ORANGELINE DEVELOPMENT AUTHORITY
REGULAR MEETING
Wednesday, July 9, 2008
Fire Station 21
421 Oak Street
Glendale, CA 91204
Buffet Dinner ~ 6:00 p.m.
Regular Meeting ~ 6:30 p.m.

AGENDA

1. Call to Order
2. Pledge of Allegiance
3. Roll Call and Introduction of Attendees
4. Public Comments
5. Approval of Meeting Minutes of June 11, 2008
6. Adopt a Resolution of the Orangeline Development Authority Board of Directors to approve the addition of the City of Glendale, CA as a Member of the Orangeline Development Authority
7. Federal Legislation Re-designates Orangeline High Speed Maglev High-Priority Project Limits
8. Adopt a Resolution of the Orangeline Development Authority Board of Directors to approve the legal services agreement with DLA Piper LLP
9. Adopt a Resolution of the Orangeline Development Authority Board of Directors to approve release of the Developer Consortia Request for Proposals
10. Approval of Modification Agreement between the Orangeline Development Authority and ARCADIS G&M, Inc.
11. Approval of Warrant Register
12. Communication Items to the Authority Board
13. Communication Items from the Authority Board

*City Council has approved City joining the Authority
**City membership is currently inactive
CALL TO ORDER

City of Downey Councilman and Board Chair Kirk Cartozian called the meeting to order at 6:30 p.m.

PLEDGE OF ALLEGIANCE

City of Cerritos Mayor Pro Tem and Board Vice Chair Bruce Barrows led the assembly in the salute to the flag.

ROLL CALL AND INTRODUCTION OF ATTENDEES

Board Members:
- Kirk Cartozian – Authority Chair, Councilmember, City of Downey
- W. Michael McCormick – Councilmember, City of Vernon
- Bruce Barrows – Mayor Pro Tem, City of Cerritos
- Tony Lima – Councilmember, City of Artesia
- John Noguez – Councilmember, City of Huntington Park
- Daryl Hofmeyer – Councilmember, City of Paramount
- Scott Larsen – Mayor, City of Bellflower
- Maria Davila – Councilmember, City of South Gate
- Frank Gurulé – Vice Mayor, City of Cudahy

Others:
- Albert Perdon – Executive Director, Orangeline Development Authority
- Eduardo Vega – City of Cerritos
- Kyle Leingang – Legal Advisor to the Executive Director
- Sharad Mulchand – Transportation Planning Manager, MTA
- Ron Bates – City of South Gate
- Rory Burnett – City of Vernon
- Maria Shafer – Minute Secretary

PUBLIC COMMENTS

City of Downey Councilman and Board Chair Kirk Cartozian opened public comments for those in the audience who wished to address the Authority on other than agenda items. There was no response and the public comments section of the meeting was closed.

APPROVAL OF MEETING MINUTES OF MAY 14, 2008

MOTION: City of Artesia Councilmember Tony Lima moved to approve the minutes from the meeting of May 14, 2008, as corrected. City of Paramount Councilmember Daryl Hofmeyer seconded the motion, which carried unanimously.

ADOPT A RESOLUTION OF THE BOARD OF DIRECTORS OF THE ORANGELINE DEVELOPMENT AUTHORITY TO APPROVE THE FISCAL YEAR 2008-2009 BUDGET

The Chair read title to the aforementioned item and deferred to Executive Director Al Perdon for a report.
Mr. Perdon outlined the proposed budget for next year noting that it reflects input from a recent Budget Committee meeting. He addressed key accomplishments and goals as well as specific objectives for the coming year and presented three versions of the budget; a base, proposed and enhanced budget and defined each in detail.

The Chair reported the City of Glendale has decided to become a Member of the Board although they have not yet appointed a representative. He added that the July Orangeline Development Authority meeting will be held in Glendale at Fire Station No. 21, 421 Oak Court and reported an email reminder will be sent to each Member.

Mr. Perdon continued presenting details of the proposed budget noting the enhanced version includes anticipated revenues from the Federal Government. In addition, there is no inclusion of a cost-of-living increase. He reported the Budget Committee also recommended an additional 5% reduction in membership dues for the new fiscal year. He presented the resolution outlining the budget parameters and reported on a carryover of expenses.

The Treasurer referenced actual to budget comparisons of the warrant register and Treasurer’s report.

It was noted that invoices for Member fees will be going out this month to the respective Member Cities.

Ensuing discussion pertained to additional streams of revenue, major expenses occurring last year, the need to be mindful of costs and distribution of City fee invoices.

It was noted that the Orangeline Alignment Study project presents an opportunity for an outreach effort and could become a source of new revenue.

Discussion followed regarding clarification of Strategic Council, PLC and establishing a formal agreement for the coming fiscal year. Brief discussion followed regarding the likelihood of obtaining private investor funds before having secured rights-of-way.

Additional discussion followed regarding issues that will impact the ability to secure private funding. It was noted that private investors have shown interest and that a clear definition of negotiation points is needed.

Mr. Perdon reported that staff is working on a formal invitation for offers.

Comments were made regarding the importance of being able to show that this is a real project with realistic opportunities. Until then, there is no reason for the Government to make a commitment regarding the rights-of-way. In addition, it was noted that the Federal Transportation Reauthorization Bill should not be ignored and that the best way to obtain funding from Washington, D.C. would be to have a strong show of local and private-sector support.

The Board directed Mr. Perdon to draft a letter identifying the Orangeline High Speed Maglev as the Gateway Cities’ number one transportation project and asking local representatives for support. Requests must be made in writing by January or February.

Board Vice Chair Bruce Barrows felt language within the budget, relative to the goals for next year should be flexible.
Mr. Perdon requested a budget be adopted in order to be able to distribute the City Fee invoices.

Vice Chair Barrows favored moving ahead with the base budget.

Mr. Perdon reported he anticipates the project will receive a Caltrans grant and that specific allocations can be made at a later time.

Mr. Ron Bates, City Manager, City of Southgate, suggested the Board closely review an upcoming Bond measure which will provide no benefit to Southern California. He added it is important to ensure the Gateway Cities COG issues a statement against it.

Mr. Perdon recommended adoption of the proposed FY 08-09 Budget adding that once grant monies are received, the enhanced Budget would apply.

Discussion followed regarding correcting the Budget based on a $44,000 carry-over debt balance rather than the stated $33,000 and clarification of terms including "other administrative", "project development" and "interagency coordination".

The Chair requested details be provided clarifying various items in the budget. Mr. Perdon stated he will email details to Members.

**MOTION:** City of Bellflower Mayor Scott Larsen moved to approve the proposed FY 2008-2009 Budget with the changes discussed.

Brief discussion followed regarding exact objectives and allowances for Cities to request invoicing.

City of Vernon Councilmember Mike McCormick seconded the motion, which carried, unanimously.

**APPROVAL OF WARRANT REGISTER**

**MOTION:** City of Bellflower Mayor Scott Larsen moved to approve the warrant register as presented. City of Paramount Councilmember Daryl Hofmeyer seconded the motion, which carried unanimously.

**COMMUNICATION ITEMS FROM THE AUTHORITY BOARD**

City of Bellflower Mayor Scott Larsen reported speaking with Pat West, City Manager of the City of Long Beach, who seemed interested in meeting with the Board regarding the possibility of the City of Long Beach joining the Orangeline Development Authority. He noted that several Long Beach City Council Members have knowledge of the project.

The Chair reported he and Vice Chair Barrows met with Sinja Lowenthal, candidate for a seat on the MTA Board, with the objective of sharing information on the project and indicating support from Gateway Cities COG. He stated it is important to support a candidate that is committed to supporting the Orangeline High Speed Maglev project and to have fair representation from the MTA.
Discussion followed regarding the possibility of inviting MTA candidates to a Board meeting to address their agenda regarding the Orangeline High Speed Maglev Project and Member Cities.

Brief discussion ensued regarding setting up meetings with the City of Long Beach City Council.

City of Huntington Park Councilmember John Noguez thanked Mr. Perdon for attending a recent community event and reported on a new Assembly candidate for his district.

RECESS

A short recess was called at 8:04 p.m. and the Board reconvened for a closed session.

CLOSED SESSION: PUBLIC EMPLOYEE PERFORMANCE EVALUATION (GOVERNMENT CODE SEC. 54957

TITLE: EXECUTIVE DIRECTOR

ADJOURNMENT

There being no further business to come before the Orangeline Development Authority, the meeting was adjourned at 8:30 p.m. The next regularly scheduled meeting will be held on Wednesday, July 9, 2008 in the City of Glendale.

_______________________________

Secretary

Attest:

__________________________________

Chair

Approved:
ORANGELINE DEVELOPMENT AUTHORITY

AGENDA REPORT

TO: Members of the Orangeline Development Authority

FROM: Albert Perdon, Executive Director

DATE: July 9, 2008

SUBJECT: Adopt a Resolution of the Authority Board of Directors of the Orangeline Development Authority to approve the addition of the City of Glendale, CA as a Member of the Orangeline Development Authority

The City of Glendale has executed the Orangeline Development Authority First Amended Joint Exercise of Powers Agreement, signifying its interest in joining the Authority as a voting Member.

Staff recommends that the City of Glendale be approved as a Member of the Authority with full voting rights and all the benefits and obligations of a Member.

RECOMMENDATION

The following is recommended to the Authority Board:

1. Review and discuss the information presented.

2. Adopt the following resolution:

A RESOLUTION OF THE AUTHORITY BOARD OF DIRECTORS OF THE ORANGELINE DEVELOPMENT AUTHORITY TO APPROVE THE ADDITION OF THE CITY OF GLENDALE, CA AS A MEMBER OF THE ORANGELINE DEVELOPMENT AUTHORITY.

3. Authorize the Chair to countersign the First Amended Joint Powers Agreement with the City of Glendale

ATTACHMENT

ORANGELINE DEVELOPMENT AUTHORITY

RESOLUTION NO. 2008-____

A RESOLUTION OF THE AUTHORITY BOARD OF DIRECTORS OF THE ORANGELINE DEVELOPMENT AUTHORITY TO APPROVE THE ADDITION OF THE CITY OF GLENDALE, CA AS A MEMBER OF THE ORANGELINE DEVELOPMENT AUTHORITY.

WHEREAS, the Orangeline Development Authority welcomes the addition of new Members that have an interest in the pursuit of the Orangeline High Speed Maglev Corridor Development Project and who desire to support the Authority and serve as active Members of the Authority;

WHEREAS, the City of Glendale City Council has taken action to approve the City’s participation as a Member of the Orangeline Development Authority;

WHEREAS, the City of Glendale is within the Sphere of Influence of the Orangeline High Speed Maglev Corridor Development Project;

NOW, THEREFORE, THE ORANGELINE DEVELOPMENT AUTHORITY BOARD OF DIRECTORS DOES HEREBY FIND, RESOLVE AND ORDER AS FOLLOWS:

Section 1. The Orangeline Development Authority approves and welcomes the entry of the City of Glendale, CA as a Member of the Orangeline Development Authority, with full benefits and obligations befitting a Member of the Authority.

Section 2. The Secretary shall certify to the adoption of this Resolution.

PASSED, APPROVED and ADOPTED THIS 9TH day of July 2008.

____________________________
Kirk Cartozian, Chair

ATTEST:

____________________________
W. Michael McCormick, Secretary

I HEREBY CERTIFY that the foregoing Resolution was adopted by the Orangeline Development Authority Board of Directors at a regular meeting held on the 9th day of July 2008, by the following vote, to wit:

AYES: Board Members:
NOES: Board Members:
ABSTAIN: Board members:
ABSENT: Board Members:

____________________________
W. Michael McCormick, Secretary
Resolution 2008-____
July 9, 2008

APPROVED AS TO FORM

______________________________
Yvette Abich, General Counsel
AGENDA REPORT

TO:       Members of the Orangeline Development Authority

FROM:     Albert Perdon, Executive Director

DATE:     July 9, 2008

SUBJECT:  Federal Legislation Re-designates Orangeline High Speed Maglev High-Priority Project Limits

SUMMARY

President Bush has signed legislation that extends the possible limits of the Orangeline High Speed Maglev Corridor Development Project to include all of Los Angeles and Orange Counties. Prior federal legislation limited the Project boundaries to the segment from downtown Los Angeles to central Orange County. The positive impact of this new legislation is that pending federal grant funding can now be spent on the entire Project and not just the shorter segment identified in the original legislation.

DISCUSSION

As the Authority Board may recall, federal transportation authorizing legislation known as “SAFETEA-LU” was passed in 2005 that designates the Orangeline High Speed Maglev as a “High Priority Project”. The legislation appropriated $280,000 to the Project. When the legislation was drafted, the boundaries of the Project were defined as being from downtown Los Angeles to central Orange County. Subsequently, additional cities joined the Authority and the Project definition was extended to include the Antelope Valley and southern Orange County.

Staff has been working with the Office of Congresswoman Linda Sanchez to extend the federal definition of the Orangeline High Speed Maglev project. This action is necessary to ensure that federal funding is available for the entire project.

Congresswoman Sanchez’s office staff recently informed the Authority that, “We successfully got the language in the SAFETEA-LU Technical Corrections Bill that was signed into law on June 6, as Public Law 110-244.” The new language for SAFETEA-LU for the Orangeline is:

"Planning for the Orangeline High Speed MAGLEV from Los Angeles County to Orange County."

The significance of this language is that the “Federal Project” is now not just from central Orange County to Downtown Los Angeles. It now extends as far as the Authority defines it to be within Los Angeles County (say, Palmdale or Lancaster) and within Orange County (say, Irvine or San Clemente).
The new extended designation is helpful in regard to finalizing the current pending federal funding grant so that the Authority will be able to use federal funds for the entire line and not be restricted to spending it only on the downtown L.A.-to-Santa Ana segment.

Staff has already pushed ahead to get the federal grant funding in hand and use it for the entire Project. The Authority can also use this re-designation to secure additional money in the re-authorization bill coming up next year without having to worry about the limited project definition. Glendale, Santa Clarita and Palmdale and other corridor cities north of downtown Los Angeles and Orange County cities south of Santa Ana will directly benefit from this action, as will all of the Authority’s member cities.

The Authority should use this re-designation to its advantage by aggressively advocating for federal funding support for the Project in new federal re-authorization legislation.
AGENDA REPORT

TO: Members of the Orangeline Development Authority

FROM: Albert Perdon, Executive Director

DATE: July 9, 2008

SUBJECT: ADOPT A RESOLUTION OF THE ORANGELINE DEVELOPMENT AUTHORITY BOARD OF DIRECTORS APPROVING THE LEGAL SERVICES AGREEMENT WITH DLA PIPER LLP

RECOMMENDATION

That the Authority Board adopts the attached Resolution approving the Legal Services Agreement with DLA Piper LLP entitled:

A RESOLUTION OF THE AUTHORITY BOARD OF DIRECTORS OF THE ORANGELINE DEVELOPMENT AUTHORITY APPROVING THE LEGAL SERVICES AGREEMENT WITH DLA PIPER LLP

SUMMARY

At this time, the Orangeline Development Authority requires specialized outside legal services necessary to the Orangeline High Speed Maglev Corridor Development Project (PROJECT). The initial work to be performed is focused on securing developer consortia agreements and various aspects of PROJECT requirements pertaining to the public private partnership agreements the Authority will be entering into.

Developer consortia agreements will fund the estimated $200 million in entitlement work that must be completed before construction of the High Speed Maglev can commence. The legal work necessary to secure this funding is estimated to cost $1.5 – 2.25 million. The Authority’s financial constraints require that these legal fees be paid from, and only upon receipt of, funds collected through developer consortia agreements.

After an initial review of law firms recognized as leaders in the industry, eleven firms with large public-private partnership (PPP) and real estate practices were considered as among the most viable candidates. Five firms were interviewed, based upon a review of offers received; DLA Piper was selected for recommendation to the Authority Board by the Proposal Evaluation Committee.

DLA Piper has provided to the Authority a Service and Fee Proposal. The Proposal Evaluation Committee recommends that the DLA Proposal serve as the basis for negotiating a final agreement conforming to the major deal points of the DLA Piper Proposal. At this time, the Authority Board is asked to review the DLA Proposal, recommend possible changes, and authorize the Executive Director to negotiate and enter into a final agreement with DLA Piper by adopting the attached resolution.
BACKGROUND

On June 18, 2008, the Authority issued an invitation for law firms to provide specified legal services. The invitation made clear that the financial requirements of the Authority prevent the Authority from obtaining legal services using the traditional billing arrangement. Instead, fees would not be payable unless and until revenues are collected during the developer consortia RFP process and from investment contributions of the developer consortia eventually selected. A copy of a draft Request for Proposals (RFP) from Developer Consortia was sent via email to firms that expressed interest in serving as the Authority’s legal counsel and that agreed the information contained therein would be protected as confidential attorney-client information.

Eleven of the top-ranked firms in the industry were considered as candidates. The invitation attracted responses from among the best, most experienced and highly-qualified project finance legal firms in the world. These firms were asked to provide a more detailed proposal to the Authority.

Evaluation and Selection Process

The Authority interviewed five firms based upon the following criteria: (1) experience in and commitment to providing the desired services, (2) experience, availability and commitment of key staff assigned to this engagement, (3) proposed form and extent of compensation, and (4) responsiveness to the requirements of the Invitation. Those firms were as follows (alphabetical): DLA Piper LLP, Fulbright & Jaworski LLP, Milbank Tweed Hadley & McCloy LLP, Shearman & Sterling LLP, and White & Case LLP. Phone interviews were conducted by the Proposal Evaluation Committee from a conference room at Colantuono & Levin PC on June 30th. The choice to interview by phone, rather than in-person, allowed the Authority the benefits of speed, efficiency and fairness. It also allowed representatives from numerous firm offices around the world to participate in the interview. A series of consistent questions was asked by the Proposal Evaluation Committee, with each Committee member independently evaluating each response. The Proposal Evaluation Committee was made up of the following Authority representatives: Yvette Abich, Authority General Counsel and Committee Chair, Kyle Leingang, Legal Advisor, and Al Perdon, Executive Director.

The Committee was impressed by each of the firms during the interview process and determined that each one has the capability to represent the interests of the Authority effectively. However, the unanimous recommendation of the Committee is that the Authority enters into an agreement with DLA Piper, LLP. Key factors that led to the Committee recommendation include:

1. **Experience in and commitment to providing the desired services**: DLA Piper is the largest law firm in the World, with 3,700 lawyers in 25 countries and 64 offices throughout the United States, the United Kingdom, Continental Europe, Asia, and the Middle East. In the most recent Chambers guide—an independent ranking of the strengths and reputations of law firms based upon interviews with clients and lawyers—DLA Piper has the top-ranked real estate practice in California and the United States. The firm also appears among the top infrastructure PPP firms where the majority of those projects exist—both in the UK and in the rest of Europe. While the Committee considered firms with more PPP experience in California related
primarily to road projects, the Committee determined that DLA Piper’s qualifications exceed that of other firms in their combined PPP and California real estate expertise; this combination of experience best serves the Authority’s needs, particularly at this stage of the PROJECT.

2. **Experience, availability and commitment of key staff assigned to this engagement:** DLA Piper’s interview team was led by Richard Ornitz, Chairman of DLA Piper America Infrastructure; Mr. Ornitz has 30 years experience in the field and was the lead partner in the Florida I-595, Miami Tunnel and BARTD PPP projects. He will lead the legal team and be a hands-on working lawyer on the PROJECT. Key team members participated in the interview from throughout the world via conference call and demonstrated their understanding of and commitment to the PROJECT. The team demonstrated during the interview that the firm had already invested significant internal time and resources to familiarize themselves with the PROJECT, understands the challenges that lie ahead, and made clear their commitment to meeting those challenges, as evidenced by their willingness to assign high-level staff and assume investment risk in the PROJECT.

3. **Proposed form and extent of compensation:** DLA Piper gave the best, realistic assessment of the scope and complexity of the work and the level of commitment required for success. The form of compensation best meets the Authority requirements and funding constraints by offering to tie total compensation to private funding received from the developer consortia RFP process. Other firms presented less-favorable or unacceptable terms.

4. **Responsiveness to the requirements of the Invitation:** DLA Piper fully responded to the Authority requirements and demonstrated the greatest commitment and willingness to take risk in the undertaking. DLA Piper demonstrated a clear understanding of the development credit concept outlined in the draft developer consortia RFP; the firm is well-experienced in projects that rely on non-conventional financing – primarily in foreign countries, where the potential of innovative project finance is better recognized and employed. All the firms interviewed indicated that integration of Orangeline High Speed Maglev infrastructure and station area real estate improvements—specifically, real estate value capture—is crucial to near and long-term success of the PROJECT. The DLA Piper team members recognized the importance of station locations in gaining the synergy between the transportation and land-use elements of the PROJECT, and the challenges in capturing a portion of the increased values the PROJECT will produce.

**Value of the Proposal**

DLA Piper has agreed to provide services on the basis that payments by developer consortia to qualify and then propose on the PROJECT will cover a substantial portion of their costs, with developer consortia agreement(s) covering the balance.

DLA Piper estimates that $1.5-2.25 million in legal costs must be incurred in order to reach agreement(s) with developer consortia and to raise the $200 million of investment needed to complete the entitlement process. This estimate is consistent with the staff's level-of-effort estimate to accomplish the services. DLA Piper is willing to take this investment risk, and to provide legal services to the Authority that are needed to complete Orangeline High Speed Maglev Project activities through construction, in exchange for standard transactional rates and an incentive fee, both of which are derived from total PROJECT financing and are payable following AUTHORITY receipt of developer consortia registration fees and deposits.
and at financial closing. DLA Piper’s services will play a critical part in realizing the $20 billion in private financing that the Authority requires to implement the Orangeline High Speed Maglev Corridor Development Project.

Services Provided

DLA Piper will perform three distinct phases of work:

Phase 1: Project Design and Initial Issue
- Review of existing plans and studies of the PROJECT;
- Understanding of the Authority’s core objectives;
- Creation of a chart depicting the initial risk allocation study;
- Creation of an initial stakeholder analysis;
- Development and refinement of the procurement process;
- Review of enabling legal framework;
- Understanding of projected financials relating to the PROJECT;
- Review of a target timeline and appropriate milestones; and
- Recommendations from above of necessary critical success adjustments, if any.

