las Vegas and the Nevada/California border. DXE is also working with both NDOT and Caltrans to prepare operating and maintenance agreements for the respective segments of the project to be located in each state.

In September 2020, DXE contracted with Siemens Mobility to supply Velaro trainsets for the Brightline West project. Velaro trains are proven technology used in high-speed rail service in multiple European and Asian countries. DXE has also contracted with Siemens to design and construct the signaling, communications, and electrification systems for the project.

DXE continues to work with the Federal Railroad Administration (FRA), the lead federal agency for environmental review under the National Environmental Policy Act (NEPA). In September 2020, the FRA completed a NEPA re-evaluation and determined that neither a Supplemental

Environmental Impact Statement nor an amended Record of Decision was required in relation to updated plans for the project. DXE is coordinating through the FRA with all involved public agencies and other stakeholders to finalize remaining environmental documentation.

Throughout 2020, the company made significant progress that positioned it to proceed with the sale of private activity bonds allocated for the project by the U.S Department of Transportation and the states of Nevada and California, including execution of primary right-of-way and construction agreements, environmental permitting (e.g. completing the NEPA process for the initial segment), and 30% design development. By the time we were prepared to go to market in the fourth quarter, however, election uncertainty, the lack of approval of a Covid-19 vaccine, and lack of liquidity in the market did not allow us to price the bonds to provide long-term stability for the company. We are preparing a revised financing plan for 2021 that is expected to include additional equity and a relaunch of the bond sale in the new year in an improved economy and more stable financing market. Agency stakeholders have expressed support regarding a new allocation of private activity bonds in 2021. In December 2020, Brightline Florida completed a successful issuance of \$950,000,000 in tax-exempt bonds that reflects improving market conditions and strong interest in private intercity passenger rail projects as we head into 2021.

Concurrent with our work toward starting construction on the Las Vegas to Apple Valley project, we have also been in discussions with other stakeholders regarding additional potential projects to connect the high-speed rail line from Apple Valley to the Los Angeles Basin. Routes under consideration include continuing the tracks south along the I-15 corridor to Rancho Cucamonga and building to Palmdale in conjunction with the High Desert Corridor project. Such projects would increase passenger rail connectivity and deliver additional safety, economic, and environmental benefits for the region.

We continue to build out our executive and project management team in Las Vegas. Our team is available to provide an in-person briefing at a future meeting of the Nevada High-Speed Rail Authority.

Sincerely,

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Sarah Watterson
President
DesertXpress Enterprises, LLC