

Red Line Task Force Meeting Minutes

December 15, 2010

Carolyn Flowers summarized the November MTC Workshop which addressed CATS economic realities. Dee Pereira presented an abbreviated version of Jeff Parker's financial presentation to the Task Force. First she explained how CATS current financial plan was structurally imbalanced and how it was corrected to show a sustainable core financial model. Then she showed what happened when different projects were turned on and off in the sustainable model.

The task force was shown both a P3 option and a Public Finance option for the Red Line project. The date of delivery was assumed at FY2018 for the model. Operating Costs were projected at \$12.7 million for opening year; 2010 capital cost was \$358 million, escalated to \$456 million in 2018 dollars. Anthony Roberts asked what bond rates were used. A 5% rate was used and Anthony asked if the model could look at different rates such as 2.5%. Dee explained that the model included conservative projections, which would certainly be refined as the project moved closer to a timetable for capital financing.

There was a discussion about whether the I-77 road project could be combined with the rail project as a mitigation project. Bill Coxe is working on the road project and explained that they are asking for state money for the road project that has not been identified yet.

Under the P3 option identified in the CATS model, CATS could contribute \$113 million at the year of delivery, which is 25% of the total project. Paul Morris asked the group to use the \$113 million contribution as a cap, even if the project capital cost can go down by other means. Dee clarified that \$113 million was 25% of the current YOY project cost. If the project cost changed (up or down), CATS share would be adjusted (in a new/revised financial plan) to reflect a 25% share of the new project cost. The current revenue projections clearly reflect that CATS would be unable to fund more than 25% of the Red Line project cost. CATS (1/2% Sales Tax) funds 50% of the local share of Federally funded projects, which is 25% in the case of New Starts projects.

The P3 option would require State leadership. This could be a prototype project for the State as the owner of regionally significant commuter rail systems. Paul Morris explained that this project does not fit into the State's division structure today and that changes would need to occur at the Secretary's level.

David Howard asked if both capital and operating costs were calculated in the unfunded numbers. Dee explained they both were included. Dee also described the commuter rail floor funds and advised that these funds were programmed to pay for a portion of the CATS share of the commuter rail project and operation. Carroll asked if at some point the task force could have a better explanation of how the P3 model worked in Denver and other cities. Afterwards,

the task force could create a plan with the steps needed to carry out a P3. Carolyn explained that other models could be helpful but probably not transferable, that every P3 delivery model has different contracts. Charlotte would have to create its own model, which would hopefully become the North Carolina model.

The Grade Separation Project Summary item was postponed to the January meeting. Paul Morris reported that the State is in negotiations with NS, and will look in January to set up a meeting with NS. The negotiations going on now are completely separate to the Red Line project. Carolyn added that she has made some contacts in the private sector to try and bring NS in to discuss possibilities for their participation in the Red Line project; there is a multi-prong approach in place to get NS to the table.

The State is currently in the process of extending Paul Morris' contract.

ACTION ITEMS:

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| 1. Organize a visit of the Task Force to Lowes | Mayor Woods |
| 2. Contact Gene Conti to help expedite a meeting with NS. | Paul Morris |
| 3. Set up a meeting with rail contact at Siemens | Mayor Tarte |

Minutes submitted by Brian Nadolny

Attachment: Attendees list, Jeff Parker Presentation

Red Line Task Force Sign In

Dec 15, 2010

Name	Organization	Email
Brian Nadolny	CATS	bnadolny@charlottenc.gov
John Woods	DAVIDSON	
Jill Swain	Huntersville	
JEFF TARTIS	CORNELIUS	
LEAMON BRICE	DAVIDSON	
Greg Ferguson	Huntersville	
Cammie Dancy	KNTC	
Anthony Peckard	Cornelius	
David L. Howard	CHARLOTTE	
CAROLYN FLOWERS	CATS	
DOE PEREIRA	CATS	
ERIC HERSHBERGER	CATS	
PAUL MORRIS	GREENLEAF STRATEGIES/NCDOT	
Tina Votaw	CATS	
David McDonald	CATS	
FRANK WELLS	C-M PLANNING	
Bill Cox	Huntersville	
Alicia Herron	CATS	