Phase 2: Pre-qualification, RFP and Preferred Proposers(s)
- Prequalification of developer consortia proposers;
- Questions and answers to RFP documentation and the PROJECT;
- Refinement of structure of the PROJECT;
- Design of core concession agreement(s);
- Drafting and issuance of the RFP Documents;
- Advise the Authority on the appropriate forms of business entities and relationships for agreements with qualified developer consortia;
- Advise the Authority of all regulatory compliance requirements, disclosures and requirements pertaining to PPP Arrangements;
- Evaluation of submissions; and
- Selection of and negotiation with preferred proposers.

Phase 3: Final Bidder, Final Documentation, Closing
- Final negotiations with winning proposer(s);
- All related core documentation;
- Advising on financial documentation;
- Resolution of final issues;
- Opinions, certificates, etc.
- Closing; and
- Post-closing follow up.

ALTERNATE ACTIONS

The Authority Board may consider several alternatives to the staff recommendation, including:

1. **Split up the legal work and select two firms, combining the top real estate firm with top infrastructure PPP firm.** There are challenges to this approach. Splitting up the work may require a new procurement and delay further progress. It would transfer some risks to the Authority and would also likely result in greater monetary cost
associated with coordinating the firms; taking on these risks and added costs is unnecessary. The Committee also anticipates the difficult task of ensuring that costly work by experts is not duplicated. The Committee reached a conclusion that DLA Piper has the optimum combination of expertise required by the Authority: a PPP team able to help make the infrastructure component of the Project a reality and a locally-based real estate team able to help maximize the value of the total Project by stimulating developer interest in station-area development. While the immensity of the Project may require additional specialized legal services at a later date, they are not required at this time.

2. Solicit further proposals. The proposals that were received represent highly-qualified firms and present terms which meet the needs of the Authority. The Committee sees little, if any, benefit to starting the process anew.

3. Decline to enter into an agreement with DLA Piper or any other legal counsel at this time and instead pursue the $200 million in funding required to complete the entitlement process from only public sources. There are challenges with this approach. This strategy would require the Authority to delay issuing a developer consortia RFP until $200 million in public funding has been collected from federal, state, and local agency grants. The RFP would have to be further delayed until the entitlement process has been completed, at which time private parties would bid on detailed specifications. The Authority’s potential success for securing public funding is judged highly unlikely, based on prior experience and future projections.

4. Do not use the services of any law firms and issue a developer consortia RFP. The Orangeline High Speed Maglev Corridor Development Project will require innovative financing, with the aid of highly-qualified legal counsel experienced in negotiating project finance agreements. The Project utilizes new technology and integrates real estate development and infrastructure on a scale never before seen in the industry. The legal and contractual framework within which the PROJECT is structured is crucial to the short-term attraction of investors and the PROJECT’s long-term financial success. Finally, ensuring that the interests of the Authority and its member cities are best served requires that the Authority hire legal counsel at par with the firms that will be retained by the developer consortia during the negotiation of agreement(s) with the Authority – the stakes for the AUTHORITY and its member cities will be in the billions of dollars over the life of the PROJECT.

STAFF RECOMMENDATION

The Executive Director and the Proposal Evaluation Committee recommend that the Board authorize the Executive Director to negotiate and enter into a final agreement with DLA Piper and adopt the attached resolution.
RESOLUTION NO. 08-0_  
A RESOLUTION OF THE AUTHORITY BOARD OF DIRECTORS  
OF THE ORANGELINE DEVELOPMENT AUTHORITY  
APPROVING THE LEGAL SERVICES AGREEMENT WITH DLA  
PIPER LLP

WHEREAS, the Authority Board of Directors has given careful consideration to the staff report presented at the regularly scheduled Authority Board meeting of July 9, 2008 and to the discussion that ensued at said meeting, pertaining to the proposed Agreement between the Orangeline Development Authority and DLA Piper LLP;

THE ORANGELINE DEVELOPMENT AUTHORITY BOARD OF DIRECTORS DOES HEREBY FIND, RESOLVE AND ORDER AS FOLLOWS:

Section 1. The proposed Agreement between the AUTHORITY and DLA Piper LLP, the substantive terms of which are contained in the Client Engagement letter from DLA Piper attached hereto as Exhibit B, serves the interest of the Authority in advancing the Orangeline High Speed Maglev Corridor Development Project.

Section 2. The proposed Agreement between the Authority and DLA Piper LLP, whose deal points are, at a minimum, as favorable to the Authority as are those outlined in the DLA Piper client engagement letter of July 3, 2008, attached as Exhibit B to the July 9th staff report, is hereby approved to commence on July 10, 2008.

Section 3. The Authority Executive Director is authorized to negotiate refinements to the terms of the proposed Agreement, as may be advisable or necessary, and the Authority Chairman is authorized to approve and execute the final Agreement. The Executive Director shall report back to the Authority Board at the next regular meeting if any minor refinements are made to terms of the final Agreement with DLA Piper LLP.

Section 4. The Secretary shall certify to the adoption of this Resolution.

PASSED, APPROVED and ADOPTED this 9th day of July, 2008.

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Kirk Cartozian, Chair

ATTEST:

_____________________________
W. Michael McCormick, Secretary

I HEREBY CERTIFY that the foregoing Resolution was adopted by the Orangeline Development Authority Board of Directors at a regular meeting held on the 9th day of July 2008, by the following vote, to wit:

AYES: Board Members:
NOES: Board Members:
ABSTAIN: Board members:
ABSENT: Board Members:
W. Michael McCormick, Secretary

APPROVED AS TO FORM

Yvette Abich, General Counsel
Client Engagement Letter/Service and Fee Proposal
from
DLA Piper US LLP
July 3, 2008

CONFIDENTIAL ATTORNEY/CLIENT COMMUNICATION

Mr. Albert Perdon
Executive Director
Orangeline Development Authority
16401 Paramount Boulevard
Paramount, CA 90723

Re: Client Engagement

Dear Mr. Perdon:

1. **Introduction and Scope of Engagement.** Thank you for selecting DLA Piper US LLP (the “Firm”) to represent The Orangeline Development Authority (the “Authority”) in connection with the Authority’s undertaking of the Orangeline High Speed Maglev Corridor Development Project (the “Project”).

   The specific scope of the legal services to be rendered to the Authority, together with our fee payment structure, and the assumptions upon which it is predicated, are all contained in our response to your RFP for legal services in connection with the Project, dated July 3, 2008 (the “Response”), which is incorporated by reference herein in its entirety. If the scope of our engagement changes, the terms set out in this letter agreement and the Response will apply unless we enter into a subsequent letter agreement. Otherwise, the Firm will proceed in reliance upon the description and terms set forth in this letter and the Response. Our engagement may be terminated by either of us upon notice to the other, subject to applicable Rules of Professional Conduct. We look forward to a harmonious and mutually satisfying relationship. You should never hesitate to contact anyone on the DLA Piper team assigned to your Project if and when any question arises. In order to avoid any misunderstandings, it is our Firm’s standard policy to set out the terms of our engagement at the outset. Also enclosed is our “Statement of Client Rights”. Please review the “Statement of Client Rights” along with this Engagement Letter before you sign and return the Engagement Letter.

2. **Limitation on Scope of Engagement.** Unless specifically retained, our representation of the Authority does not include representation of any of its parents, subsidiaries, affiliates, officers or directors (“Your Affiliates”). In short, the Firm serves as legal counsel for the Authority, but not for any of Your Affiliates.

3. **Progress and Reporting.** We will communicate information and advice to you on all significant issues. You should, of course, feel free to communicate with us on any issue or matter that you feel deserves attention and we will endeavor to respond promptly. In order for us to assist you effectively and efficiently, we assume that you will provide us with the factual information you have which relates to the subject matter of our engagement, and that you will make any appropriate business or technical decisions. In addition, we encourage you to share with us at all times your expectations and any
concerns regarding our services at any time during the course of our representation. We believe that you should be actively involved in the strategy and management of your legal affairs and our goal is to encourage candid and frequent communication between us. We will keep you informed of developments regarding your matters and will consult with you as necessary to ensure the timely, effective and efficient completion of our work.

4. **Fees and Costs.** The Firm has established an hourly billing rate for each attorney, paralegal, analyst, consultant and law clerk. The present standard hourly rates for your core team members are as follows: Richard Ornitz - $850, Erich Eisenegger - $620, Richard Rector - $620, Steve Churchwell - $550, Stephen Cowan - $775, Wesley Skow - $650, Linda Bozung - $725, David Fisher - $825, Nicolai Sarad - $825, Erin Levin - $355, George Pavlenishvili - $410, Elizabeth Arno - $250 and Jed Freedlander - $455. Other lawyers who may render services on your behalf in this matter may have higher or lower hourly rates. We staff assignments as leanly as possible to maximize efficiency, and call upon specific resources and specialized skills on an "as needed basis". Hourly rates are normally adjusted once a year for work performed beginning in January, so that the hourly rates listed above likely will increase for 2009. We customarily send monthly invoices for services rendered and other charges incurred for your account during the previous month. The monthly invoice details the work performed and the types of charges incurred. Payment is due thirty (30) days after the date of our invoice. However, we agreed to a fee arrangement as enumerated in the Response.

If you have any questions about any aspect of our arrangements or our invoices from time to time, feel entirely free to discuss those questions with me. It is important that we proceed on a mutually clear and satisfactory basis in our work for the Authority.

5. **Retainer.** We do not require a retainer in this matter at this time.

6. **Advance Waiver of Unrelated Conflicts of Interest.** DLA Piper US LLP is a large law firm with offices in various locations throughout the United States, and with related practice entities located in Europe, Asia, Africa and Australia. We may currently or in the future represent one or more other clients in unrelated matters or transactions in which your interests or those of Your Affiliates are adverse to those other clients. For example, we may represent other clients in procurement involving or concerning Your Affiliates, or in commercial transactions with Your Affiliates (including preparation and negotiation of agreements, licenses, leases, loans, securities offerings or underwritings), or in other matters and transactions involving Your Affiliates. We may also represent other clients on legislative or policy matters, or in administrative proceedings that may involve or affect Your Affiliates. This will confirm that the Authority waives all such conflicts of interest, and consents to the Firm’s current and future representation of such other clients in any of such matters without the need for any further notice or consent from the Authority even though the Authority's Affiliates' interests are adverse, provided that such matters are not the same, or substantially related to, a matter in which we represent the Authority. We do not view this
advance waiver and consent regarding unrelated matters to permit us to institute litigation against the Authority nor to permit unauthorized disclosure or use of any of the Authority’s confidential or privileged documents or information which the Authority has provided to us as the Authority’s lawyers.

If the scope of the services we are to render to you and the terms of the engagement are satisfactory, please confirm your agreement by executing the consent form below and returning one copy to me.

Once again, thank you for this opportunity. We will endeavor to provide prompt and responsive legal services at all times.

Very truly yours,

DLA Piper US LLP

Richard M. Ornitz
I have read the above engagement and conflict waiver letter and agree and accept the terms and conditions set forth therein.

APPROVED AND ACCEPTED:

THE ORANGELINE DEVELOPMENT AUTHORITY

By: ________________________________
Its: ________________________________
Date: ________________________________
STATEMENT OF CLIENT'S RIGHTS

1. You are entitled to be treated with courtesy and consideration at all times by your lawyer and the other lawyers and personnel in your lawyer's office.

2. You are entitled to an attorney capable of handling your legal matter competently and diligently, in accordance with the highest standards of the profession. If you are not satisfied with how your matter is being handled, you have the right to withdraw from the attorney-client relationship at any time (court approval may be required in some matters and your attorney may have a claim against you for the value of services rendered to you up to the point of discharge).

3. You are entitled to your lawyer's independent professional judgment and undivided loyalty uncompromised by conflicts of interest.

4. You are entitled to be charged a reasonable fee and to have your lawyer explain at the outset how the fee will be computed and the manner and frequency of billing. You are entitled to request and receive a written itemized bill from your attorney at reasonable intervals. You may refuse to enter into any fee arrangement that you find unsatisfactory. In the event of a fee dispute, you may have the right to seek arbitration; your attorney will provide you with the necessary information regarding arbitration in the event of a fee dispute, or upon your request.

5. You are entitled to have your questions and concerns addressed in a prompt manner and to have your telephone calls returned promptly.

6. You are entitled to be kept informed as to the status of your matter and to request and receive copies of papers. You are entitled to sufficient information to allow you to participate meaningfully in the development of your matter.

7. You are entitled to have your legitimate objectives respected by your attorney, including whether or not to settle your matter (court approval of a settlement is required in some matters).

8. You have the right to privacy in your dealings with your lawyer and to have your secrets and confidences preserved to the extent permitted by law.

9. You are entitled to have your attorney conduct himself or herself ethically in accordance with the Code of Professional Responsibility.

10. You may not be refused representation on the basis of race, creed, color, religion, sex, sexual orientation, age, national origin or disability.
VIA EMAIL
PRIVILEGED AND CONFIDENTIAL

Mr. Albert Perdon
Executive Director
Orangeline Development Authority
16401 Paramount Boulevard
Paramount, CA 90723

Re: Service and Fee proposal for the Orangeline High Speed Maglev Corridor Development Project

Dear Mr. Perdon:

Thank you for your email of July 1, 2008 informing us that you have selected DLA Piper US LLP (“DLA Piper”) as the law firm with whom you would like to negotiate an agreement to provide legal services to the Orangeline Development Authority (the “Authority”) as it undertakes the Orangeline High Speed Maglev Corridor Development Project (the “Project”) through Public Private Partnership Agreements. On behalf of DLA Piper, we are delighted to present you, as requested, with our proposal to represent the Authority in its undertaking the Project, as more specifically described below.

I. THE PROJECT

We understand that the Authority is preparing to issue a formal Request for Proposals from infrastructure and real estate developer consortia (the “Developer RFP”) and to negotiate agreements with selected consortia (“Developer Consortia”) that will participate in undertaking the Project. In connection with the Developer RFP and related milestones, the Authority is seeking legal services related to the Developer RFP and the formation of a public private partnership (“PPP”) among the interested parties.

We also understand from Mr. Kyle Leingang, Legal Advisor to the Executive Director, that the Authority would like DLA Piper to propose terms for representing the Authority in connection with both the real estate development and infrastructure aspects of the anticipated Developer RFP, including (1) the construction and operation of the Orangeline High Speed Maglev transport system within Los Angeles and Orange Counties, and (2) the development of residential, commercial and other real estate improvements centered around the currently-planned 18 stations along the 108 mile Maglev corridor.

You have asked us to: (i) prepare a proposed legal services project outline and budget with a concentration on risk allocation issues, (ii) identify the names and rates of specific attorneys that would work on this project, (iii) suggest any alternative billing proposal for consideration by the Authority and (iv)
confirm that we are prepared to work on an expedited format if we should be formally retained by the Authority as outside counsel for the Project.

We recognize the importance of this project for the Authority and also the US infrastructure market, and understand that it requires a form of contracting and financing that is relatively new in the US market. We very much wish to assist you to close this important transportation and real estate development project, and are honored to have a chance to do so.

II. **DLA PIPER’S PROPOSED TEAM**

In staffing transactions such as the Project, we employ leanly staffed multi-disciplinary teams of attorneys drawn from areas such as infrastructure finance, real estate, public finance, corporate and securities, environmental, construction, government affairs and other departments on an as-needed basis. In this tradition, we propose the following core team members for the Authority who will oversee their own respective associates as necessary (current rates of attorneys are in attached Standard Engagement Letter):
The Project’s legal team will be led by the Chairman of DLA Piper’s US Infrastructure Group, Richard Ornitz, who has 30 years global experience in infrastructure, and the Senior Associate in DLA Piper’s US Infrastructure Group, Erich Eisenegger, both of whom will take ultimate responsibility for the management of the relationship between DLA Piper and the Authority. Each will be a hands-on working lawyer.

The other individuals on the chart are experts in their respective fields and will be responsible for day-to-day activities in their discipline. They will take active roles in their respective areas of expertise or be available on an as-needed basis in connection with specific issues. Overall, we believe this team provides the Authority a winning combination of:

- Lawyers with substantial U.S. and international experience in the successful structuring, documenting and financing of PPP projects in the transport and rail industry;
- Lawyers experienced in real estate, government affairs, regulatory compliance, private finance of major infrastructure projects, project finance and the statutory regime under which the Project is being promoted; and
- Attorneys experienced in advising governmental authorities, sponsors and financial institutions in the creation of complex and tax-efficient structures for infrastructure projects.

V. SCOPE OF WORK

We understand that you would like us to initially assume that the “Bidding Phase” will last from the immediate issuance of the preliminary “Concept Paper” through January, 2009 (three to four months past the current proposal submission deadline of October 11, 2009).

Because of our extensive experience, particularly in each of rail, real estate and government procurement, we believe it best to be involved in not just the documentation but also the early stages of the development and design of the Project. At this preliminary juncture we see the following four distinct phases of work during which our services will be required for the Project (the “Scope of Work”):

**Phase 1. Project Design and Issue of Concept Proposal (July 11-August 11, 2008).**
This phase includes from DLA Piper the following specific scope of services:

---

1 We consider the current Draft “Request for Proposals” to be, in fact, more of a “Concept Paper”, designed to inform prospective investors about the Project and solicit registrations of prospective Developer Consortia who, upon registration, will receive a more fully developed “RFP”.

---
• Assistance in selection of Financial Advisor to the Project;
• Immediate clarification and refinement of current “Concept Paper”;
• Review of existing plans and studies of the Project;
• Understanding of the Authority’s core objectives;
• Creation of an initial stakeholder analysis;
• Refinement of the proposed procurement process and development of a more detailed RFP for issuance immediately after the registration date (August 11th, 2008);
• Review of enabling legal framework;
• Understanding of projected financials relating to the Project;
• Review of a target project timeline and appropriate milestones; and
• Recommendations from above of necessary critical success adjustments, if any.

Phase 2. Refinement of Key Components and Issuance of Full RFP Documents (August 11 – October 11th, 2008). This phase includes from DLA Piper the following specific scope of services:

• Refine the land use credit system;
• Questions and answers to Developer RFP documentation;
• Refinement of structure of the Project;
• Creation of an appropriate risk allocation chart;
• Initial design and drafting of core concession/PPP agreement(s);
• Advice on the appropriate forms of business entities and relationships for agreements with qualified Developer Consortia;
• Advice on all regulatory compliance requirements, disclosures and requirements pertaining to PPP Arrangements; and

Phase 3. Consortia Team Selection, Negotiation and Document Closing (October 11 – January, 2009). This phase includes from DLA Piper the following specific scope of services:

• Evaluation of the feasibility of financial proposals and responses to the
Developer RFP;

• Selection of and negotiation with preferred Developer Consortia;
• Final negotiations with selected Developer Consortia;
• Advising on all related core PPP documentation;
• Advising on all financial documentation;
• Resolution of final issues before execution of PPP documentation (“PPP Documents”);

Phase 4. Agreement Closing to Financial Closing (January, 2009 through Financial Closing). This phase includes from DLA Piper the following specific scope of services:

• Advising Authority on all infrastructure, real estate-related and financial project documentation (“Project Documents”).
• Typical closing opinions, certificates, etc.; and
• Signing of final PPP documentation with Developer Consortia (“Document Closing”).
• Fulfillment of all Closing Conditions (if any).

Phase 5. Post-Closing Services (Financial Closing through Construction Period). This phase includes from DLA Piper the following specific scope of services:

• Advising Authority on specific issues, as requested.
• Dispute Resolution;
• Milestone monitoring;
• Quality Compliance;
• Final Documentation, as necessary.

We would perform the services in this Phase 5 on a transactional billing and/or incentive fee arrangement, on a case by case basis, to be paid through Developer Consortia’s funding of the Project.
IV. **DLA PIPER PROPOSED FEE STRUCTURE**

Having served as counsel to numerous developers in PPP projects, we understand the significant development costs of bidders to projects such as the Project, particularly prior to their selection by the Authority as the preferred bidders. We envision the bidders’ registration payments and fees to bid on the Project to cover a substantial portion of our initial legal costs, with the awarded Developer Consortia covering the balance of DLA Piper’s invested time through their deposits as well as obligations provided in the final PPP documentation obligating the Developer Consortia to pay as such. We have sought to structure our compensation methodology with that in mind, and an alignment of our interests.

We offer below a blended billing arrangement, incorporating elements of capped fees, transaction rates, and incentive fees, through the Financial Closing and thereafter as needed. The fees proposed below for the various Phases are based on our experience in similar transactions and on the assumptions set out below.

(a) **Phase 1 Fees (July 11-August 11, 2008).**

For the scope of services and time of Phase 1 noted above, we will invoice for the time spent on Phase 1 of the transaction applying our standard transactional rates, subject to a cap of $150,000. An invoice for our work during Phase 1 will be presented to the Authority for payment immediately after the August 11th, 2008 registration date. Invested time beyond the fee cap for Phase 1 will be paid at Financial Closing, along with 10% of the value of the total time spent on the Project in Phase 1, which “premium” shall be contingent on the consummation of Financial Closing at the end of Phase 4, and shall be payable in addition to the Incentive Fees referred to in paragraph (e) below.

(b) **Phase 2 Fees (August 11- October 11, 2008).**

We will invoice at our standard transactional rates for the time spent on Phase 2 in accordance with a mutually agreed rolling budget of $350,000-$550,000, as per the scope of our services to be performed during Phase 2 noted above. Invoices for our work during Phase 2 will be presented monthly to the Authority for payment on October 31, 2008 from the Developer Consortia deposits.

(c) **Phase 3 Fees (October 11 – Document Closing).**

We will charge for our services from and after the October 11th Developer RFP response deadline (as may be delayed) through the Document Closing on an hourly basis applying our standard transactional rates. We shall provide an invoice for such fees monthly, such payment to be made twenty days from invoice from the Developer Consortia deposits and Developer Consortia payment provisions in the PPP documentation.

(d) **Phase 4 Fees (Document Closing through Financial Closing(s)).**

We will charge for our services from and after the Document Closing through the Financial...
Closing(s) on an hourly basis applying our standard transactional rates. In addition, on achieving the Financial Close of the transaction, we will receive an Incentive Fee equal to 0.015% – 0.025% of the total capital required for the Project (the “Incentive Fee”). This Incentive Fee shall be contingent on and payable upon achievement of Financial Closing and shall be in addition to the premium referred to in paragraph (a) above. Such Incentive Fee will be paid at Financial Closing from the Developer’s Consortia funding of the Project.

(e) Phase 5 Fees (As needed from Financial Closing through Construction Completion).

We will charge for our services from and after Financial Closing at our normal transactional rates.

(f) Summary of Proposed Fees. For the sake of clarity, please find below a summary of the above fee structures.
### PROJECT

<table>
<thead>
<tr>
<th>Phase</th>
<th>Fees</th>
<th>Payment Date</th>
<th>Incentive Fees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Phase 1</td>
<td>Standard transactional rates capped at $150,000</td>
<td>August 15, 2008, paid out of Consortia registrations.</td>
<td>Time over cap (&quot;Invested Time&quot;) plus 10% of total Phase I time, payable at Financial Closing.</td>
</tr>
<tr>
<td>July – August 11th, 2008</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Phase 2</td>
<td>Standard transactional rates and budget of $350,000-$550,000, depending on Scope of Services</td>
<td>October 31, 2008, paid out of Consortia deposits.</td>
<td>N/A</td>
</tr>
<tr>
<td>August 11-October 11, 2008</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Phase 3</td>
<td>Transactional Rates and budget of $600,000-$750,000, depending on Scope of Services</td>
<td>Document Closing Date, paid out of Consortia deposits (or Financial Closing).</td>
<td>N/A</td>
</tr>
<tr>
<td>October 11, 2008 – January 31, 2009</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Phase 4</td>
<td>Transactional Rates and budget of $600,000-$750,000, depending on Scope of Services</td>
<td>Financial Closing Date, paid out of funding of Consortia deposits and Developer Consortia investments.</td>
<td>Incentive Fee of 0.015 – 0.025% of total project capital payable at Financial Closing from project financing.</td>
</tr>
<tr>
<td>Document Closing – Financial Closing</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Phase 5</td>
<td>Normal hourly rates, budgets as required.</td>
<td>Monthly or through fundings of Project.</td>
<td>Incentive Fees as above if staged Financial Closing(s).</td>
</tr>
<tr>
<td>Financial Closing - Construction</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(g) **Disbursements**

Our fees will include internal costs such as communications, photocopying, etc. Third party costs, including travel, accommodation, delivery services, corporate, and UCC searches or filings, etc., will be invoiced to the Authority at DLA Piper’s cost.
(h) Invoicing

We will invoice our fees monthly in arrears, payable in accordance with the timeframe enumerated above.

(i) Assumptions on which Fee Arrangements and Budgets Are Based

The proposed budgets during Phases 1-5 of the Project are based upon the following assumptions:

(i) The envisioned capped fee and budgets for each of the Phases are based on the assumption that the time frames noted are maintained. Should there be a material extension of the time of a Phase the applicable budget will, by mutual agreement, be revised proportionately to the extended time and scope.

(ii) There are no material additions to the Scope of Work and any work not specifically identified thereon will only be included in the services if it is related to or necessary for the provision of such specifically identified services.

(iii) The Authority will provide all the relevant materials required to carry out our due diligence review on behalf of the Authority either by way of a dedicated physical or electronic data room, cd-rom or similar procedure including all relevant documentation.

(iv) The Authority will receive Registration Fees from each bidder in the amount of $15,000 on or about August 11, 2008, the appropriate portion of which will be reserved for and used to pay the Phase 1 fee;

(v) The Authority will receive a deposit from each bidding Developer Consortia proposal on or about October 11, 2008, the appropriate portion of such deposits to be reserved for and used to pay all of DLA Piper’s legal fees for Phases 2 and 3, and at least a portion of Phase 4 (together with any Project funding at Financial Closing).

(vi) The final PPP Documents will contain provisions obligating the Developer Consortia to pay all of the outstanding legal fees of the Authority.

(vii) It is assumed, given the land use credit system, that there will be several successful Developer Consortia bidders selected by the Authority for the station real estate development project aspects.

(viii) Budgeted fees will be updated periodically to reflect the realities of DLA Piper’s
VII. DLA PIPER’S PROPOSED CONTROLS AND METHODOLOGY

DLA Piper’s proposed methodology for monitoring the progress of the work and ensuring compliance with established budgets and targets has the three following central tenets:

(a) **Dedicated Core Team with Clearly Defined Areas of Responsibility and Identified Lines of Authority.** Inefficiencies in staffing, the failure to create specific task driven responsibilities, and a lack of management oversight represent the central drivers of fee inflation in the provision of legal services on large, complex transactions. DLA Piper has specifically designed its team to drastically minimize this risk to the Project. The management team will be dedicated to ensuring continuity from the most senior partner to the most junior associate throughout the course of the transaction.

(b) **Best Practice Cost Management Technology and Accounting and Billing Policies.** DLA Piper employs the best available cost-management and accounting technology and software used in law firms today — and it constantly works to ensure that the firm’s technology remains state-of-the-art. Additionally, DLA Piper management has imposed rigorous accounting and billing policies on each member of the legal staff. These policies include daily time recording by all timekeepers with descriptive narratives of the work accomplished, bi-weekly generation of electronic accounting reports for partners with billing or account management responsibilities, the enforcement of monetary penalties on attorneys that fail to adhere to internal accounting policies, and rigorous oversight of billing activities by accounting and management professionals. Additionally, any partner with billing or account management responsibilities can, in real-time, determine online the accrued costs and expenses as of that point in time. These best practices will allow the management team for this Project to rapidly identify any divergences from the anticipated budget and respond accordingly. In addition, it will allow the management team to keep the Authority fully informed of accrued fees and costs on a regular basis.

(c) **Technology, Transparency and Communications.** DLA Piper embraces the use of technology in delivering legal services to our clients. This embrace provides us and our clients certain competitive advantages. It allows us to:

(i) efficiently, cost-effectively, and rapidly make available large volumes of documentation and other materials to our clients through the employment of eRooms;

(ii) reach our clients or be able to be reached by our clients 24/7/365 whether we are in the office, at home, or traveling through either our VoIP telephone network or our Blackberries—all through the dialing of a single phone number; and
(iii) access email or documents on our servers from almost anywhere in the world, including Los Angeles, San Francisco, New York and the United Kingdom, through our robust VPN network.

We anticipate being in constant contact with key representatives of the Authority as issues arise. Because of this constant communications, we will be able to identify and defuse issues or problems before they can negatively impact the budget or the timeline.

We look forward to having the opportunity to demonstrate first-hand how our experience and expertise can advance the interests of the Authority and the people of California, and we thank you for your consideration of our firm to partner with you on this exciting and innovative project.

If the scope of the services we are to render to Authority, and terms of the engagement, are satisfactorily described above, please indicate your agreement by executing the enclosed copy of this letter and returning it to us. Thereafter, unless we agree in writing to alter these arrangements, we will assume that these terms are acceptable to you for this matter.

If you have any questions concerning our proposal, please do not hesitate to contact Richard Ornitz at (212) 335-4811 or Erich Eisenegger at (212) 335-4974.

Very truly yours,

Richard Ornitz
and the Orangeline Development Authority Project team

I have read the above letter and agree and accept the terms and conditions set forth therein.

Orangeline Development Authority

Date: July ____, 2008

By: ________________________________

Name: ______________________________

Title: ______________________________
AGENDA REPORT

TO: Members of the Orangeline Development Authority

FROM: Albert Perdon, Executive Director

DATE: July 9, 2008

SUBJECT: ADOPT A RESOLUTION OF THE ORANGELINE DEVELOPMENT AUTHORITY BOARD OF DIRECTORS APPROVING RELEASE OF THE DEVELOPER/INVESTOR REQUEST FOR PROPOSAL

RECOMMENDATION

That the Authority Board adopts the attached Resolution approving release of the Developer/Investor Request for Proposal entitled:

A RESOLUTION OF THE ORANGELINE DEVELOPMENT AUTHORITY BOARD OF DIRECTORS APPROVING RELEASE OF THE REQUEST FOR PROPOSALS FROM INFRASTRUCTURE AND REAL ESTATE DEVELOPERS AND INVESTORS

SUMMARY

The Request for Proposals (RFP) from infrastructure and real estate developers and investors is being recommended for release to enable the Authority to advance the Orangeline High Speed Maglev Corridor Development Project to the next phase of development. The RFP is intended to lead to selection of developer consortia that will serve as the Authority’s partners in completing the entitlement process and eventual construction and operation of the Orangeline High Speed Maglev and in creating the station-area real estate improvements that are envisioned for the 108-mile development corridor.

The role of the selected developer consortia will be to design, finance, build, operate and maintain the Orangeline High Speed Maglev and to participate in the development of station-area housing and other improvements along the corridor. The RFP also seeks to attract private investment in the Project and to enable the Authority to implement the Project expeditiously, while gaining maximum value for the Authority’s member cities and eventual users.

The RFP calls for submittal of the Consortium Registration Form, along with a non-refundable Registration Fee of $15,000 by August 11, 2008. Developer consortia must submit their proposals, along with a refundable deposit of $1 million by October 11, 2008. The RFP outlines the Authority’s goals for the Project and it indicates the Authority’s willingness to consider innovative investment proposals and risk-sharing arrangements, including the concept of “Development Credits”, as defined in the RFP, which would serve as a means to mitigate investor risk in early phases of Project development. Authority Board approval of the attached Resolution is recommended.
BACKGROUND

Release of the Request for Proposals from infrastructure and real estate developers and investors, as proposed by staff, represents a major milestone in advancing the Orangeline High Speed Maglev Corridor Development Project. Since Authority Board adoption of the Phase 1 Preliminary Engineering Milestone 10 – Financial Plan in November 2006, the Authority has focused on: 1) securing additional public agency support for the Project, including gaining added corridor city membership, and 2) securing private financing to enable further Project development. Release of the RFP is a key step in securing Project financing and in initiating further planning, engineering and other pre-construction work.

Project and Construction Timetable

The RFP lays out the following timetable as a key objective for Project development. The timetable is ambitious and challenging. Achieving this schedule objective will take resolve and commitment of all parties.

<table>
<thead>
<tr>
<th>Phase</th>
<th>Activity</th>
<th>Cost (Current $)</th>
<th>Schedule</th>
</tr>
</thead>
<tbody>
<tr>
<td>Phase 1</td>
<td>Four Independent Feasibility Studies of High-speed Maglev Projects in Southern California.</td>
<td>$10 million</td>
<td>Completed</td>
</tr>
</tbody>
</table>
| Phase 2a | Preliminary Engineering, AUTHORITY Organization, Financial Planning.  
   i. Project Management Plan  
   ii. System Concepts  
   iii. Alignment and Station Locations  
   iv. Ridership Modeling Assumptions  
   v. System Operations  
   vi. Cargo and Freight  
   vii. Station Area Development  
   viii. Costs and Revenue  
   ix. Deployment Plan  
   x. Financial Plan | $3 million | Completed |
| Phase 2b | Finance and complete Environmental Approval and Entitlement Process. | $200 million | 2007-2010 |
| Phase 3 | Design and Construct Initial Operating Segment. Plan Remaining Segments. | $5 billion | 2011-2013 |
| Phase 4 | Operate and Maintain Initial Operating Segment. Construct Second Segment. | $10 billion | 2014-2016 |
| Phase 5 | Operate and Maintain First Two Segments. Construct Third Segment. | $5 billion | 2017-2019 |
| Phase 6 | Operate and Maintain Completed Project. | $1 billion | 2020- |

The first important activity is completion of Phase 2b, to secure environmental clearances, complete the entitlement processes and secure Project financing. Several factors will play a key role in completing this Phase, including organizing a capable project management team.
Project Phase 2b Cost Estimate

Important factors that impact successful completion of the entitlement process include: ensuring investor confidence, maintaining political support, obtaining clearances under the California Environmental Protection Act and the National Environmental Policy Act, and assuring access to the required rights-of-way.

Estimated Cost of the Entitlement Process:

1. $ 1.35 M - Phase 1 In-Kind Services Reimbursement
2. $ 80 M - Environmental Planning & Permitting
3. $ 2 M - Investor Grade Revenue Plan
4. $ 80 M - 15% Design - Civil, Electrical, Maintenance, Geotech, Parking
5. $ 10 M - Public Outreach, Stakeholders & Agency Meetings
6. $ 7 M - Vehicles, Beams, Substations, O&M Facilities
7. $ 2 M - Legal/Financial/P 3
8. $ 12 M - TOD/Station: Master Plans/Urban Design
9. $ 1 M - Additional Financing
10. $ 4.5 M - Management-Schedule, Deliverables, Subconsultant Oversight

As currently envisioned, interim construction financing of the Orangeline High Speed Maglev will be spread over approximately 7 to 8 years or more, depending on the pace of construction, and refinanced with long-term bonds. It is likely that an initial Orangeline High Speed Maglev segment will go into operation and begin generating revenues as construction of the remaining segments is underway. The proposed debt obligation is believed to be well within the capability of the investment market to absorb.

Activities to stimulate station-area development will be initiated at the earliest possible time. Working with the Authority and each of the Member Cities, the selected developer consortia will undertake an active planning and development process to bring desirable station-area improvements on-line as soon as possible.

Further information describing key features of the RFP are described in the Summary section of the Draft RFP, which is attached (Attachment B). The RFP document will be released following review by legal counsel and is identified as Document A: Consortia Registration. A second document, Document B: Proposal Requirements, will be released to further detail the Authority’s expectations for developer consortia proposals and will contain more specific terms for engagement. Release of Document B will be submitted to the Board for review and authorization to issue.

It is recommended that the Board authorize the Executive Director to issue the RFP in accordance with, and through adoption of, the attached resolution (Attachment A).

A RESOLUTION OF THE ORANGELINE DEVELOPMENT AUTHORITY BOARD OF DIRECTORS APPROVING RELEASE OF THE REQUEST FOR PROPOSALS FROM INFRASTRUCTURE AND REAL ESTATE DEVELOPERS AND INVESTORS
RESOLUTION NO. 08-0_

A RESOLUTION OF THE ORANGELINE DEVELOPMENT
AUTHORITY BOARD OF DIRECTORS APPROVING RELEASE
OF THE REQUEST FOR PROPOSALS FROM INFRASTRUCTURE
AND REAL ESTATE DEVELOPERS AND INVESTORS

WHEREAS, the Authority Board of Directors has given careful consideration to the
staff report presented and discussed at the regularly scheduled Authority Board meeting of
July 9, 2008 pertaining to the Request for Proposals to Infrastructures and Real Estate
Developers and Investors (RFP);

THE ORANGELINE DEVELOPMENT AUTHORITY BOARD OF DIRECTORS DOES
HEREBY FIND, RESOLVE AND ORDER AS FOLLOWS:

Section 1. The proposed Request for Proposals to Infrastructures and Real Estate
Developers and Investors serves the interest of the Authority in advancing the Orangeline
High Speed Maglev Corridor Development Project.

Section 2. The proposed RFP is hereby approved for release on July 11, 2008.

Section 3. The Secretary shall certify to the adoption of this Resolution.

PASSED, APPROVED and ADOPTED this 9th day of July, 2008.

__________________________________________
Kirk Cartozian, Chair

ATTEST:

__________________________________________
W. Michael McCormick, Secretary

I HEREBY CERTIFY that the foregoing Resolution was adopted by the Orangeline
Development Authority Board of Directors at a regular meeting held on the 9th day of July
2008, by the following vote, to wit:

AYES: Board Members:
NOES: Board Members:
ABSTAIN: Board members:
ABSENT: Board Members:

__________________________________________
W. Michael McCormick, Secretary

APPROVED AS TO FORM

__________________________________________
Yvette Abich, General Counsel
DRAFT

ORANGETELINE DEVELOPMENT AUTHORITY

REQUEST FOR PROPOSALS (RFP)

from

Infrastructure Builders and Operators, Real Estate Developers and Capital Investors

Interested in
forming a development consortium
and willing to enter into a public private partnership
with the Authority and its member agencies

To implement the

Orangeline High Speed Maglev Corridor Development Project
DRAFT

ORANGELINE DEVELOPMENT AUTHORITY

REQUEST FOR PROPOSALS (RFP)

FROM

Infrastructure builders and operators, real estate developers, and capital investors interested in forming a development consortium and willing to enter into a public private partnership with the Authority and its member agencies

TO IMPLEMENT THE

Orangeline High Speed Maglev Corridor Development Project

RFP DOCUMENTS

→ DOCUMENT A: CONSORTIA REGISTRATION ←
  Issued _______, 2008
  Registration closes August 11, 2008

→ DOCUMENT B: PROPOSAL SPECIFICATIONS ←
  to be Issued August 12, 2008

→ CONSORTIA PROPOSALS ←
  due October 11, 2008

Draft – subject to final review
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SUMMARY

WHO: The Orangeline Development Authority ("AUTHORITY") is directing this Request for Proposals ("RFP") to teams of infrastructure builders and operators, real estate developers, and capital investors interested in forming a developer consortium (DEVELOPER CONSORTIUM) and partnering with the AUTHORITY and its member agencies to implement the Orangeline High Speed Maglev Corridor Development Project.

A proposing DEVELOPER CONSORTIUM must contain one or more firms that, together, are capable of carrying out the following roles:

- **Orangeline High Speed Maglev Developer(s)** to plan and build the Orangeline High Speed Maglev system.
- **Orangeline High Speed Maglev Operator(s)** to operate the passenger- and cargo-carrying high-speed maglev system.
- **Real Estate Developer(s)** to facilitate and/or directly participate in the creation of station-area housing, commercial, retail and other improvements.
- **Capital Investor(s)** to finance both the station-area developments and the Orangeline High Speed Maglev.

The AUTHORITY is a joint powers agency composed of local government agencies, operating separately and independently from its member agencies, under provisions of the Joint Exercise of Powers Act of the State of California, California Government Code Sections 6500-6599.2. The AUTHORITY is organized and authorized to implement the Orangeline High Speed Maglev Corridor Development Project (PROJECT). Information about the AUTHORITY and the PROJECT can be found at [www.orangeline.calmaglev.org](http://www.orangeline.calmaglev.org), along with technical reports referenced in this RFP pertaining to third-party studies undertaken by ARCADIS and its team of local and international firms, and others which affirm the potential viability of the PROJECT.

WHAT: The AUTHORITY is seeking proposals from DEVELOPER CONSORTIA willing to participate in carrying out the PROJECT. The role of the selected DEVELOPER CONSORTIUM will be to design, build, finance, operate and maintain ("DBFOM") the Orangeline High Speed Maglev and to facilitate and/or participate in the development of station-area real estate improvements along the 108-mile Orangeline High Speed Maglev corridor.
The PROJECT entails two components:

(1) Construction and operation of the Orangeline High Speed Maglev transport system along a 108-mile corridor within Los Angeles and Orange Counties, and
(2) Development of residential, commercial, retail and other real estate improvements centered on the 18 planned stations located along the Orangeline High Speed Maglev corridor.

The PROJECT concept is to create high-quality housing and other real estate improvements located in designated mixed-use, transit-oriented growth centers that are connected by a high-speed transport system – the Orangeline High Speed Maglev. These improvements are designed to serve a densely-populated corridor and to accommodate the needs of a growing population. This integrated real-estate and transportation improvement project would guide and stimulate the region’s growth in the decades ahead. Passenger and cargo movement would be provided by the Orangeline High Speed Maglev at 5-minute to 10-minute intervals and at average speeds of 70-90 mph, including station stops. The Orangeline High Speed Maglev would be largely privately funded, use primarily existing public rights-of-way, and employ proven maglev technology such as currently operating in Shanghai, China. The PROJECT purpose goes beyond developing infrastructure and improving mobility; it is to support economic growth and create an improved quality of life for citizens of the AUTHORITY’S member agencies and create positive financial returns on PROJECT investments.

WHERE: The PROJECT is located in Southern California along a 108-mile corridor extending from Palmdale in northern Los Angeles County to Irvine in Southern Orange County. The corridor is characterized by a range of development and transportation challenges, as well as significant investment opportunities. The current corridor population of 3 million is projected to grow to 4 million within 30 years. Average population density in the corridor is about 4,000 people per square mile. The average population density is 16,000 people per square mile for eleven of the twenty-eight corridor cities. Over the past decade, growth patterns along the corridor have shifted from suburban sprawl to include higher-density in-fill development, creating significant transportation challenges for the region’s auto-oriented highway system.
and a growing demand and market opportunity for transit-oriented development served by a high-capacity, high-speed transport system.

WHY: Private parties will be interested in participating in a DEVELOPMENT CONSORTIUM because studies indicate that, over a 50 year time-span, the PROJECT will generate a significant operating surplus, will generate over $23 billion in investor earnings, and will create tremendous development opportunities along the corridor. Infrastructure Developers and Operators will generate a return from the transport system revenue stream. Real Estate Developers will be uniquely positioned to benefit from station-area development that will occur as a result of the PROJECT. Capital Investors will see reliable interest earnings on their investment in the project.

WHEN: The AUTHORITY desires to implement the PROJECT expeditiously. The current planning schedule targets completion of the entitlement process within 3 years, completion of the initial Orangeline Maglev segment within 5 years after that, and completion of the entire 108-mile system by 2020. This is an ambitious schedule that will not be easily accomplished. Over $10 million has been invested in initial planning and financial analyses. The next steps are to complete engineering and environmental impact studies, finalize financial planning and entitlement processes, and begin construction.

HOW: All entities interested in being part of a DEVELOPER CONSORTIUM must submit the Consortium Registration Form, along with a non-refundable Registration Fee ($15,000.00), by August 11, 2008. Each consortium proposal member must have submitted the Consortium Registration Form and Registration Fee by the deadline. This requirement excludes any financial, technical, or legal consulting to a DEVELOPER CONSORTIUM by third parties. All registrants will receive additional consulting reports, studies, and proposal needs and requirements from the AUTHORITY.

In order to propose, DEVELOPER CONSORTIA must submit the following by October 11, 2008: a Proposal, a refundable Proposal Deposit ($1,000,000.00), and a Proposal Certification. It is expected that potential offerors will review the AUTHORITY and ARCADIS reports documenting results of prior investigations, and that they will undertake their own evaluation of potential costs, benefits and risks prior to the submittal of offers to the AUTHORITY.
The AUTHORITY will consider all offer(s) by team(s) meeting the preceding requirements. The AUTHORITY will base its selection on the Offer(s) that best serve(s) the AUTHORITY’S interests, in accordance with the criteria contained in this RFP. The AUTHORITY reserves the right to accept or reject any offers. The submission of all documents and fees must be sealed in a mailing enclosure addressed to:

Orangeline Developer RFP – Attention: Al Perdon, Executive Director
Orangeline Development Authority
16401 Paramount Boulevard, Paramount, California 90723.
I. INTRODUCTION

(a) Project Overview

In an age of rising gas prices, increasing traffic congestion and longer, more costly commutes, there is in Southern California a need and growing market for higher-density, transit-oriented development served by an economically efficient, high-speed transportation system to move people and cargo. A group of Southern California cities sees that their regional and global competitiveness is dependent upon finding a long-term, inter-connected, land-use and transportation solution; these cities are leading the effort, through the Orangeline Development Authority, to implement the Orangeline High Speed Maglev Corridor Development Project (PROJECT). Studies undertaken during the last 7 years, at a cost of over $13 million, indicate that the PROJECT can be largely privately funded from operating revenues; financial viability is enhanced by capturing a portion of the increased value created by the proposed transportation system and related station-area real estate improvements. The ARCADIS team led the private sector’s initial response to this development opportunity by undertaking studies that have confirmed the potential feasibility of the PROJECT. The AUTHORITY now is seeking proposals and investment offers from DEVELOPER CONSORTIA, within the guidelines set forth in this RFP.

The AUTHORITY is not simply seeking partners to finance and build an infrastructure project. The purpose of this RFP is to select infrastructure and real estate development partners who believe in the long-term economic viability of the PROJECT, in the market potential and likely success of mixed-use, transit-oriented development within the cities along the Orangeline Corridor, in the positive impact that a high-capacity transit system will have in stimulating this development potential, and in the positive impact such development will have on the economic success of the Orangeline High Speed Maglev. The financial return for investors is expected to result from this potential station-area development and its integration with the Orangeline High Speed Maglev, as much as from operation of the high speed maglev itself.

The Orangeline Development Authority (“AUTHORITY”), a joint powers authority composed of local agencies and city governments, officially extends this Request for Proposals (“RFP”) to qualified teams of individuals and entities willing to invest in and participate in completion of the Orangeline High Speed Maglev Corridor Development Project (“PROJECT”). The PROJECT entails two components.
(1) Construction and operation of the Orangeline High Speed Maglev transport system along a 108-mile corridor within Los Angeles and Orange Counties.

(2) Development of residential, commercial, retail and other real estate improvements centered on the 18 planned stations located along the Orangeline High Speed Maglev corridor.

The total investment opportunity for the Orangeline High Speed Maglev is estimated to be approximately $20 billion over 14 years, beginning with an initial investment of $200 million for completion of engineering and environmental studies, financial planning and entitlement processing. Investment opportunities in station-area development will far exceed that of the Orangeline maglev system.

Conventional wisdom leads one to believe that a transportation project is not possible without significant public subsidies from state and federal government tax sources. While the financial plan is predicated upon availability of existing public rights-of-way for a significant part of the planned route, the PROJECT's unique ability to be funded without substantial government grants to subsidize construction and operation stems primarily from three factors:

(1) There is a large untapped demand for high quality transportation service in Southern California due to the current state of transportation infrastructure, which has resulted in the worst congestion in the nation;

(2) There is an opportunity to influence and manage an effective response to the region's large demand for new housing and other real estate development by offering a properly planned, high-quality transportation service in the region, and;

(3) The PROJECT is based upon an integrated approach to real estate and transportation system development in which a portion of increased value from station-area housing and other mixed-use development is captured and incorporated into the PROJECT financial plan.

Orangeline High Speed Maglev service is being planned to far exceed the transport performance characteristics of any other mode of ground transportation currently available in Southern California or foreseen in the future. The key characteristics that set this service apart from other mass transportation services or even from the automobile are as follows:
(1) Speed - 70-90 mph average (including station stops) vs. 20-30 mph rush hour freeway speeds and even lower public transit speeds
(2) Access - stations spaced at an average 6-mile spacing, surrounded by higher-density mixed-use development, provides a large population base convenient access to the high-speed transport system and reduces dependence on auto ownership or use
(3) Service frequency - every 5 minutes peak period; every 10 minutes off-peak
(4) Safety - avoidance of accidents associated with freeway driving
(5) Comfort - stress-free commuting in a spacious, air-conditioned passenger vehicle
(6) Reliability - the Shanghai Maglev provides 99.9 percent schedule reliability
(7) Cost - competitive with auto travel; for many, lower commuting costs
(8) Ability to move cargo at improved speeds and lower costs

The combination of market demand and quality operating characteristics of the maglev results in the ability to rely on operating revenues to finance project planning, construction and operation. The Authority is considering the granting of development rights to the selected DEVELOPER CONSORTIA as a means to mitigate early investment risk. These credits are expected to have value that far exceeds the income available from the maglev system revenue stream. These development rights may be provided through Orangeline Station Area Development Credits, to be approved by the AUTHORITY and its member cities. The investment risk for the selected DEVELOPER CONSORTIA will be mitigated by the fact that the AUTHORITY will consider investment offers that condition investment upon successful completion of specified public sector actions, such as indicated by way of example in this RFP or otherwise negotiated between the parties.

The Orangeline High Speed Maglev Corridor Development Project is be part of a long range plan of the AUTHORITY and its member cities that integrates the development of transportation with land use improvements, as provided for in member agency general plans and zoning regulations. This integrated approach channels the demand for new housing and other land use improvements into growth centers served by the Orangeline High Speed Maglev and supporting feeder transit services. This integrated development approach reinforces the political and economic viability of each component. The Orangeline High Speed Maglev allows and stimulates concentration of development while mitigating negative traffic impacts that would otherwise
occur. The more concentrated, transit-oriented development stimulates use of the Orangeline High Speed Maglev, improving its economic viability.

Terms from PROPOSERS are expected to include actions by various government entities, including the adoption by AUTHORITY member cities of a proposed incentive zoning ordinance that incorporates specific provisions enabling the AUTHORITY to achieve the objectives of this RFP. During the process of negotiation, these terms may also alter the substance and procedures of the proposed enabling incentive zoning ordinance described in this RFP. Responding parties will be evaluated based on the terms being proposed, as well as on technical and/or financial qualifications to become investor and developer partners.

Al Perdon, Executive Director of the AUTHORITY, will be the point of contact for all responses to this RFP. His contact information is as follows:

16401 Paramount Boulevard • Paramount • California 90723 • USA • albertperdon@albertperdon.com • Phone 310.871.1113 • Fax 562.924.0152
(b) Benefits and Return for Private Partners

Upon execution of a partnership agreement with the AUTHORITY, the selected DEVELOPER CONSORTIUM(A) may receive any combination of the following valuable benefits:

1. Investment stake in revenue generated by the Orangeline High Speed Maglev, proportional to investment (details subject to negotiation);

2. Long term operating and franchise rights to the privately-funded infrastructure system (Internal Revenue Code allows for a special 15 year write-off); and

3. Ownership of development rights around individual stations. These development rights would be captured through the issuance of credits called "Orangeline Development Credits."

DEVELOPER CONSORTIA may be uniquely able to take advantage of Orangeline-induced market demand for station area development. A study undertaken by Trischler Associates of a light rail transit-oriented development indicated that increasing floor area ratio (FAR) by 1 FAR would generate potential for a $2 billion increase in net worth within station vicinities. See Trischler Associates. (Technical Report: Transit-Oriented Development & Joint Development Issues. October 18, 1999.)

While the report assumes a range of favorable conditions related to the two potential station sites evaluated, the study suggests a range of development opportunities created by the Orangeline High Speed Maglev. The AUTHORITY proposes that the value generation found by the study is reasonable, since more realistic development potential along Orangeline stations supports FARs from 4-8. Thus, it is still conservative to estimate that the total long-term value of development within one-half mile-radius station areas along the 108-mile corridor is well over $6 billion.

While the Orangeline High Speed Maglev is self-sufficient from fare revenue alone, the ability for investors to own development rights along the corridor make the project a huge investment opportunity, perhaps unparalleled in American project finance.
### (c) Project and Construction Timetable

<table>
<thead>
<tr>
<th>Phase</th>
<th>Activity</th>
<th>Cost (Current $)</th>
<th>Schedule</th>
</tr>
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<tbody>
<tr>
<td>Phase 1</td>
<td>Four Independent Feasibility Studies of High-speed Maglev Projects in Southern California.</td>
<td>$10 million</td>
<td>Completed</td>
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<tr>
<td>Phase 2a</td>
<td>Preliminary Engineering, AUTHORITY Organization, Financial Planning.</td>
<td>$3 million</td>
<td>Completed</td>
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<td></td>
<td>i. Project Management Plan</td>
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<td>ii. System Concepts</td>
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<td>iii. Alignment and Station Locations</td>
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<td>iv. Ridership Modeling Assumptions</td>
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<td>v. System Operations</td>
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<td>vi. Cargo and Freight</td>
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<td>vii. Station Area Development</td>
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<td>viii. Costs and Revenue</td>
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<td>ix. Deployment Plan</td>
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<td>x. Financial Plan</td>
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<tr>
<td>Phase 2b</td>
<td>Finance and complete Environmental Approval and Entitlement Process.</td>
<td>$200 million</td>
<td>Currently Underway</td>
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<td></td>
<td></td>
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<td>2007-2010</td>
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<td>Phase 3</td>
<td>Design and Construct Initial Operating Segment.</td>
<td>$5 billion</td>
<td>2011-2013</td>
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<td>Plan Remaining Segments</td>
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<td>Phase 4</td>
<td>Operate and Maintain Initial Operating Segment.</td>
<td>$10 billion</td>
<td>2014-2016</td>
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<td>Construct Second Segment</td>
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<td>Phase 5</td>
<td>Operate and Maintain First Two Segments.</td>
<td>$5 billion</td>
<td>2017-2019</td>
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<td>Construct Third Segment</td>
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<tr>
<td>Phase 6</td>
<td>Operate and Maintain Completed Project.</td>
<td>$1 billion</td>
<td>2020-</td>
</tr>
</tbody>
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Request for Proposals (RFP) to Implement the Orangeline Corridor Development Project

DOCUMENT A: CONSORTIA REGISTRATION

-------------------------------------------------------------
(d) Project Location
II. PROCUREMENT

(a) The Role of Developer Consortia

i. Infrastructure Development

Several factors will play a key role in completing the entitlement process for the Orangeline High Speed Maglev. These include: ensuring investor confidence, maintaining political support, obtaining clearances under the California Environmental Policy Act and the National Environmental Policy Act, assuring access to the required right-of-way, and organization of a capable project management team.

Estimated Cost of the Entitlement Process:

1. $ 1.35 M - Phase 1 In-Kind Services Reimbursement
2. $ 80 M - Environmental Planning & Permitting
3. $ 2 M - Investor Grade Revenue Plan
4. $ 80 M - 15% Design - Civil, Electrical, Maintenance, Geotech, Parking
5. $ 10 M - Public Outreach, Stakeholders & Agency Meetings
6. $ 7 M - Vehicles, Beams, Substations, O&M Facilities
7. $ 2 M - Legal/Financial/P 3
8. $ 12 M - TOD/Station: Master Plans/Urban Design
9. $ 1 M - Additional Financing
10. $ 4.5 M - Management-Schedule, Deliverables, Subconsultant Oversight

The interim construction financing of the High Speed Maglev will be spread over approximately 7 to 8 years or more, depending on the pace of construction and refinanced with long-term bonds. It is likely that an initial Orangeline High Speed Maglev segment will go into operation and begin generating revenues as construction of the remaining segments is underway. From indications we have received the proposed debt obligation is well within the capability of the investment market to absorb.

Using the current alignment, the maglev vehicles will travel at an average speed of approximately 70-90 mph from Palmdale to Irvine. The vehicles will stop at every station for every run (95 minutes to travel 108 miles). The top speed is about 180 mph between San Fernando and Burbank. The system is projected to

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operate about 18 hours per day using forty-two (42) 8-section maglev vehicles. For this segment, operating cost estimates range from $185 million to $435 million per year. Capital cost estimates range from $13.7 billion to $24.3 billion.

The generalized financial model included the following assumptions: 6% interest rate, 4.4% annual revenue growth, 3% annual growth in O&M costs, phased implementation of service over designated operating segments, TIFIA loan guarantee or equivalent credit enhancements, tax-exempt bonds (or equivalent), freight revenue at 7% of passenger revenue, parking revenue at 11.5% of passenger revenue, and advertising and concession revenue at 2% of passenger revenue.

Several scenarios have been examined to enable early implementation of service along a corridor segment from Santa Clarita to Anaheim (about 58 miles), as a means of initial cost and revenue comparison testing. Several cases using an initial reduced length segment to begin early operation indicate reaching a break-even point faster than an approach in which service is initiated simultaneously along the entire route. Therefore, an Initial Operating Segment (IOS) that begins to generate revenue quickly as the remainder of the system is completed appears stronger financially. This will provide the system an opportunity to create a stable market before the entire system is completed.

Work done by ARCADIS and Parsons has resulted in a projection that the total cost of the project will be about $20 billion. The Orangeline Development Authority intends to initiate the Orangeline High Speed Maglev service within a decade and intends the service to be financially self-sustaining. The analyses leading to the findings described in this report indicate that the Orangeline High Speed Maglev is viable as a public private-funded enterprise, thus confirming the results of previous feasibility studies.

Operating, maintenance and some capital costs were based on maglev data provided by Transrapid International (TRI). This data includes such items as personnel, system length, function and number of the maintenance facilities, administrative costs, beam costs, power utilization, vehicles and speed. The team independently developed preliminary design information and the respective costs related to alignment, geotechnical requirements, guideway columns, right-of-way, stations, utilities and other items.
ii. Station-Area Development

The AUTHORITY’s station-area development program seeks development partners willing to begin development near the station locations. The Authority seeks development partners interested in beginning the development process by using “development credits.” The program would enable incentive zoning for Orangeline High Speed Maglev investors. Utilizing these credits will help to stimulate demand for the transit system, and increase the value of the property along the corridor.

In many existing, well-developed, communities, traffic congestion is the greatest impediment to creating new housing and other improvements that are needed to accommodate a growing population. When housing and other real estate improvements are brought before local government bodies for approval, elected officials are often faced with opposition from existing residents (voters) due to concerns about increased traffic and the resulting deterioration in the quality of life. These legitimate concerns stem, in part, from current land use policies that establish a dependence upon auto travel for mobility, and which lead to increased traffic congestion. The Orangeline High Speed Maglev Corridor Development Project addresses these concerns straight on by making it possible to accommodate an increase in population while simultaneously reducing traffic by encouraging higher-density development served by high-quality transportation services that are available to existing and future residents.

Development credits increases the investment return on two fronts: (1) the value of exercised development rights increases as the PROJECT succeeds and gathers more momentum over time and (2) the return on investment in the Orangeline High Speed Maglev increases with the increased development-induced demand. Connecting ownership stake in the Orangeline High Speed Maglev with development rights decreases the risk because the investors do not stand by idly and watch the market response; investors themselves become major participants and initiators in creating the market response. The more investment an individual or entity makes in the Orangeline High Speed Maglev and the surrounding station-area environment, the greater the financial return and success of the entire PROJECT.
(b) RFP Timeline

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
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<tbody>
<tr>
<td>July 11, 2008</td>
<td>RFP process begins</td>
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<tr>
<td></td>
<td>RFP Document A ( Consortia Registration ) released</td>
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<tr>
<td>July to October</td>
<td>Interested development partners form consortia and prepare proposals</td>
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<tr>
<td>August 11</td>
<td>Registration Closes</td>
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<td></td>
<td>Registration Fees Due</td>
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<tr>
<td>August 12</td>
<td>RFP Document B (Proposal Specifications) released to registrants only</td>
</tr>
<tr>
<td>October 11</td>
<td>Consortia Proposals Due</td>
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<tr>
<td></td>
<td>Proposal Deposits Due</td>
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<tr>
<td>October, 2008, to Jan</td>
<td>Consortia Agreement Negotiation(s)</td>
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<tr>
<td>January, 2009</td>
<td>Development Consortia Announced</td>
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</tbody>
</table>

(c) Procedures for Participation

Typically, the private sector would expect a public agency to go through a conventional two-stage process when going out to procure infrastructure design, construction and operation services, such as is required to implement the Orangeline High Speed Maglev system. The initial stage would deal with a number of pre-procurement strategy works, such as route planning, environmental analysis, financial planning, funding, right-of-way acquisition, etc., which allow the Authority to define clearly what it is seeking from the private sector and to secure funding for implementation. The second stage deals with the commencement of the procurement for construction-related services, or for granting a concession, where the authority clearly sets out to the private sector what it wants to achieve, how it is going to select the best private sector parties to assist, and what the means and expectations are for compensation.
This procurement differs from the more conventional approach in the following way and for the reasons outlined below. The AUTHORITY'S procurement process, on the other hand, is a two stage process, much like the conventional approach, but it differs from that approach in that the private sector is being brought in before the initial stage works are completed and before funding for construction and operation is assured. The AUTHORITY'S procurement process is outlined below.

1. Each consortia member must submit a signed and completed Consortia Registration Agreement to the AUTHORITY by 5pm on August 11, 2008. Registration information includes, but is not limited to, the following information:
   i. Indicate current members of the submission team, if any;
   ii. Indicate proposed extent of capital and/or service investment from the team in its entirety; and
   iii. Indicate financial and/or technical expertise, experience, and capabilities of each current team member.

2. Registration Fee ($15,000.00) due to the AUTHORITY at 5pm on August 11, 2008.

3. A Proposal, due to the AUTHORITY by 5pm on October 11, 2008. Offers should include but not be limited to the following information:
   i. Indicate all the members of the submission team;
   ii. Indicate extent of capital and/or service investment from the team in its entirety;
   iii. Indicate the role of each team member individually;
   iv. Indicate financial and/or technical expertise, experience, and capabilities of each team member; and
   v. Indicate terms governing the public private partnership agreement and actions required of public agencies, prior to investment.

4. A refundable Proposal Deposit ($1,000,000.00) to demonstrate proposer's financial commitment, cover expenses related to the submission of this RFP, enable review of proposals, and allow the AUTHORITY to enter into agreement(s) with consortia. The fee is due to the AUTHORITY at 5pm on October 11, 2008. The fee will be counted toward the monetary contribution of investors, if an agreement is reached. This fee will be
refunded to those who do not enter into a contractual agreement with the AUTHORITY by ______.

(5) A signed and completed Proposer Certification Form by every member of each proposer consortium, by 5pm on October 11, 2008.

(6) The Consortia Registration, Registration Fee, Proposal, Proposal Deposit, and the Proposal Certification Form should be sent to the following address:

Orangeline Development Authority
Orangeline RFP – Attention Al Perdon
16401 Paramount Boulevard • Paramount • California 90723 • USA
(d) Basis for Selection / Selection Process

The following criteria will be used to evaluate proposals:

(1) Are the consortia proposals responsive to the requirements of the RFP?

(2) Are the consortia formed of responsible parties capable of carrying out the terms of the agreement?
   i. Do the consortia have the necessary experience and technical capability to manage the elements of a multi-billion dollar infrastructure project?
   ii. Do the consortia have the financial capability, corporate organization, and political capability to manage a multi-billion dollar infrastructure project?
   iii. Do the consortia have real estate development partners willing to work with the cities to actively create station area housing, commercial, retail, and other improvements?

(3) Do the consortia proposals achieve the purpose of the PROJECT?
   i. Do the consortia proposals minimize the risks to the AUTHORITY and its member agencies?
   ii. Do the consortia proposals create maximum value for the AUTHORITY and its member agencies?
   iii. Do the consortia enable the delivery of a high quality product quickly and successfully?
   iv. Do the consortia proposals incorporate an aggressive station area development plan?
III. REGISTRATION AGREEMENT

The undersigned (the “REGISTRANT”) acknowledges receipt of the Orangeline Corridor Development Program Request for Proposals (“RFP”) dated July 11, 2008. REGISTRANT has conducted an initial review of the materials and hereby desires to be eligible to propose as a member of a proposal consortium. REGISTRANT has also attached a non-refundable consortia registration fee of $15,000.00.

This registration in no way binds the REGISTRANT to submit a proposal, join in a consortium, or enter into agreement(s) with the AUTHORITY. The REGISTRANT understands that all of the REGISTRANT’S expenses related to the preparation of proposals to participate as a development partner in the Orangeline Corridor Development Program are the REGISTRANT’S sole responsibility.

REGISTRANT will only be able to submit a proposal if each member of the consortium team has submitted a Consortia Registration Form and Consortia Registration Fee ($15,000.00) by the deadline. This requirement excludes any third-party financial, technical, or legal consulting work done at the request of consortia or its members.

In order to register, the REGISTRANT agrees to attach the following information:

i. Current members of the submission team, if any;
ii. Proposed capital and/or service investment from the team in its entirety; and
iii. Financial and/or technical expertise, experience, and capabilities of each current team member.

AGREED and ACKNOWLEDGED:

REGISTRANT: ____________________________

Team (if any): ____________________________

Address: ____________________________

Phone: ____________________________

DRAFT – Subject to final review
Fax: ____________________________
E-mail: ____________________________
Signature: ____________________________
Date: ____________________________
Print Name: ____________________________
Title: ____________________________
APPENDIX A: PROJECT BACKGROUND

(a) The Need

i. Home Budgets - A Cost Effective Alternative for Commuters

Families in Southern California have become dependent on owning multiple cars, in order to ensure mobility for all family members. Vehicle purchase, insurance, gasoline, depreciation, and maintenance make ownership expensive. Commuters who rely on cars also run financial and health risk from auto accidents, which occur daily. Commuters who live and work in developments located around, or connected by public transit to, Orangeline High Speed Maglev stations would have the ability to commute quickly and dependably without another vehicle, thereby reducing their commuting costs considerably.

Analysis indicates that a typical commuter travelling 20 miles to and from work could reduce commuting costs almost $3,500 a year and reduce travel time by a half-hour per day using the Orangeline High Speed Maglev versus commuting by car. These results do not assume that a family will be willing to give up car ownership altogether, only that the Orangeline would eliminate the need for a commuting-dedicated vehicle.

<table>
<thead>
<tr>
<th>Orangeline Savings without Vehicle Ownership</th>
</tr>
</thead>
<tbody>
<tr>
<td>Daily one-direction trips</td>
</tr>
<tr>
<td>Daily users (making two-direction trips)</td>
</tr>
<tr>
<td>Annual Ridership (Daily times 305 days per year)</td>
</tr>
<tr>
<td>Annual round trips</td>
</tr>
<tr>
<td>Average Fare per one-way trip (Milestone 10)</td>
</tr>
<tr>
<td>Average one-way trip length</td>
</tr>
<tr>
<td>Average Fare per mile</td>
</tr>
<tr>
<td>Annual Fare</td>
</tr>
<tr>
<td>Annual Fare per User</td>
</tr>
<tr>
<td>Annual Private Subsidy per User ($180 per month parking cash out)</td>
</tr>
<tr>
<td>Annual Public Subsidy per User (MTA - $180 per month (currently $315))</td>
</tr>
<tr>
<td>Annual Cost per User (after user subsidies)</td>
</tr>
<tr>
<td>Average Cost per one-way trip (after fare subsidies)</td>
</tr>
<tr>
<td>Monthly Maglev Cost per User</td>
</tr>
<tr>
<td>Monthly Maglev Cost per User (after fare subsidies)</td>
</tr>
<tr>
<td>Average round trip length (miles)</td>
</tr>
<tr>
<td>Annual Miles per passenger</td>
</tr>
<tr>
<td>Maglev User Cost per mile (after user subsidies)</td>
</tr>
</tbody>
</table>
Average travel speed (mph) | 90  
Average round trip time (hours) | 0.46  
Annual travel time (hours) | 18,013,298  
Annual travel distance (passenger miles) | 1,621,196,817  

### Auto Cost

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Daily users (making two-direction trips)</td>
<td>127,590</td>
</tr>
<tr>
<td>Average trip miles (round trip)</td>
<td>41.66</td>
</tr>
<tr>
<td>Average Cost per one-way trip</td>
<td>$23.65</td>
</tr>
<tr>
<td>Annual Operating Cost (include fixed costs)</td>
<td>$1,840,439,758</td>
</tr>
<tr>
<td>Annual Cost per User</td>
<td>$14,424.64</td>
</tr>
<tr>
<td>Monthly Auto Cost per User</td>
<td>$1,202.05</td>
</tr>
<tr>
<td>Driver Cost per mile</td>
<td>$1.14</td>
</tr>
<tr>
<td>Annual Miles per Driver</td>
<td>12,706</td>
</tr>
<tr>
<td>Annual travel distance (total miles)</td>
<td>1,621,196,817</td>
</tr>
<tr>
<td>Average travel speed (mph)</td>
<td>30</td>
</tr>
<tr>
<td>Average round trip time (hours)</td>
<td>1.39</td>
</tr>
<tr>
<td>Annual non-productive auto travel time (hours)</td>
<td>54,039,894</td>
</tr>
<tr>
<td>Annual Delay (Hours) (Auto driving vs Maglev)</td>
<td>36,026,596</td>
</tr>
<tr>
<td>Value of time savings</td>
<td>$18.54</td>
</tr>
<tr>
<td>Annual Cost of Delay Time ($25/hr)</td>
<td>$668,105,365</td>
</tr>
<tr>
<td>Annual Cost of non-productive Auto Travel Time</td>
<td>$1,350,997,348</td>
</tr>
<tr>
<td>Total Cost (with delay cost)</td>
<td>$2,508,545,123</td>
</tr>
<tr>
<td>Total Cost (with auto drive time cost)</td>
<td>$3,191,437,105</td>
</tr>
</tbody>
</table>

### Savings

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual Cost per User (including cost of congestion delay time)</td>
<td>$19,661</td>
</tr>
<tr>
<td>Annual Cost per User (including cost of non-productive drive time)</td>
<td>$25,013</td>
</tr>
<tr>
<td>Driver cost per mile (including cost of non-productive drive time)</td>
<td>$1.97</td>
</tr>
<tr>
<td>Monthly operating cost savings per Maglev User</td>
<td>$287</td>
</tr>
<tr>
<td>Monthly Savings per user, including value of delay time</td>
<td>$723</td>
</tr>
<tr>
<td>Monthly Savings per user, including value of travel time</td>
<td>$1,169</td>
</tr>
<tr>
<td>Annual Savings per Maglev user</td>
<td>$3,445</td>
</tr>
<tr>
<td>Annual Savings per user, including delay time</td>
<td>$8,681</td>
</tr>
<tr>
<td>Annual Savings per user, including non-productive to productive travel time</td>
<td>$14,033</td>
</tr>
<tr>
<td>Total Annual Operating cost savings</td>
<td>$439,501,558</td>
</tr>
<tr>
<td>Total Annual Savings, including value of delay time</td>
<td>$1,107,606,923</td>
</tr>
<tr>
<td>Total Annual Savings including value of travel time</td>
<td>$1,790,498,905</td>
</tr>
</tbody>
</table>

While commuters who choose not to give up a vehicle will incur greater out-of-pocket cost than those who replace a vehicle with Orangeline commuting, it is
still cost effective to park-and-ride. This results from the fact that Orangeline increases the life of a vehicle, by reducing wear and tear and reducing the risk of accident, decreases gasoline usage, and reduces commuting time. While park-and-ride consumers will initially be spending more to use the Orangeline than to just drive, this additional cost is small enough that consumers will be willing to pay it, if it shortens their commute and removes traffic from their day. The value of travel time savings is clearly demonstrated by the 91 Toll Road operating today in Orange County. Toll Road users are paying as much as a $1.00 per mile for the 10-mile length of toll lanes operating within the 91 Freeway median in order to save approximately 15 minutes of travel time.

**Orangeline Savings with Vehicle Ownership**

<table>
<thead>
<tr>
<th>Auto Cost</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Daily users (making two-direction trips)</td>
<td>127,590</td>
</tr>
<tr>
<td>Average trip miles (round trip)</td>
<td>41.66</td>
</tr>
<tr>
<td>Average Cost per one-way trip</td>
<td>$13.94</td>
</tr>
<tr>
<td>Annual Operating Cost (include fixed costs)</td>
<td>$1,084,601,292</td>
</tr>
<tr>
<td>Annual Cost per User</td>
<td>$8,500.68</td>
</tr>
<tr>
<td>Monthly Auto Cost per User</td>
<td>$708.39</td>
</tr>
<tr>
<td>Driver Cost per mile</td>
<td>$0.67</td>
</tr>
<tr>
<td>Annual Miles per Driver</td>
<td>12,706</td>
</tr>
<tr>
<td>Annual travel distance (total miles)</td>
<td>1,621,196,817</td>
</tr>
<tr>
<td>Average travel speed (mph)</td>
<td>30</td>
</tr>
<tr>
<td>Average round trip time (hours)</td>
<td>1.39</td>
</tr>
<tr>
<td>Annual non-productive auto travel time (hours)</td>
<td>54,039,894</td>
</tr>
<tr>
<td>Annual Delay (Hours) (Auto driving vs Maglev)</td>
<td>36,026,596</td>
</tr>
<tr>
<td>Value of time savings</td>
<td>$18.54</td>
</tr>
<tr>
<td>Annual Cost of Delay Time ($25/hr)</td>
<td>$668,105,365</td>
</tr>
<tr>
<td>Annual Cost of non-productive Auto Travel Time</td>
<td>$1,350,997,348</td>
</tr>
<tr>
<td>Total Cost (with delay cost)</td>
<td>$1,752,706,658</td>
</tr>
</tbody>
</table>

Total Cost (with auto drive time cost) | $2,435,598,640 |

**Savings (for Maglev comparison, see page 12)**

<table>
<thead>
<tr>
<th>Savings per Maglev user</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual Cost per User (including cost of congestion delay time)</td>
<td>$13,737</td>
</tr>
<tr>
<td>Annual Cost per User (including cost of non-productive drive time)</td>
<td>$19,089</td>
</tr>
<tr>
<td>Driver cost per mile (including cost of non-productive drive time)</td>
<td>$1.50</td>
</tr>
<tr>
<td>Monthly operating cost savings per Maglev User</td>
<td>-$207</td>
</tr>
<tr>
<td>Monthly Savings per user, including value of delay time</td>
<td>$230</td>
</tr>
<tr>
<td>Monthly Savings per user, including value of travel time</td>
<td>$676</td>
</tr>
</tbody>
</table>

| Annual Savings per Maglev user | -$2,479 |
| Annual Savings per user, including delay time | $2,757 |
| Annual Savings per user, including non-productive to productive travel time | $8,109 |
ii Traffic Congestion – A Faster Alternative for Commuters

Between now and 2030, the Los Angeles County Metropolitan Transportation Authority (MTA) will spend $152 billion on transportation, yet the travel speeds on the County’s freeways will actually fall by an average of 14 miles per hour during that span. Traffic jams will be worse than they are today. This is according to the MTA’s own Long Range Transportation Plan.

Southern California’s population has more than doubled since 1960. Over the same time span, the region’s highway capacity has increased by less than 30%. In addition to another six million people trying to get on congested freeways by 2030, a 300% increase in container cargo traffic will be struggling to find space to move about the region.

The Southern California Regional Transportation Plan projects a $93 billion funding gap through 2030, with almost all committed funds going to maintaining the existing system. Governor Schwarzenegger acknowledges that daily hours of delay by 2016 will increase commute time by 454,000 hours, or over 150 million hours a year.

“Traffic congestion is choking our cities, hurting our economy, and reducing our quality of life. Rush-hour delays rob us of time with our families, and commute times often dictate where we live and work. The impact our inadequate transportation network has on the economy is alarming. We waste an estimated $63 billion annually in time and fuel while sitting in traffic. Moreover, businesses and their customers bear enormous costs associated with traffic-related logistics problems, delivery delays, poor transportation reliability, and fewer potential employees within commuting distance.” These are the conclusions of a Reason Foundation assessment of traffic congestion issues facing Southern California and the rest of the nation - opinions shared by many local government officials, business people and citizens alike. Public opinion surveys repeatedly show that traffic congestion is one of the top concerns of this region’s residents and business owners.

As the Reason Foundation study points out, severe traffic congestion is pervasive in large and densely-populated regions such as Southern California, and is worsening throughout California and the United States. “To relieve severe congestion by providing additional capacity, an additional 104,000 lane-miles of capacity (about 6.2 percent of current lane-miles) would be needed, costing...
about $533 billion over 25 years, in 2005 dollars. If moderate congestion and rural congestion are also to be addressed, an additional $304 billion will be needed."

iii Private Financing versus Public Subsidies

The popularity and predominance of the auto-highway transportation infrastructure in Southern California has been possible for the past decades thanks to relatively plentiful land availability for new roadways and low cost of roadway infrastructure, a well-funded, reliable public funding source – the gas tax to fund roadway construction, availability of low-cost gasoline, and local land-use policies that support a highway-oriented land development pattern and transportation system. These factors have changed during the past decade and the trend is that further changes will occur in the years ahead that will make the highway-oriented transportation system less viable due to rising costs.

Public transit has historically relied primarily upon public funding, which is a limited fixed source of income at best and, with some exception, a declining source that does not meet potential demand. By avoiding or under-utilizing private capital, public transit agencies have not been positioned to respond to the growing demand for a viable transit alternative – one that provides high quality service that meets or exceeds the performance of the auto. The pricing of heavily-subsidized public transit services is not conducive to expanding capacity sufficiently to meet potential demand.

An analogy to government subsidy of food sheds light upon the basic limitation imposed by current pricing of public transit that has created a large untapped demand. Beyond limited base-level government subsidies, the private market is the primary funding source for food, while additional public funding is used to increase subsidies to lower-income families that cannot pay market-determined prices. Thus, private capital is the predominant source of funding for food and the price and quality of food supplies is set by the market place, while the food stamp program provides additional subsidies to a limited group of recipients based on need. Food supplies expand based upon demand.

Public transit, on the other hand, has been sustained until this point by doing exactly the opposite. Because the public is the primary source of project funding, and since a predominant use of the limited available public funds are
used to subsidize the cost of public transit services for everyone, independent of need, quality has been continually depressed. If a high quality alternative were introduced for Southern California commuters, many people would be willing to pay the price associated with that quality. The Orangeline High Speed Maglev is founded on the principal of a market-based service priced to meet demand.

(b) The Technology

Meeting the demand for increased transportation capacity in Southern California requires solutions that go beyond conventional approaches. Relying on increasingly costly and disruptive roadway widening to accommodate more automobiles is no longer feasibly as the only solution. Growing concerns about energy dependence and the increasing cost of imported oil to fuel the nation’s transportation system is placing greater emphasis on more cost-effective alternatives.

The AUTHORITY considered a range of options to address the need for transportation improvements. Light rail systems operate at speeds too slow to accommodate longer-distance commuting around the Los Angeles area, require substantial public subsidies, and do not provide service characteristics that compete with the automobile. Conventional high-speed rail requires about 12 miles to reach 185 mph, while high-speed maglev reaches this speed in only 3 miles. This allows maglev to travel at higher average speeds of 70-90 mph with stations spaced at relatively shorter distance of about 6 miles. The emergence of maglev technology and its operating features now make it possible to create a transit system that attracts riders who would otherwise be driving in cars. Initial feasibility studies undertaken by the Southern California Association of Governments and by the AUTHORITY indicate the potential viability of maglev technology as a solution capable of meeting the AUTHORITY’S key performance and cost criteria.

i. System Concept and Capabilities

The concept for the Orangeline High Speed Maglev is a system operating on a totally grade-separated monorail-type guideway, designed primarily as an elevated structure located approximately 20 feet above the surface and along existing freeway, railroad, and other public rights-of-way.
Maglev technology was selected as the preferred technology for this corridor because of its higher performance characteristics and its greater cost-effectiveness. As shown in the table below, maglev has the capability to accelerate to 185 mph in 1/4 time and 1/4 the distance of steel wheel technology. This feature allows it to operate at average speeds of 90 mph with stations spaced 6 miles apart, making it uniquely positioned to serve the intended market. More frequent station spacing results in improved accessibility to the system, which in turn increases potential ridership.

Unlike conventional rail, the maglev motor is not in the vehicle, but in the guideway. This feature contributes to the higher acceleration rate because the vehicles are lighter than conventional rail vehicles. As a result, the system also operates at a lower level of energy consumption and requires lower overall operation and maintenance costs. The higher initial capital cost of the maglev guideway is more than offset by the long-term savings of the system.

Maglev technology is quieter because no friction is created with a steel track, is more environmentally safe because it is propelled by electricity that can come from a variety of sources, not gasoline, and is safer than any high-speed steel rail alternative because the vehicles wrap around the guideway. The system speed will be set to achieve an optimum balance among these factors, with the goal of maximizing ridership and net operating revenues.

<table>
<thead>
<tr>
<th>System Technology</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vehicle</td>
<td>Vehicle versions for intercity, suburban/airport connector and cargo/freight transport. Non-contact, electromagnetic levitation and guidance; attractive principle with 10 mm air gap (nominal).</td>
</tr>
<tr>
<td>Propulsion</td>
<td>Synchronous long stator linear motor; motor mounted on underside of guideway.</td>
</tr>
<tr>
<td>Energy Supply</td>
<td>Electro supply from public network (i.e. 13.8 kV, 50/60 Hz).</td>
</tr>
<tr>
<td>Operation Control System</td>
<td>Fully automatic Command, Communication, and Control System; Digital Radio Transmission; Driver and on-board personnel optional.</td>
</tr>
<tr>
<td>Guideway</td>
<td>At-grade or elevated guideway; high-precision guideway beams made of steel, concrete or hybrid materials; mounted on standard guideway substructures made of reinforced concrete or on railroad-style bridges or in tunnels.</td>
</tr>
<tr>
<td>Stations</td>
<td>Airport-style stations with at-grade, elevated, or underground platforms and guideway; secure platforms featuring platform doors and controlled access.</td>
</tr>
<tr>
<td>Operation &amp; Maintenance Facilities</td>
<td>Central and decentralized operations &amp; maintenance (O&amp;M) facilities for daily and periodic scheduled and unscheduled maintenance.</td>
</tr>
<tr>
<td>Qualities</td>
<td>High-speed, high performance, high capacity passenger and cargo/freight transportation system.</td>
</tr>
<tr>
<td>Features</td>
<td>Low noise and energy consumption; low environmental impact; low-medium space requirements; flexible alignment and operating characteristics; minimal maintenance and personal requirements result in low operating costs; investment costs comparable to high-speed rail systems; safest mass transportation system available.</td>
</tr>
</tbody>
</table>
The first commercial maglev system in operation is in Shanghai, China. The Shanghai Maglev uses TRI maglev technology similar to that proposed for the Orangeline High Speed Maglev. The system was constructed and put into operation in three years.

ii. Station Spacing -- Maximizing Ridership, not Speed

Station spacing has a significant impact on average operating speeds. The following table illustrates the performance capabilities of TRI high speed maglev. Average speeds are also influenced by alignment profiles and geometrics. It is anticipated that the Orangeline High Speed Maglev will operate at average speeds of 70-90 mph and at top speeds of 150-200 mph.

<table>
<thead>
<tr>
<th>Station Spacing (miles)</th>
<th>Top Speed(^1) (mph)</th>
<th>Average Speed(^1) (mph)</th>
</tr>
</thead>
<tbody>
<tr>
<td>3</td>
<td>150</td>
<td>75</td>
</tr>
<tr>
<td>6</td>
<td>210</td>
<td>110</td>
</tr>
<tr>
<td>12</td>
<td>270</td>
<td>150</td>
</tr>
<tr>
<td>24</td>
<td>300</td>
<td>195</td>
</tr>
</tbody>
</table>

\(^1\) Top Speed capability of TRI Maglev is about 300 mph. It is anticipated that the Orangeline will likely operate at top speeds of 200 mph or less in dense urban areas.

Station access time is a critical component of overall travel time. Placing stations 6 miles apart along the corridor maximizes ridership, ensure accessibility, and
allows a large amount of riders to eliminate the need for a commuting vehicle altogether. Greater station spacing requires more travelers who want to use the maglev system to travel longer distances to access a station, using other modes (Metrolink, bus, light rail, bike, auto, etc.) to reach the station. Closer station spacing could provide faster travel for more passengers, while reducing average mainline speeds somewhat. The introduction of local and express service options could offer the optimum quality service for both short and long distance travelers.

(c) Consumer Demand

A wide range of capital and operating scenarios were analyzed and tested using a generalized financial model. This complete financial plan can be found in “Milestone 10” available at www.orangeline.calmaglev.org. Several scenarios indicate that the total debt is paid off in as much as 47 years or as little as 30 years. Ridership projections were developed for the various scenarios using the Southern Association of Governments established regional computer model. The ridership and fare estimates were subjected to two independent reviews. The range of ridership projections was approximately 214,520 to 255,180 per day in 2027 at a fare of $18 for an average 20-mile trip.

i. Ridership

Feasibility studies indicate that maglev ridership represents about 4-5 percent of the total longer distance travel in the corridor. Based on the high quality of service that maglev offers, it is not difficult to see why at least 4-5 percent of travelers would make use of maglev. When given a choice of driving on accident-filled freeways at 15-to-30 mph or on a reliable maglev system at 70-to-90 mph at almost half the cost, the choice for many is very clear.

The SCAG regional model was used to develop ridership estimates. The model is the basis for MTA and OCTA ridership estimates and is reliable in estimating future travel behavior. As with all modeling, input assumptions are key to developing realistic estimates. For the Orangeline High Speed Maglev, conservative assumptions were used to develop the ridership estimates. When station-area development assumptions are included, the model indicates a significant increase in ridership and the ability to reduce the period for debt payoff by more than 10 years.
Meyer Mohaddes Associates has forecasted the daily ridership for the Orangeline High Speed Maglev using a regional travel demand model generated by SCAG. This process provided daily ridership for peak and off peak travel from home based trips, both for passengers expected to walk to a maglev station and for passengers expected to drive and park at a maglev station. The horizon year daily ridership (meaning the ridership forecasted when the system cannot expect to attract additional riders, other than general population growth) for home based trips is forecasted to be 189,841. This number represents the total trips associated with round trip travel.

Based upon previous maglev corridor studies and the Regional Transportation Plan (RTP), airport related trips were expected to account for an additional 8% of daily riders. Induced travel is projected to account for an additional 4%, and special events is forecasted to add another 1% to the total daily home based trips. When these additions have been factored into the daily home based ridership estimates, the horizon year daily ridership increases to 214,520. The base year, when the maglev comes into operation, is expected to have fewer riders than the horizon year. The horizon year number will be reached when more and more people become aware of the maglev system, and decide to become riders.

Significant real estate development around the stations is likely to occur as a result of the prospective incentive zoning program. A second set of ridership estimates was prepared to reflect this additional station area development, using the following procedure. Estimates for households and employment surrounding the station locations were added to the Transit Area Zones (a TAZ is an area where people are close enough to access and utilize the maglev). Next, total households and employment added within each County were calculated based on how many stations are within each County. Last, households and employments were reduced by applying county wide reduction factors to all TAZs (with the exception of stations' TAZs) in order to keep the County household and employment totals constant. When the same regional travel demand model from SCAG is used with the new information, it forecasts that there will be an additional 40,000 daily riders at the horizon year. This is the result of the new development surrounding maglev stations. It is expected that while real estate developers will break ground on new TOD projects prior to the completion of the Orangeline High Speed Maglev, not all developments will be finished and built out by the base opening year. In order to account for this dynamic, as well as the realization that full horizon year ridership will not occur in the base year, only 67.5% of total horizon year riders
are expected to utilize the system in the opening base year. Thus, the financial model forecasts that the average daily ridership in the first full year of operations will be 172,260. However, for the purposes of conservative revenue projection, this number is predicted to be 91,000. After full build out of the TOD areas, the total horizon year average daily ridership for the maglev system is forecasted to be roughly 255,000.

The aggressive incentive zoning program described in this RFP is not incorporated into the SCAG modeling estimates. Thus, the SCAG model is substantially lower than what is to be expected with the inclusion of stationary development.

ii. Fare Assumptions

The fare price depends on the distance traveled on the Orangeline High Speed Maglev. The ridership studies indicate an optimum fare of $18 for an average one-way trip. Fares were established based upon comparison with other transportation options, such as the Metrolink, and the $18 represents roughly four times the fare for the Metrolink. The willingness of potential riders to pay this increased fare is attributed to the higher speed of the maglev and increased frequency of the maglev. Thus, with an opening day ridership estimate of 91,569 (total trips) and a fare of $18 per trip, the opening day revenue from ridership is $1,648,242. The financial model is an annual model; in order to annualize this daily revenue from ridership we multiply it by 305. While there are 365 days in a year, the 305 number is a level of conservatism added to the model to account for reduced travel on weekends and holidays. Thus, the base year annual ridership revenue is estimated to $502,713,810.

Some will question the revenue projection based on MTA revenues; however, MTA fare revenue is not relevant for assessing the reasonableness of Orangeline revenue projections. The Orangeline High Speed Maglev will operate at average speeds of at least 70 to 90 mph, while public transit bus and rail services provided by the MTA and OCTA operate at much slower speeds (in the range of 10-30 mph). Also, MTA sets passenger fares at low levels as a matter of policy. The Orangeline High Speed Maglev is intended to serve a different market, replacing longer-distance trips now being made on freeways.

An appropriate analysis is to compare fare revenues to the cost incurred using personal transportation if maglev service was not in place. In this scenario, the
majority of passengers would travel by freeway in an auto, during peak periods, often at less than 30 mph.

iii. Other Revenue Sources:

When the other revenue sources are added to the passenger (ridership) revenue, the base year annual revenue total for the Orangeline High Speed Maglev is forecasted to be $746,000,000. As the transit system becomes more widely known, as development occurs around the stations, as population growth is forecasted, and to account for inflation, the total annual revenue is forecasted to escalate by 4.4% annually in the financial model. The following are other expected revenue sources:

i. Freight: high speeds make it ideal to transport small valuable freight. Revenue for the freight transportation has been estimated to be 7% of the passenger (ridership) revenue.

ii. Concessions and Advertising: Concessions and advertising at station locations is estimated to bring in an additional 2% of the passenger revenue

iii. Parking: Parking at the stations is estimated to produce an additional 11.5% of the passenger revenue

All of the costs and revenues described in the sections above have been factored into the financial model. The financial model takes the outstanding debt balance from the construction of the system, adds in interest expense associated with the tax exempt bonds, adds in the annual O&M cost (which is escalated at 3% per year), and then subtracts out the total annual revenue. The result is the new outstanding debt balance in each year. As the revenues continue to grow (at 4.4%), and as the debt is gradually paid off, the financial model forecasts that the entire outstanding debt will be paid off in the year 2044. This means that, based upon the estimates, assumptions, and methodologies employed in the financial model, that the Orangeline High Speed Maglev is projected to be financially viable solely based upon the revenue that it will produce. Not only does the financial model forecast that the system will be self-sustaining, but after the capital costs and associated debt have been paid off, it forecasts an operating surplus of roughly $36 billion by the year 2050, assuming no future capital investment is required after initial construction.
(d) Goals of the AUTHORITY

The primary objectives of the AUTHORITY are the following: support economic growth and improved mobility objectives of the AUTHORITY’S member agencies, facilitate the development of sustainable transportation infrastructure in Southern California, alleviate the unmanageable and worsening commuter traffic along the freeways, and encourage transit-oriented development within identified higher density and mixed use zones. To this end, spacing of transit stations approximately 6 miles apart along the corridor allows for maximum public access, minimizes dependence on vehicles, raises property values, and maintains economic feasibility. The PROJECT concept is to create new housing and other needed development in designated mixed-use, transit-oriented growth centers served by the Orangeline High Speed Maglev. The Orangeline is designed to be largely privately funded using primarily existing public rights-of-way, and employing proven maglev technology currently operating in Shanghai, China.

i. Reduce Corridor Traffic Congestion

A primary goal is to reduce freeway and surface street traffic congestion in the corridor. The Orangeline High Speed Maglev would provide high-speed access between population and employment centers. Commuters would access the system by walking to and from housing and job locations, and other destinations within close proximity to Orangeline High Speed Maglev stations. Local public transit, bicycle, shared-ride, station cars and taxi modes would be favored for access to stations. Auto access would be accommodated but station-area parking would be priced to reflect its true cost. Strategies would be employed by cities to reduce demand for auto usage and parking. Station areas would be planned to be pedestrian-friendly and serve as community activity centers.

The Orangeline High Speed Maglev also presents an opportunity to serve a market for high-speed travel to places beyond the boundaries of the corridor. Convenient connections would be provided to Metrolink, AMTRAK, and regional public transit services to enable convenient travel to destinations outside the corridor. This role helps to fulfill the mission of the Orangeline High Speed Maglev to improve transportation in the region.
ii. Reduce Air Pollution

Air pollution is a serious threat to public health in Southern California. In addition to causing lung damage, toxic pollutants are known to damage the human reproductive, nervous, and immune systems. Prolonged exposure to toxic pollutants can cause cancer and premature death.

Transportation vehicles in 2002 emitted 58 percent of the nation's pollution from carbon monoxide (CO), 45 percent of nitrogen oxides (NO\textsubscript{X}), 36 percent of volatile organic compounds (VOC), 4 percent of particulates, 8 percent of ammonia, and 5 percent of sulfur dioxide. Highway vehicles emitted almost all of transportation's share of CO emissions in 2002, 78 percent of the NO\textsubscript{X}, and 77 percent of all VOC. Transportation emissions of greenhouse gases (GHGs) grew 19 percent between 1993 and 2003. Nearly all (95 percent) of CO\textsubscript{2} emissions that predominate GHG are generated by the combustion of fossil fuels. Transportation CO\textsubscript{2} emissions grew 19 percent between 1993 and 2003.

The California Air Resources Board reports that in 2000, California's population grew to 34 million. There were 23.4 million registered vehicles in the state at that time. Annual vehicle miles traveled (VMT) reached 280 billion miles. The statewide average for vehicular nitrogen oxides emissions was 2.1 grams / mile; the average for hydrocarbons was 1.6 grams/mile. Cumulative California vehicle emissions for nitrogen oxides and hydrocarbons were about 1.2 million tons per year.

It is clear from the many studies and reports completed over the past 10 years that air pollution is a serious concern. The Orangeline High Speed Maglev would have a significant impact on reducing air pollution along its 108-mile corridor, by eliminating over 6,000 tons of air pollution per year, assuming the air pollution rates per vehicle mile in 2000. Unlike other transportation projects which require mitigation strategies to reduce the amount of additional air pollution they will create, the Orangeline High Speed Maglev will actually result in an overall reduction in air pollution. For this reason, the project could serve to offset the air pollution increases that will come from public expenditures on other transportation projects.
iii. Improve Energy Efficiency

Energy consumption is a growing concern. Communities able to offer their residents a means for reducing energy consumption will be more competitive in the future and be better able to attract investments in new housing and other developments. The cost of gasoline makes up about 20 percent of annual vehicle operating costs and is a key factor in the cost of living and in the rising cost-of-living index.

The Orangeline High Speed Maglev would play a significant role in addressing energy concerns and offer member cities an alternative travel mode that would help to shield residents from gasoline supply disruptions and price fluctuations, as well as economic instability. The Orangeline High Speed Maglev would attract approximately 215,000 to 255,000 daily trips that would otherwise be made in an auto. The diversion of auto trips to maglev would reduce the consumption of energy by an equivalent 50 million gallons of gasoline a year. This savings in gasoline consumption does not account for the additional savings that result from fewer auto trips made overall by people using maglev. These factors help make this an attractive alternative to the auto and contribute to the ridership attraction of the high speed system.

Provide Improved Airport Access in the Corridor

The Orangeline High Speed Maglev system will provide quick access to Palmdale Airport. The intent of this connection is to provide a more attractive alternative to LAX and Burbank airports, thereby enabling residents to avoid ground and air congestion at these airports. Many air travelers would find that they are closer time-wise to these alternative airports than to LAX, due to the high congestion levels on the freeways serving that airport. This new form of transportation will provide a major impetus to developing Palmdale Airport. Once developed and with reasonable flight schedules serving the airport, a significant percentage of Orangeline High Speed Maglev trips would be airport-destined travelers. Air travel ticketing and baggage check-in would be accommodated at designated stations.

The region has adopted a policy in its Regional Transportation Plan that air travel demand be dispersed to other regional airports, including Palmdale. Efforts to establish Palmdale as a significant airport, by attracting flights that would otherwise use LAX, have not been successful due to the long distance and
travel times from the major population centers south of the San Gabriel Mountains.

iv. Promote Responsible Land Use Planning

The AUTHORITY’S member cities, like all cities in the region, control land use through various plans, regulations and policies. California State law requires cities to adopt a General Plan that provides the policy framework for the long-term physical development of the community. General Plans express community development goals and provide specific policy relative to the public and private uses of land in the community. General Plans link community values, visions and objectives with the way public and private land and other community resources are utilized. General Plans are comprehensive and long-term, and provide the primary guidance for specific projects, policy actions or programs that may occur in the future.

Traffic congestion begins with local land use plans; they define how much traffic will be generated and how that traffic will be accommodated. Regional agencies, such as MTA and OCTA, and state agencies such as Caltrans, can do little to influence either the amount of traffic that will be generated, or to avoid the traffic congestion and other impacts of that traffic on the fabric and quality of life of the communities. At best, they are able to help tie the region together and connect them with other regions throughout the state. But even there, the quantity and quality of services provided has been less than what mobility demands require. While all the General Plans of the included cities have much in common, there are stark differences among them when considering how the land is used, particularly when it comes to residential densities. The predominant land form common to all the cities is single-family residential. Even so, residential density varies considerably from the low thousands of people per square mile, in cities like Palmdale and Lancaster, to the high twenty thousand or so people per square mile in cities like Maywood, Cudahy and Huntington Park.

A major shift in land use policies is coming into play. More and more, cities are looking to higher-density, mixed use developments tied to transit improvements to accommodate a growing population. Cities are recognizing that the region's attractions will continue to draw people to Southern California, which when added to net internal growth, is fueling the demand for more housing and more transportation infrastructure. Orangeline High Speed Maglev cities recognize that they can play a significant role in influencing and meeting that demand.
APPENDIX B: FINANCIAL PLAN

The Orangeline High Speed Maglev system provides a high quality transportation service that will attract sufficient users and operating revenues to cover development and operating costs. Several “third-party” studies have been undertaken by different consultants to the AUTHORITY and the Southern California Association of Governments that provide the basis for the AUTHORITY’S findings that the project is financially viable even without government grants to subsidize construction or operating costs, so long as the system’s cost is competitive with alternative travel options and doesn’t rely on. However, government grants to help carry out initial planning work are also anticipated.

For cities along the corridor, the Orangeline High Speed Maglev will create higher land values and prosperity for residents. The system stimulates economic development, which in turn increases revenues for member cities. A key role of the Orangeline High Speed Maglev is to protect designated residential areas from intrusive development by focusing future housing, commercial, retail and similar development around stations and along feeder routes served by high-quality public transit services.

(a) Private Funding

There are a few key factors unique to the Orangeline High Speed Maglev that enable the system to be privately funded. These include the following:

i. Location: The project is located in a corridor with a population of almost 4 million people and with some of the most densely populated communities in the nation, such as Maywood, with a population density of 25,000 per square mile.

ii. Economic: The cost to ride the Maglev is less than the cost of owning and driving an automobile, particularly when taking into account the value of time saved and comparable user subsidies.

iii. Safety: The system virtually guarantees the absence of accidents or fatalities by its design as a totally grade-separated, elevated monorail and by its computer control of all operations.
iv. Speed: At average speeds of 70-90 mph, the Orangeline High Speed Maglev outperforms even auto traffic on congested freeways, which during peak periods today operate at 30-40 mph, and likely at 20-25 mph in future years.

v. Comfort: The ability to ride stress free and make use of travel time to sleep, read a paper, do some work, walk around, or enjoy the view without having to worry about accidents provides an unparalleled degree of comfort and security.

vi. Convenience: With peak service at 5-minute intervals and stations spaced at frequent intervals, access to the system is quick and easy. Station-area development will also enable a large portion of riders are commute without depending upon a car. Station-area cars, interconnectivity with other transit services and direct airport access is also planned.

vii. Reliability: A high degree of service reliability is built into the design, ensuring that the system will be there at all times when needed, in accordance with the schedule. (Shanghai Maglev operates at 99.9% reliability).

viii. Freight: The system provides significant cost savings potential for freight movement along the corridor, resulting in a revenue source that will help to cover both capital and operating costs.

(b) Economic Factors

Current analysis indicates that the project will be able to pay off all debt associated with construction and operation in about 32 years after service operation begins. This is solely based upon the revenue that the system is projected to generate. The financial model forecasts that the project has the potential of producing an operating surplus of roughly $23 billion by the year 2050, assuming no additional capital improvements are required after initial construction and based upon the following key factors.

One of the most compelling factors that make the Orangeline High Speed Maglev economically viable is the tremendous growth that will occur in the region over the next 25-50 years. An additional 6 million people will be living in
Southern California by 2030. There are inadequate public funds available to meet the growing travel needs exclusively with highway expansion.

Another compelling factor is the significant challenge to increasing freeway capacity in both Los Angeles and Orange Counties, because many of the freeway improvement projects completed over the past 15 years have left little existing freeway right-of-way for further expansion. Future freeway expansion, costing up to $250 million per freeway mile, would require extensive right-of-way, be expensive, and create community opposition.

Air pollution concerns are also compelling public agencies to look at alternatives to freeway expansion. The Orangeline High Speed Maglev is an essential element of regional air quality plans, which rely on the project to meet state and federal air quality standards. Interest in improving air quality beyond minimum standards is growing. The California Senate Transportation and Housing Committee heard from a number of local officials at a hearing on October 18, 2006, demanding that projects to be funded from the November 2006 ballot measure must demonstrate a reduction in pollution, not merely mitigation strategies to reduce projected increases in pollution. The Orangeline High Speed Maglev would eliminate over 6,000 tons of air pollution per year.

(c) Markets Being Served

i. Cities and Counties

The Orangeline High Speed Maglev will provide direct service to 30 cities and unincorporated areas of Los Angeles and Orange Counties that the line passes through. Additionally, there are another 15 communities within the "sphere of influence" that will receive a primary benefit from the Maglev system. Secondary benefits will accrue to all of the other 76 cities in Los Angeles and Orange Counties that will be linked to this new system through various connecting transportation modes.

Two over-arching features mark the nature of virtually all of the cities in the region they are all growing in population and they are all growing in diversity. Add to that a dynamic economy fueled by trade, entertainment, technology,
tourism, film production and other industries and you have a growing and dynamic region that looks to the future with great optimism.

ii. Growing Populations

The cities along the proposed corridor have a population of about 3.4 million. This number includes only a portion of the City of Los Angeles. Since the 1990 Census, the Southern California region has grown from 14.6 million to 16.5 million - an increase of 12.8%. All of the counties in the region experienced a growth of at least 12% with the exception of Los Angeles County, which grew by 7.4%. In absolute numbers L.A. County grew by 656,286 which was the highest increase in the state.

The county is home to 88 incorporated cities and many unincorporated city-like areas. Los Angeles County is the most populous county in the United States. Figures from the U.S. Census Bureau give an estimated 2005 population of 9,758,886 residents, while the California State government's population bureau lists a January 1, 2006, estimate of 10,245,672. This is larger than the populations of 42 states. In addition, if the county were a nation, it would be the 17th largest economy in the world.

Orange County's population is larger than that of 20 states. It is the second most populous county in the state of California, and the fifth most populous in the United States. Orange County is also famous as a tourist destination, as the county is home to such attractions as Disneyland and Knott's Berry Farm, as well as sandy beaches for swimming and surfing. In addition extensive acreage is devoted to parks and open space for golf, tennis, hiking, kayaking, cycling, and other outdoor recreation.

iii. Commuters

Commuters will make up the largest share of Orangeline High Speed Maglev users. The commuter market for high speed maglev service is very strong, due in large part to the lack of capacity to meet total demand, decline in travel speeds on the region's freeway network, and the rising unpredictability of freeway conditions. Delays caused by regular bottlenecks are compounded by freeway construction and non-recurrent delay due to accidents and other
roadway incidents. The unpredictability of freeway travel requires added time in travel plans or acceptance of delays in reaching destinations. These factors draw interest in the Orangeline High Speed Maglev as a travel alternative.

Maglev's higher average speeds, particularly during peak travel periods, will give commuters free time now dedicated to driving on congested roadways. The added free time riding on the Maglev gives commuters value. When this value is added to the cost savings from use of the Orangeline Maglev, the total cost savings is substantial. The following table presents an illustrative example of potential savings resulting from the Orangeline High Speed Maglev.

<table>
<thead>
<tr>
<th>Illustrative Benefits of Using the Orangeline High Speed Maglev versus Driving an Automobile for Daily Commuting</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current rider characteristics of Metrolink, the regional commuter rail network, give an indication of how such services are used. The average trip length on Metrolink is 35 miles. Metrolink users typically arrive by car after driving 10 miles from their trip origin. The average total travel time for a Metrolink user commuting 45 miles is about 90 minutes, including parking and wait time at the station.</td>
</tr>
</tbody>
</table>

The net effect of the higher speed of the Orangeline High Speed Maglev is that commuters will be able and willing to travel further distances than they would either driving or using Metrolink, other things remaining equal. This gives commuters greater options for employment and for housing (which is usually less costly further away from the urban center). As some members of the public observed at recent community outreach events, "With the Orangeline Maglev I'll be able to get a job further away from my home and not have to move." It is projected that about 5% to 6% of long-distance trips in the corridor would be on the Orangeline High Speed Maglev. Current traffic volumes on freeways within about a 10-mile band along the proposed system (5 miles out from each side of the Maglev line) give a hint of the high volume of commuter and overall traffic that currently exists in the corridor. Additional surface street traffic levels and unmet demand add up to a total estimated demand for long distance service.
of about 2 million daily trips in the corridor, the majority of which will be commuters.

### Freeway Volumes

<table>
<thead>
<tr>
<th>Freeway</th>
<th>Avg. Annual Daily Traffic</th>
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</thead>
<tbody>
<tr>
<td>I-5</td>
<td>208,000</td>
</tr>
<tr>
<td>SR-14</td>
<td>112,000</td>
</tr>
<tr>
<td>SR-91</td>
<td>253,000</td>
</tr>
<tr>
<td>I-605</td>
<td>249,000</td>
</tr>
<tr>
<td>I-10</td>
<td>213,000</td>
</tr>
<tr>
<td>SR-170</td>
<td>134,000</td>
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<tr>
<td>SR-154</td>
<td>221,000</td>
</tr>
<tr>
<td>SR-50</td>
<td>251,000</td>
</tr>
<tr>
<td>I-210</td>
<td>118,000</td>
</tr>
<tr>
<td>SR-2</td>
<td>133,000</td>
</tr>
</tbody>
</table>

### iv. Major Activity and Multi-Modal Centers

The Orangeline High Speed Maglev is planned to connect with numerous rail and bus services converging at Union Station in downtown Los Angeles. This location is also a significant development site with headquarters offices of the MTA, Metropolitan Water District and other government and private tenants. Orange County is developing a new regional transit center in Anaheim's Platinum Triangle urban development center. This regional transit center would serve as a connection point for long-distance rail and maglev services, and local public transit services. The site for this regional transit center, which the Orangeline High Speed Maglev would serve, is near major sports and entertainment venues such as Angels Stadium, The Pond and the Disney Resort. The center is currently served by Metrolink and AMTRAK rail services. The Platinum Triangle is being planned as a vibrant 24-hour high-density, mixed-use urban environment that could include 9,500 dwelling units, 5 million square feet of office space and over 2 million square feet of commercial space.

Garden Grove is planning a $300 million project - with lofts, retail spaces and twin high-rise towers - that officials say will give Garden Grove a distinctive skyline. The 1.2 million-square-foot "Brookhurst Triangle" project is seen by city officials as an "alternative to Anaheim's Platinum Triangle." The development plan includes 800 housing units, including lofts, condominiums, as well as 40,000 to 50,000 square feet of retail space. It is seen as the first of future development projects that will form a high-density urban center proposed to be served by the Orangeline High Speed Maglev.
Irvine is actively developing the former El Toro Marine Air Base into a regional park and mixed-use development. The current plan calls for 9,500 dwelling units that will add 16,000 more people to the city’s population, all of whom would be closely located to the Orangeline High Speed Maglev station at the Irvine Transit Center. The Great Park itself will become a major attraction, drawing people from all over Orange County and Los Angeles County.

The City of South Gate is working aggressively to attract new mixed-use development, particularly around the planned Orangeline High Speed Maglev station. A $175-million outdoor mall, called the Gateway, is being built on the site of a former pipe manufacturing plant. At 600,000 square feet, the mall would be one of the largest in Los Angeles County. Other property around the planned Maglev station location is being actively marketed for development by the city to create a major mixed-use destination center.

v. Connections with other maglev lines, public transit, and other modes

There are currently three other Maglev system proposals and one high speed rail system proposal under consideration by various agencies that would have a connection to the Orangeline High Speed Maglev. If all these systems are constructed, they would form a network of high speed ground transportation that would provide a viable alternative to travel by auto or by air for many trips throughout the region and the state.

The high-speed rail system, being proposed by the California High-Speed Rail Authority (CHSRA), would serve Sacramento, San Francisco, the San Joaquin Valley, Los Angeles, the Inland Empire, Orange County, and San Diego (via Riverside County or the LOSSAN Corridor). Within Orange County, the high-speed electrified rail system may operate as far south as the Irvine Transportation Center (ITC). Station spacing for this system is about 15 to 50 miles and operating speeds are projected to be about 60 to 185 mph.

The Southern California Association of Governments (SCAG) is pursuing a Maglev project from LAX to the Inland Empire that generally follows the I-10 Freeway corridor. An initial operating segment has been defined with stations in West Los Angeles, downtown Los Angeles, West Covina and Ontario. SCAG also completed an LAX - Orange County Maglev corridor study in October 2004. The corridor is proposed along the I-405 Corridor and has stations at LAX, Carson,
Long Beach, Seal Beach, Huntington Beach, John Wayne Airport, ITC, Santa Ana, and Anaheim.

A California-Nevada Maglev project extending from Las Vegas to Anaheim is being sponsored by Nevada public agencies and local California communities along the proposed corridor and a private interest group. The project received an earmark for funding in the new Federal Transportation Act ($45 million over five years). A state environmental impact assessment is about to begin for the Anaheim - Ontario Maglev project that could eventually connect Orange County to Las Vegas.

(d) Financial Projections Chart and Summary

### i. Project Summary

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
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<tbody>
<tr>
<td>Project Cash Surplus</td>
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<tr>
<td>Operating Reserves</td>
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<tr>
<td>Station-area Improvements and Feeder Services</td>
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<tr>
<td>Investor Interest Earnings</td>
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<tr>
<td>User Cost Savings (Compared to Owning/Driving a Car)</td>
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<tr>
<td>User Travel Delay Savings (Compared to Driving a Car)</td>
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<tr>
<td>Total Project Benefits</td>
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<tr>
<td>Project Cost (including vehicle replacement in year 25)</td>
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<td>Benefit/Cost Ratio (without value of Emission Savings)</td>
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<tr>
<td>Emission Savings</td>
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<tr>
<td>Benefit/Cost Ratio (with Emission Benefits)</td>
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<tr>
<td>Reduction in Gasoline Consumption (gallons)</td>
<td>2,549,314,071</td>
</tr>
<tr>
<td>Annual Reduction in NOx and CO₂ Emissions (tons in 2027)</td>
<td>744,985</td>
</tr>
</tbody>
</table>

### ii. Projection Chart in 2007 Dollars:

DRAFT – Subject to final review
## Request for Proposals (RFP) to Implement the Orangeline Corridor Development Project

### DOCUMENTA: CONSORTIA REGISTRATION

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of Proposals Received</th>
<th>Number of Proposals Evaluated</th>
<th>Number of Proposals Shortlisted</th>
<th>Number of Proposals Presented</th>
<th>Number of Proposals Awarded</th>
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<td>15</td>
<td>5</td>
<td>2</td>
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<td>2008</td>
<td>20</td>
<td>10</td>
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<tr>
<td>2009</td>
<td>30</td>
<td>20</td>
<td>15</td>
<td>10</td>
<td>5</td>
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</table>

**Total:** 65 proposals received, 45 evaluated, 25 shortlisted, 18 presented, 10 awarded

---

### Debt

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue</th>
<th>Construction, Operating &amp; Reserve Expenses</th>
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</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
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</tbody>
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### Construction, Operating & Reserve Expenses

<table>
<thead>
<tr>
<th>Year</th>
<th>Construction, Operating &amp; Reserve Expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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</tr>
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### Request for Proposals (RFP) to Implement the Orangeline Corridor Development Project

**Draft – Subject to final review**
### Request for Proposals (RFP) to Implement the Orangeline Corridor Development Project

#### DOCUMENT A: CONSORTIA REGISTRATION

<table>
<thead>
<tr>
<th>Annual Operating Expenses</th>
<th>Interest Rates</th>
<th>Interest Expense</th>
<th>Annual Operating Expenses</th>
<th>Interest Rates</th>
<th>Interest Expense</th>
<th>Operating Debt / Surplus</th>
<th>Debt</th>
<th>Ending Debt Balance</th>
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</thead>
<tbody>
<tr>
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<td>$6,250</td>
<td>$62,500,000</td>
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<td>$62,500,000</td>
</tr>
</tbody>
</table>

**Total**

| $22,500,000               | 5.0%           | $1,125,000      | $1,125,000                | 5.0%           | $562,500        | $23,625,000          | $0   | $23,625,000        |

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**Source:** DRAFT – Subject to final review.
APPENDIX C: STATION AREA DEVELOPMENT VALUE CAPTURE

(a) Value Capture Potential

The Orangeline High Speed Maglev is a transportation system that will stimulate development in new growth centers and redevelopment and revitalization of existing urban areas, balance land use, and reduce parking and traffic on a scale never before seen in Southern California. It is one of the only long-term development options able to accommodate the direction of existing and future development in a manner that addresses key community concerns.

The financial analysis undertaken by the Authority and ARCADIS indicates that implementation of the Orangeline High Speed Maglev can potentially be financed from system operating funds. However, the financial plan recognizes there are risk factors that impact the PROJECT’s financial viability, particularly in the early phase of environmental analysis and entitlements.

The Authority has considered and pursued funding from local, state and federal funding sources, such as the recently-passed State Infrastructure Bond program, as well as the Federal TIFIA program, as a means to mitigate these financial risks. While the AUTHORITY will continue to seek funding from these sources, the AUTHORITY believes that a self-reliant strategy is preferable; one that does not rely on outside agencies.

The Authority has formulated a development credits program to address the investment risk issue. Development credits are financial instruments that have value in the form of earned station-area development rights. The credits would be provided to the AUTHORITY by its member cities to compensate the DEVELOPER CONSORTIA for its investment risk in the PROJECT. The value of the development credits arises out of, and is captured from a portion of, PROJECT-induced land value increases that result from the PROJECT. This value capture mitigates risk associated with initial investments in the Project. The value increases generated by the PROJECT stem from several factors, as discussed below.

Current and future property owners within and surrounding each of the Orangeline High Speed Maglev station areas will potentially benefit from a significant increase in property values as a result of the Orangeline High Speed Maglev Corridor Development Project. The likelihood of this positive economic...
impact on real estate values has been well demonstrated by similar projects in Southern California, in other U.S. cities and throughout the world. Increasing traffic congestion, the rising cost of fuel and legislation pertaining to air quality and global warming all point to the likelihood of even greater property value increases in Orangeline High Speed Maglev station-areas relative to other areas. These trends will benefit station-area property owners and developers.

Likewise, the Authority’s member cities will benefit from increased property, sales and business tax revenues that will enable them to fund public improvements and services necessary to support additional population. As indicated in the Orangeline High Speed Maglev financial analyses undertaken by ARCADIS and the Authority, Orangeline High Speed Maglev operating revenue surpluses will provide an additional revenue source for member cities.

Due to its attractiveness versus commuting by automobile on congested roadways, the Orangeline High Speed Maglev will attract many individuals, particularly those who chose to live within walking distance of a station. Undoubtedly, many businesses will also see the Orangeline High Speed Maglev as an opportunity to make their locations readily accessible to employees and customers. The potential demand for housing and other improvements around stations may support increases in development intensity, expressed as floor area ratios (FAR), to as much as 14 to 1 within designated growth centers along the 108-mile corridor. Even a modest increase in floor area ratios within these growth centers would provide for sizable station area development and value capture. Channeling growth to these growth centers protects undesirable and unmanageable growth in other areas of the cities.

The monetary value of the Development Credits issued to the AUTHORITY by its member cities and, in turn, by the AUTHORITY to the DEVELOPER CONSORTIA is realized only when they are used to increase FAR for station-area real estate development, or when they are sold to another party and used for the same purpose. Development credits incentivize continual investment in every stage of the PROJECT due to their value in reducing investment risks; later investment provides additional development rights, and causes the value of land and of FAR density bonuses in development zones to rise. As the cumulative value of the development credits issued to the DEVELOPER CONSORTIA is set at a fixed value, and as the value and price of additional developable square feet (FAR) will increase over time, the DEVELOPER CONSORTIA are incentivized to use the development credits as soon as possible. This helps to achieve the PROJECT objective and viability by creating station-area development that generates increased Orangeline High Speed Maglev ridership and operating revenues.
Current land owners are able to participate in the development credit program by investing in the PROJECT as members of the DEVELOPER CONSORTIA or by securing development credits from the DEVELOPER CONSORTIA. Similar to how cities currently employ transferrable development rights, development credits are not tied to specific parcels, but to the entire station-area development zones. The market will dictate the DEVELOPER CONSORTIA investment return.

The DEVELOPER CONSORTIA have the ability to sell their development credits on the open market if they don’t own property within the prescribed zones. Such a transfer may be done right after investment in the PROJECT or deferred until a later date. This process also allows current landowners the opportunity to use the new development potential of their own property, choose not to participate, or sell their property in the open market at greater value than it was previously worth.

The Orangefare Mall analysis undertaken by Trischler Associates for the OCTA Center Line light rail project indicates the extent of the station-area value capture that can be anticipated with the PROJECT. Trischler found that an anticipated density increase of 0.7 to 4.0 FAR brings the public up to $566 million in bonding capacity and up to $42 million in annual public sector joint development revenues. These numbers represent the increase in value from one 30-acre parcel tied to a planned light rail station at the Pacific Orangefare Mall in Fullerton, not the increase in value associated with development within a 1/2 mile radius around 18 Maglev stations. Assuming development potential of 1/4 the land with a half-mile radius Orangeline Station-area Development Zone (about 125 acres), the development estimates from the Orangefare Mall analysis appear ultra-conservative for the purposes of estimating the impact of the Orangeline High Speed Maglev Corridor Development Project.

The values above reflect approximate change in present real estate value after approval and implementation of the transit system and after the approval of the FAR change. The prospective increase of this value over time following the initiation of high-speed maglev system operations is staggering. Trischler projected that transit-oriented development could generate an income stream of $25 million per year for 20 years around a single light rail station, just in development fees. (NOTE: This value was achieved by increasing the FAR from 0.4 to 4.3 for the proposed Fullerton station site. Evaluation of a change in FAR around a proposed Costa Mesa station from 0.7 to 1.5 created value through development fees of $14 million per year. Both of these examples are from a report evaluating the impact of a light rail system, not a high speed maglev.)
There are 18 planned Orangeline High Speed Maglev stations. If one assumes a conservative estimate of 10 stations, this yields a $120-250 million annual increase in value and likely generates a worth of $5 billion over 20 years.)

Acceptable baseline development intensity is a matter for each member agency City Council to decide, in consultation with the community. However, PROJECT investors will be in a position of competitive advantage, regardless of city-specific zoning decisions. This section explains how Orangeline investors will receive that competitive advantage.

**(b) Orangeline Station Area Development -- Incentive Zoning**

The AUTHORITY’S financial plan is founded on the principal that federal and state agencies will not step up to the plate to fund or invest in the PROJECT at the levels needed. Regional transit agencies, likewise, will not provide the funding that is required. Rather than putting hope in other government agencies, the AUTHORITY and its member cities are looking inward to the intrinsic value that the Orangeline High Speed Maglev and station-area housing and related developments offer to consumers and to member cities. Early investors who recognize the revolutionary potential of the Orangeline High Speed Maglev and associated developments will be rewarded from partnering with the AUTHORITY to take a significant role in implementation. Private sector development partners will share in multiple elements of the PROJECT’s financial success, commensurate with the risks assumed.

Those who wish to develop around Orangeline High Speed Maglev stations would be required to pay the involved city a development fee to cover a portion of the PROJECT cost. Development credits issued to the DEVELOPER CONSORTIA would serve as pre-paid development fees. As a result, the right to develop around the stations will be conditioned upon a direct or indirect investment contribution in the PROJECT. The development credit program enables a return for DEVELOPER CONSORTIA participants by giving pre-approved development rights which have value on day one and grow in value exponentially with the success of the Orangeline High Speed Maglev.

Orangeline Station-area Development Zones would function as overlay zones, within which additional density is enabled by the Orangeline High Speed Maglev. Until all the development credit allocations are used, the only procedure available to obtain density bonuses that allows development...
intensity beyond the normal zoning allowances, is through investment in the Orangeline High Speed Maglev via Orangeline Development Credits. Thus, zoning laws incentivizes participation in Orangeline High Speed Maglev investment.

Orangeline High Speed Maglev investors are incentivized to develop around the stations anyway, since they would benefit not only directly from increased property values but indirectly by virtue of their ownership stake in the increased cash flow generated from greater development-induced demand for the Orangeline High Speed Maglev. The formation of a development credit system is expected to expedite private financing of the PROJECT by reducing investment risks.

The link between development rights, through Development CREDITS, and investment in the Orangeline High Speed Maglev would do two things for private sector partners that make this investment opportunity unlike any other: (1) increase the rate of return through a source of revenue independent from revenue collection, and (2) reduce the investment risk because developers themselves contribute to the success of the PROJECT by creating an environment which will stimulate rider demand.

Issuance of Credits

As envisioned, the amount of credits earned (generally expressed in increased FAR) corresponding to a fixed investment contribution will not be stagnant. Instead, as development of the Orangeline High Speed Maglev progresses, these credits will become more valuable. At the same time, investment risk declines as risk factors are addressed during the planning and development stages.

The program would be structured so that investors will receive no better ratio of development credits to investment than they will be receiving with response to this RFP; early investment in response to this RFP will bring initial investors a higher amount of development credits for each dollar invested than would be earned with subsequent investments. Thus, investors who respond to this RFP will be able to immediately begin pursuing development of land along the corridor and make use of the development credits. The AUTHORITY may establish a process to incentivize use of the development credits in a timely fashion.
The initial $200 million in capital will be used to complete the entitlement process. The incentive zoning/development credits program would reward such investment with a large amount of development rights supplemental to ownership in Orangeline High Speed Maglev operating revenue. There is a greater need to stimulate growth around the stations during the early stages of construction. The sharp decrease in the ratio of development credits issued relative to later investments is representative of the lower risk associated with investment during future stages of the project. The following table corresponds to the previous graph and explains these values in more detail.
### Development Credits

<table>
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<th>Revenue Collection Period</th>
<th>Capital Raised</th>
<th>Ratio - %</th>
<th>Development Credits*</th>
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<tbody>
<tr>
<td>1</td>
<td>$51,915,600</td>
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</tr>
<tr>
<td>2</td>
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<tr>
<td>3</td>
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<td>25.00%</td>
<td>$1,217,872,756</td>
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<td>24.00%</td>
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<td>11</td>
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<td>$384,537,304</td>
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<td><strong>Total</strong></td>
<td><strong>$23,589,066,557</strong></td>
<td></td>
<td><strong>$6,281,389,870</strong></td>
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As proposed, the dollar-value for credits given at each stage may be fixed. However, the value for additional developable square feet would be appraised by the AUTHORITY and its members at the beginning of each revenue collection period. New appraisal values alter the square foot bonus given to new investors,
but would not change the amount of bonuses given during past revenue collection periods.

With 18 stations, the total collection of capital to fund the project will result in an exchange of over $6 billion in present value development credits. Value from development credits adds to the value of Orangeline High Speed Maglev revenues, which combine to create a sizable return for investors. Credits create value for investors in a way that increases the coverage ratio for return on investment. On day one, development credits would have value; however the true value of the credits comes in adding up the cumulative financial benefit to investors that comes from a competitive advantage over non-investors over a 50 year time span, in a corridor that it set to begin rapid development.

i. Value of Credits in FAR bonus

At the beginning of each of the revenue collection period above, the rate of value for each additional developable square foot would be appraised by the AUTHORITY and its members. To achieve an initial value for development credits in terms of square footage bonus, THE AUTHORITY has used the Trischler analysis of the light rail station in Fullerton. This study determined that an increase in FAR from 2.3 to 4.3--very conservative assumptions to make for Orangeline High Speed Maglev station areas--creates a net present value increase from $301 million to $527 million for a mixed use project that increases from 2.8 million to 5.6 million square feet. Thus, $113 million in development credits would be needed for each FAR increase (say from 2 to 3) and an increase in project size of 2.8 million sq. feet. Thus, the calculation for determining FAR bonus would initially be set as follows: each dollar of development credit equates to 0.0248 additional developable square feet beyond the current zoning.

The following chart demonstrates the density bonus which would initially be associated with the various levels of investment, up to the $200 million needed to fund the entitlement process:
When the various rates of square foot bonus are projected over the entire project, $6 billion in development credits creates 150 million additional square feet of development along the corridor or about 8.5 million square feet per station. The reasonableness of the projected demand for this kind of development can be seen by looking at Anaheim's platinum triangle development, which is constructing transit-oriented development. In this development, developments average about 6 stories and range in density from 50-90 dwellings per acre. The Orangeline High Speed Maglev should attract far more dense development than the Platinum Triangle, because of the high-quality commuter service it offers.

There would be demand for 150 million additional square feet of development within Orangeline Development Zones, which are projected to be drawn at a radius of 1/2 mile from the station, or 500 acres. All of this land will certainly not be developable because this acreage calculation includes non-developable land like streets and ignores that cities may decide to draw the ODZs around current housing. However, the AUTHORITY is projecting that at least 1/4 of this acreage would be dedicated toward high density development around the station, development which is only allowable by using development credits from the AUTHORITY. Even with 125 acres of developable land potential around each station, this equates to 2250 acres of development along the entire corridor. Using development density from the Platinum Triangle in Anaheim, the Orangeline High Speed Maglev is creating development potential for over 200,000 dwelling units or its commercial equivalent. At 750 sq. feet per unit, this equates to over 150 million square feet of development.
Research data show that the influence of maglev stations will extend to at least 1 mile. If the same calculation is done, using a 3/4 mile radius, the demand explodes to over 250 million square feet, using even more conservative estimates of density and sq. feet per unit.

ii. Redemption Process and Incentives to Use Development Credits

Official credit accounts would be held on file with the AUTHORITY, as a matter of public record, with copies always available for individual investors and the public at large. To use credits, developers would inform the AUTHORITY and the city within which development will occur that credits are being used. This must be in writing and attached to a permit application. Development credits will expire 10 years after the initiation of Orangeline High Speed Maglev service.

Development credits would be transferable to another party. If an investor sells development credits to a third party, the AUTHORITY would be notified of this sale in writing, in order to create a new development account.

The AUTHORITY would reserve the right to buy back development credits at the price guaranteed by the rate used during the initial sale. This buy-back right should incentivize investors to use their development credits. Developing property around the station allows investors to profit from the increase in land and development value. If development rights are not used, the credit owners run the risk that the AUTHORITY would buy back credits at the purchase price when the value of development credits rises. This buy-back would occur, only upon an application for purchase from a station-area developer.

APPENDIX D: LEGISLATION

(a) Orangeline Station Area Development -- Incentive Zoning Enabling Ordinance

ACCORDING to the AUTHORITY vested in the City of _______ by the State of California through the police power and WHEREAS to promote the health, safety, and welfare of the citizens of _______ and Southern California, the City of _______ authorizes the use of Orangeline Development Credits (hereby referred to as "CREDITS"). CREDITS are to be given by the Orangeline Authority.
Development Authority (hereby referred to as "AUTHORITY") and applied within Orangeline Development Zones (hereby referred to as "ZONES").

This legislation hereby authorizes the creation of Orangeline Development Zones to function as overlay zones. Within a ZONE, density bonuses can only gained by any individual or entity by the usage of CREDITS. The ratio of investment to development credit will be adjusted at intervals announced by the AUTHORITY. As the project progresses, the ratio will increase, giving progressively less development credits to investors, per fixed contribution. The AUTHORITY has authority to determine this progression. Credits translate to bonuses in FAR--additional developable square feet--at a rate determined by the AUTHORITY.

The AUTHORITY, CREDITS, development and the associated investment will encourage rapid solution to the transportation crisis within the region, create a sustainable alternative to freeway transit, encourage development along a mass-transit-oriented corridor, begin to eliminate racial and economic segregation through the region, create jobs and affordable housing, reduce the need for public taxation, reduce vehicle pollution, and increase property values.

Zoning determinations within the City of _______ is hereby authorized to create overlay ZONES, where CREDITS may be redeemed. CREDITS allow higher density use, by indicating additional square feet (FAR) which may be developed in excess of the existing zoning classification. CREDITS may not be used to exceed maximum zoning limits, if the parcel-specific zoning so indicates.

CREDIT usage within a ZONE is also authorized to receive expedited permit procedures, as indicated by the AUTHORITY or the City of ______. “Expedited permit procedures” include, but are not limited, to as follows: pre-approved land entitlements for improvements that conform to the station-area specific plan, reduced parking requirements, reduced impact-fees and _______. ZONES do not affect current zoning requirements for those without CREDITS. ZONES can only be placed in areas consistent with the general plan. CREDITS are transferrable, with permission of the AUTHORITY.

At any time until CREDITS have been used, the city of ______ and the AUTHORITY reserves the right to buy CREDITS back from their holders at any time, with 30 days notice, in exchange for the monetary development value set to the credits at the time of their issuance.
The usage of CREDITS within the preceding incentive zoning program does not constitute a government taking. See Small Property Owners of San Francisco v. City and County of San Francisco. 141 Cal.App.4th 1388 (2006). Development rights do not attach mandatory monetary obligation with respect to or on a particular property. This legislation hereby authorizes the linkage of CREDITS to development rights within station areas because of the specific impact that the Orangeline High Speed Maglev Project will have upon value in the identified zones. The OLDP meets all legal requirements set forth by the uniformity standard (Annotated California Government Code Section 65852). If not otherwise indicated, ZONES have equal application to all parcels within the ZONE. No individual is prohibited from gaining or using CREDITS, from the AUTHORITY or another CREDIT-holder.
(b) RFP Authorization

The Orangeline Development Authority has authorization to issue this RFP to engage in negotiation for private funding of an infrastructure system in Southern California, through the authority vested in city and local government agencies by Cal Gov. Code Section 5956 and 5956.1

Cal Gov. Code Section 5956: Local governmental agencies have experienced a significant decrease in available tax revenues to fund necessary infrastructure improvements. If local governmental agencies are going to maintain the quality of life that this infrastructure provides, they must find new funding sources. One source of new money is private sector investment capital utilized to design, construct, maintain, rebuild, repair, and operate infrastructure facilities. Unless private sector investment capital becomes available to study, plan, design, construct, develop, finance, maintain, rebuild, improve, repair, or operate, or any combination thereof, fee-producing infrastructure facilities, some local governmental agencies will be unable to replace deteriorating infrastructure. Further, some local governmental agencies will be unable to expand and build new infrastructure facilities to serve the increasing population.

Cal Gov. Code Section 5956.1: It is the intent of the Legislature that local governmental agencies have the authority and flexibility to utilize private investment capital to study, plan, design, construct, develop, finance, maintain, rebuild, improve, repair, or operate, or any combination thereof, fee-producing infrastructure facilities. Without the ability to utilize private sector investment capital to study, plan, design, construct, develop, finance, maintain, rebuild, improve, repair, or operate, or any combination thereof, fee-producing infrastructure facilities, the Legislature finds that some local governmental agencies will not be able to adequately, competently, or satisfactorily retrofit, reconstruct, repair, or replace existing infrastructure and will not be able to adequately, competently, or satisfactorily design and construct new infrastructure.

For the purposes of Cal Gov. Code Section 5956 and 5956.1, the joint powers of the Orangeline Development Authority is considered a "local government agency," through the application of Cal Gov. Code Section 6500. As used in this article, "public agency includes, but is not limited to, the federal government or any federal department or agency, this state, another state or any state department or agency, a county, county board of education, county superintendent of schools, city, public corporation, public district, regional
transportation commission of this state or another state, or any joint powers authority formed pursuant to this article by any of these agencies.

Cal St. and HY Code Section 143 does not in any way restrict the ability of AUTHORITY member cities or the AUTHORITY, as a joint powers authority, to release this RFP.
AGENDA REPORT

TO: Members of the Orangeline Development Authority

FROM: Albert Perdon, Executive Director

DATE: July 9, 2008

SUBJECT: Consider Amendment to Agreement with ARCADIS extending the Contract Term to December 31, 2008 and Approve Modification Agreement

RECOMMENDATION

That the Board authorizes renewal of the agreement with ARCADIS and an extension to the term of the agreement from December 31, 2007 to December 31, 2008. Approves the attached Modification Agreement and authorizes the Chairman to execute the Modification Agreement.

DISCUSSION

The Authority entered into an agreement with ARCADIS on August 31, 2005. The agreement specifies ARCADIS’s role as the Authority’s development partner and the objective of the parties to pursue development of the Orangeline High Speed Maglev project. The agreement describes the ARCADIS Phase 1 work scope and tasks in detail.

On November 8, 2006, the Authority extended the term of the Agreement to December 31, 2007 (Modification Agreement). It was intended that the term of the Agreement be extended again to December 31, 2008, in keeping with the original intent and provisions of the Agreement originally entered into in 2005 and . This was not done, however ARCADIS has continued to support the Authority’s efforts during the current past six months.

In order for ARCADIS to continue its relationship with the Authority and to enable the Authority and ARCADIS to work jointly to secure funding for the next program phase, the contract that lapsed on January 1, 2008 must be renewed and extended to December 31, 2008.

The proposed amendment is to extend the term only and does not affect the existing or future level of compensation by the Authority to ARCADIS. The renewal and amendment of term is effectuated by adoption of the attached Modification Agreement.

ATTACHMENT

1. Modification Agreement by and between the Orangeline Development Authority and ARCADIS G&M, Inc.
MODIFICATION OF DEVELOPMENT AGREEMENT
BY AND BETWEEN THE ORANGELINE DEVELOPMENT AUTHORITY
AND ARCADIS G&M, INC.

THIS MODIFICATION (this "Modification") is made and entered into as of the ___th
day of July 2008, by and between the ORANGELINE DEVELOPMENT AUTHORITY, a joint
powers authority formed pursuant to California Government Section 6500, et seq., ("Authority"),
and ARCADIS G&M, INC., a Delaware Corporation ("Developer"), with respect to the
following facts:

W I T N E S S E T H:

WHEREAS, Agency and Developer entered into a Development Agreement ("Base
Agreement") on or about April 13, 2005 for the purpose of analyzing the feasibility, performing
the initial design, constructing and maintaining and operating the Orangeline high-speed
magnetically levitated (Maglev) transportation system; and

WHEREAS, Agency and Developer entered into an Agreement ("Modification
Agreement") on or about December 13, 2006 to extend the term of the Base Agreement to
December 31, 2007; and

WHEREAS, it was and remains the Authority’s intent that the Developer continue in its
role as generally defined in the Base and Modification Agreements, subject to annual
amendments to the current Agreement; and

WHEREAS, Developer has continued to support the Authority’s efforts to advance the
Authority’s development program and stands ready to continue doing so as funding is secured
for the next phase of the project; and
WHEREAS, the AUTHORITY wishes to continue its relationship with Developer under the terms of the Modification Agreement by renewing the Agreement and extending the expiration date.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the parties agree as follows:

1. **Modification of Section 5.1 of the Agreement.** Section 5.1 of the Modification Agreement by and between the Orangeline Development Authority and ARCADIS G&M, Inc., attached hereto as Exhibit A, is modified as follows:

   “5.1 The term of this AGREEMENT shall commence on the date set forth in the Preamble and, unless terminated sooner or extended by mutual agreement of the Parties, will end on December 31, 2008.”

2. **Continuing Effect.** Except as specifically amended herein, the terms and provisions of the December 13, 2006 Modification Agreement by and between the Orangeline Development Authority and ARCADIS G&M, Inc. shall remain in full force and effect.

IN WITNESS WHEREOF, the parties have entered into this Modification as of the day and year first above written, at ____________________, California.

ORANGELINE DEVELOPMENT AUTHORITY, a joint powers authority ("Authority")

By: ____________________________
    Kirk Cartozian
    Chairman
ARCADIS G&M, INC. ("Developer")

By:__________________________

ATTEST:

____________________________
W. Michael McCormick
Secretary/Treasurer

Approved as to form:

____________________________
Yvette M. Abich
General Counsel
EXHIBIT A

DEVELOPMENT AGREEMENT BY AND BETWEEN
THE ORANGELINE DEVELOPMENT AUTHORITY AND
ARCADIS G&M, INC.
DEVELOPMENT AGREEMENT

BY AND BETWEEN

ORANGELINE DEVELOPMENT AUTHORITY

AND

ARCADIS G&M, Inc.

ORANGELINE CORRIDOR DEVELOPMENT PROJECT

Dated August 25, 2005
PREAMBLE

This AGREEMENT is entered into as of August 25, 2005 by and between the Orangeline Development Authority, a joint powers authority formed pursuant to California Government Code Sections 6500 et seq., a public body, corporate and politic with principal offices located at 16401 Paramount Boulevard, Paramount, California, hereinafter referred to as “AUTHORITY” and ARCADIS G&M, Inc., a Delaware Corporation, whose headquarters are located at 630 Plaza Drive, Suite 200, Highlands Ranch, CO 80219, and with a place of business at 1400 North Harbor Boulevard, Suite 700, Fullerton, California, hereinafter referred to as “DEVELOPER”. Both AUTHORITY and DEVELOPER hereinafter may be referred to individually as a “Party” and collectively as the “Parties”.

BACKGROUND

The AUTHORITY and the DEVELOPER have entered into this AGREEMENT to enter into a public-private partnership to undertake the Orangeline Corridor Development Project, hereinafter referred to as “PROJECT”, which includes: 1) analyzing the feasibility and determining the viability of the PROJECT; 2) performing the initial design and acquiring the funding for the PROJECT; 3) constructing the Orangeline high-speed, magnetically levitated (maglev) transportation system, and constructing Orangeline station-area real estate developments, as approved by the AUTHORITY’s member cities; and 4) operating and maintaining the Orangeline to provide high-speed transportation services to the AUTHORITY’s member cities.

The AUTHORITY exists under the legal authority of the Joint Exercise of Powers Act of the State of California, Government Code Sections 6500-6599.2, inclusive, as they now exist or may hereafter be amended, for the purpose of implementing the PROJECT.

The Parties desire to generate revenue from the PROJECT, including from the high-speed transportation services to be provided, from the station-area property improvements to be constructed, and from other ancillary sources. Initial feasibility studies indicate the potential for the Orangeline to generate sufficient revenues from the provision of high-speed transportation service to cover both capital and operating costs. The projected investment in building the Orangeline maglev system and Orangeline station-area development is projected to exceed $36 billion.

The Parties have identified the following requirements for successful implementation of the PROJECT:

1. Establishing a viable public-private partnership to implement the PROJECT.
2. Securing the rights-of-way necessary to build and operate the Orangeline system.
3. Obtaining required state and federal environmental clearances, permits and approvals.
4. Securing financing from public and private sources to plan, construct and operate the PROJECT.
5. Securing support of Authority member cities in station-area development and in determining appropriate roles of the AUTHORITY and DEVELOPER in that development.

Development of the PROJECT consists of four (4) Phases, as defined below. This AGREEMENT specifies the specific terms for completion of Phase 1. It is anticipated that, upon successful completion of Phase 1, the AUTHORITY and the DEVELOPER would initiate Phase 2 work subject to one or more amendments to this AGREEMENT specific to that Phase. The Parties agree to negotiate Subsequent Amendments in good faith recognizing that DEVELOPER should not be denied the opportunity to participate in further Phases unless it fails to adequately perform its responsibilities in Phase 1 or the law otherwise requires.

A key goal of the PROJECT is to minimize risk to both parties. The AUTHORITY, in particular, desires to minimize risk to the public and to its member cities. The phasing of work and the ability to evaluate the feasibility of the PROJECT and its risks at the conclusion of each phase is an important means for managing PROJECT risks.

Phase 1 – Feasibility Assessment
The purpose of this phase is to analyze and assess the conclusions of the initial feasibility studies performed by IBI Group in December 2001 for the Southern California Association of Governments and in July 2002 for the Gateway Cities Council of Governments which concluded that the Orangeline would benefit the Southern California and Gateway regions and that the proposed financial plan, which relies primarily upon PROJECT revenues to fund construction and operation of the PROJECT, is viable.

Attachment A, made a part of this AGREEMENT, describes the DEVELOPER’s Phase 1 Work Scope and tasks in detail. Phases 2, 3 and 4 tasks will be defined in detail during Phase 1 and must be mutually agreed upon by the Parties in a Subsequent Amendment in order for the partnership to continue beyond Phase 1.

Phase 1 begins with execution of this AGREEMENT by both Parties. Phase 1 consists of preliminary planning, tradeoff analyses (including cost-benefit analyses), and determination of the potential that the PROJECT can be largely privately funded. In this phase, the DEVELOPER will verify and modify data inputs that were originally set forth in the initial feasibility studies in the areas of overall planning, engineering, station designation and concept design, ridership, cargo/freight, right-of-way, constructability, costs, revenues, project financing, ownership, legal and other areas as required. General Plans of member cities will be reviewed and potential for station-area development and associated revenues will be assessed. The AUTHORITY and the DEVELOPER will work jointly to secure funding for Phase 2. Phase 1 is planned as an eight-month effort.

Successful completion of Phase 1 is achieved upon completion by DEVELOPER of the Task Reports described in the Work Scope, upon securing funds for Phase 2, and upon negotiation and execution of a Subsequent Amendment that describes the terms of the relationship between the AUTHORITY and the DEVELOPER during Phase 2, provided, however, substantial completion of Phase 1 is achieved upon completion by DEVELOPER of the Task Reports. Phase 2 and subsequent phases are described in
conceptual terms as follows but without prejudice to negotiation of any Subsequent Amendment.

Phase 2 – Plan Development
The purpose of this phase would be to develop the Orangeline System Definition and Implementation Plan, to complete the environmental and economic impact analyses and secure project clearances under the California Environmental Quality Act (“CEQA”) and the National Environmental Policy Act (“NEPA,”) and to secure funding and required government approvals to implement the Project. This Phase would include coordination with AUTHORITY member cities to develop station area master plans.

Phase 2 would begin after funding for Phase 2 is secured and following negotiation and execution of a Subsequent Amendment. Phase 2 would consist of completion of financing plans and refinement of construction plans and detailed alignment drawings. An Economic and Environmental Impact Report/ Statement compliant with CEQA and NEPA and which might take the form of a finding of no significant impact (“FONSI”) or any other manner of CEQA and NEPA compliance which fulfills the requirements of law would be prepared by the AUTHORITY’s environmental planning consultant, with preliminary engineering (at a level of approximately 10% of final engineering) and financial data input from the DEVELOPER. A “Record of Decision” by the responsible federal agency under NEPA would be secured.

Planning in Phase 2 would be sufficient that funding sources (public, private, bond issuance and/or combinations of these sources) could assess the financial viability of the Project. It is anticipated that the DEVELOPER would complete additional preliminary engineering (to between 15% and 30% of final engineering) to support this required analysis of financial viability and to secure construction financing.

The DEVELOPER would produce investment-quality financial data based on design and market data relating to items such as ridership and cargo projections, land development and parking. The DEVELOPER would also coordinate with the AUTHORITY’s member cities to complete station area master plans and to secure from these cities, from Los Angeles or Orange County with respect to unincorporated sites, and from private property owners land development and use agreements, permits and related items necessary to initiate construction of stations and related developments. Each city or county would decide the level and nature of development within its boundaries or unincorporated territory. DEVELOPER would work with each member city to provide assistance and support in achieving the City’s development goals as they pertain to the area affected by the PROJECT. The relocation of businesses and loss of tax revenues as a result of Orangeline construction and/or station-area development will be a concern to cities along the corridor. DEVELOPER would work with member cities to avoid or, at least, minimize the loss of tax revenues.

Phase 2 would include securing funding commitments from public and private sources. Phase 2 is planned as a 24-month effort.

Phase 2 would end with federal approval of the Record of Decision (ROD), and AUTHORITY approval of the Notice of Completion, pursuant to NEPA and CEQA,
completion of the Investment Grade Financial Plan, Ridership Plan, federal TIFIA loan approval, construction bond sales by the AUTHORITY, and upon completion of a Subsequent Amendment that describes the terms of the Phase 3 work.

Phase 3 – Orangeline Construction and Deployment
The purpose of this phase would be to build the Orangeline maglev system and fully commission the system for high-speed service. During this phase, coordination with AUTHORITY member cities would continue to facilitate each affected city’s adoption of station area specific plans and to entitle station-area properties for development.

Phase 3 would begin upon receipt and distribution of final design and construction funding to the AUTHORITY and to the DEVELOPER. Phase 3 ends with completion of certification testing of the Orangeline and certification for operation. Phase 3 is preliminarily planned to be a 36-month effort.

Phase 4 – Orangeline Service and Station-area Development
During this phase, high-speed Orangeline service would be provided and station-area developments would be undertaken.

Phase 4 begins with operations of the Orangeline in a revenue-producing mode. This phase would include providing Orangeline services to the standards specified in a Subsequent Amendment, marketing the services and coordinating with the Member Cities to create station-area developments and to maximize passenger and cargo/freight utilization of the PROJECT.

Phase 4 would extend throughout the life of the PROJECT or for such shorter time as specified in a Subsequent Amendment. Phase 4 is anticipated to extend for 50 or more years.

1.0 RELATIONSHIP BETWEEN THE PARTIES
1.1 The DEVELOPER shall be an independent contractor to the AUTHORITY under this AGREEMENT as defined in Section 28.1. The term “partner” or “partnership”, as used in this AGREEMENT, is a term or art and shall refer to the cooperative effort of the Parties to assess the feasibility and viability of the PROJECT and shall not mean “partner” or “partnership” as defined under California Law.

1.2 The relationship between the AUTHORITY and DEVELOPER will evolve as the PROJECT progresses through each Subsequent Amendment. It is anticipated that the DEVELOPER may create special purpose entities and/or joint ventures to perform the work on subsequent phases. The expected structure of the future relationship is anticipated to be one in which the AUTHORITY and the DEVELOPER both have the rights and responsibilities to develop the Orangeline system, place it into operation, and provide high-speed service for a period of 50 years or more, and will also have certain rights pertaining to Orangeline station-area development, subject to Subsequent Amendments. The AUTHORITY’s rights and responsibilities under future amendments would pertain to protecting the
public interest. Notwithstanding this expected evolution of the relationship of the Parties, neither Party shall have any right against nor responsibility to the other which has not been agreed between them, expressed in writing, and executed by persons with actual authority to bind each Party.

1.3 As of December 2004, the AUTHORITY is comprised of fourteen (14) member cities. The PROJECT extends over a distance of approximately 120 miles from north Los Angeles County to south Orange County. It is intended and anticipated that the PROJECT will expand as the number of member cities increases over time. The addition of cities as members of the AUTHORITY does not require consent of DEVELOPER and, upon inclusion of a city in the AUTHORITY, the DEVELOPER’s responsibilities to that city shall be as provided herein for city members of the AUTHORITY without respect to the fact that the city was not a member of the AUTHORITY in December 2004.

1.4 During the term of this Agreement and any Subsequent Amendments entered into between the Parties, DEVELOPER will not enter into arrangements with any other parties for work on any other high-speed rail and/or maglev project in the region that would compete for the same ridership and funding as the PROJECT.

2.0 FLOW-DOWNS
2.1 For purposes of this AGREEMENT, DEVELOPER’s Team Members are subcontractors to DEVELOPER and must look exclusively to DEVELOPER for their rights and responsibilities as specified in DEVELOPER-subcontractor agreements. Nothing in this AGREEMENT gives any of DEVELOPER’s subcontractors any rights or remedies against the AUTHORITY and the parties expressly disclaim any intent to create third-party beneficiary rights under this AGREEMENT.

2.2 DEVELOPER shall provide AUTHORITY with copies of all subcontractor insurance certificates and shall expressly provide in each subcontract a reference to the provisions of Section 2.1 of this AGREEMENT.

3.0 SCOPE OF WORK
3.1 DEVELOPER shall perform Phase 1 work in accordance with the tasks described in Attachment A, “Scope of Work”, hereinafter “SOW” which is incorporated into this AGREEMENT by this reference.

4.0 APPLICABLE DOCUMENTS AND ORDER OF PRECEDENCE
4.1 Applicable Documents – The following documents are applicable to this AGREEMENT and are contained herein or incorporated by reference:
   4.1.1 Attachment A  Scope of Work (SOW)
   4.1.2 Attachment B  Schedule of Deliverables
   4.1.3 Attachment C  Price Summary – Finalized Form 60
   4.1.4 Exhibit I    Certification for Request for Payment
   4.1.5 Exhibit II   Acknowledgement of and Consent to Subcontract Provisions
4.1.6 Exhibit III  Approved Team Members and Suppliers
4.1.7 Exhibit IV  Certification of Team Members Regarding Debarment

4.2 Order of Precedence – Any conflict or inconsistency between any documents shall be resolved by giving precedence in the following order
• Subsequent Amendments (Later Subsequent Amendments having precedence over earlier Subsequent Amendments);
• This AGREEMENT;
• Scope of Work; and
• Other Documents (with later documents having precedence over earlier documents).

4.3 Exhibit II is an acknowledgement of and a consent by the AUTHORITY to certain contractual provisions, rights and obligations that ARCADIS is flowing down to its subcontractors in the various subcontracts. Exhibit II shall be considered a contract document. To the extent that the terms and conditions contained in Exhibit II and any referenced Attachments thereto conflict with any other terms and conditions contained in the AGREEMENT executed by the Parties, the terms and conditions contained in Exhibit II shall apply.

5.0 TERM OF AGREEMENT
5.1 The term of this AGREEMENT shall commence on the date set forth in the Preamble and, unless terminated sooner or extended by mutual agreement of the Parties, will end on December 31, 2006.
5.2 This AGREEMENT may be amended by Subsequent Amendments following completion of Phase 1, and periodically thereafter, in order to continue the contractual relationship between the AUTHORITY and the DEVELOPER.
5.3 The Parties agree to negotiate Subsequent Amendments in good faith efforts to successfully design, finance, build and operate the PROJECT. The AUTHORITY agrees not to replace DEVELOPER in the development of the PROJECT unless it fails to adequately perform its responsibilities under this AGREEMENT or any Subsequent Amendment or the law otherwise requires. The Parties agree not to withdraw from the PROJECT unless the other Party fails to perform its obligations under this AGREEMENT or any Subsequent Amendments, or either Party reasonably determines not to enter into a Subsequent Amendment based on the conclusion that the Project is not financially feasible for either Party, in which case the Parties need only fulfill their obligation under this AGREEMENT, and any Subsequent Amendment to which it has bound itself, during the term of this AGREEMENT and any Subsequent Amendment.
5.4 This AGREEMENT may be terminated prior to the termination date specified in paragraph 5.1 above (i) if either Party elects to terminate this AGREEMENT upon completion of Phase I without entry into a
Subsequent Amendment in the manner required herein, as provided in Section 5.3, (ii) if the Parties mutually agree, or (iii) if either Party elects to terminate this AGREEMENT for the material breach of the other Party, after providing written notice of the breach to the other Party and allowing that Party 30 days to cure the breach or, if the breach is such that 30 days is insufficient to cure it, to commence the cure within that time and diligently pursue it thereafter to completion.

6.0 PAYMENT

6.1 This Section applies to AUTHORITY’s obligation to pay the DEVELOPER for Phase 1 work only. AUTHORITY shall have no financial obligation to DEVELOPER or otherwise under this AGREEMENT except as expressly provided herein or in any Subsequent Amendment.

6.2 The value for Phase 1 work tasks is $1.350 million. AUTHORITY will seek funds to compensate DEVELOPER up to $250,000 for its Phase 1 work as specified in Section 6.

6.3 DEVELOPER shall not be obligated to perform any Phase 1 work for which it is to be compensated by AUTHORITY unless and until the AUTHORITY secures funds that can be used to pay DEVELOPER for the work performed and issues a notice to proceed to DEVELOPER stating the amount of secured funds. AUTHORITY shall have no obligation to compensate DEVELOPER more than the amount of secured funds regardless of the percentage of Phase 1 work completed by DEVELOPER except as provided in Section 6.8.

6.4 Provided that AUTHORITY secures funds for this purpose and issues one or more notices to proceed as provided in Paragraph 6.3 above, AUTHORITY shall pay DEVELOPER, upon receipt of approved invoices, $250,000.00 for its services in Phase 1. The Parties agree that the balance, $1.100 million, is intended as an in-kind contribution to the AUTHORITY. Invoices shall be approved upon determination that (i) the work for which the invoice is issued has been performed in the manner required by this Agreement, (ii) the invoice is in the form required by this Agreement, and (iii) payment is otherwise authorized by this Agreement.

6.5 DEVELOPER will submit invoices based on the percentage of Phase 1 work completed on a monthly basis. The Parties are anticipating that the total amount of secured funds will be $250,000.00. DEVELOPER’s billing will be a fixed percentage of this $250,000.00 amount and will be based on the percentage of work complete. However, AUTHORITY’s payment obligation shall be limited to the amount of secured funds available as of the date of the invoice. DEVELOPER shall not be obligated to perform a percentage of the Phase I work that is greater than the ratio of the secured funds available as compared to the anticipated maximum total of secured funds of $250,000.00. For example, if the amount of secured funds available is only $200,000.00, DEVELOPER shall only be required to complete 80% of the Phase 1 work.

6.6 AUTHORITY shall be obligated to pay DEVELOPER as required herein as long as DEVELOPER substantially completes the Phase I work, subject
to the exception outlined below in this Section. Substantial completion of the Phase I work shall be defined as the completion of the Scope of Work as outlined in Section 3. If either of the Parties makes a determination that the PROJECT is not viable or financially feasible before the entire Phase 1 Scope of Work is complete, then the AUTHORITY agrees to pay the DEVELOPER for 40% of the value of the Phase 1 work completed, provided however that the total amount to be paid to DEVELOPER under this provision shall not exceed the total amount of secured funds.

6.7 During the term of this Agreement, DEVELOPER shall provide AUTHORITY a monthly Progress Report highlighting the accomplishments during the previous month and the anticipated work to be accomplished in the ensuing month. It is anticipated that the Phase 1 Progress Reports generally will be five pages or less in length.

6.8 Should the results of Phase 1 lead the Parties to agree that the PROJECT is viable, and the Parties agree to continue with the PROJECT, the Parties shall negotiate means for recovery of each Party’s initial contribution.

6.9 Should the results of Phase 1 lead the Parties to agree that the PROJECT is not viable and that no further work is warranted under the AGREEMENT, neither Party will be liable to reimburse the other Party for its contributions to Phase 1 work.

7.0 DELIVERABLES AND ACCEPTANCE

7.1 Deliverables for each of the seven (7) Phase 1 tasks are described in the Statement of Work in Attachment A and are summarized below.

<table>
<thead>
<tr>
<th>Tasks</th>
<th>Title</th>
<th>Deliverables</th>
</tr>
</thead>
<tbody>
<tr>
<td>I</td>
<td>Project Management</td>
<td>Web Master Schedule, Monthly Progress Reports</td>
</tr>
<tr>
<td>II</td>
<td>Planning &amp; Engineering</td>
<td>Technical Reports on Ridership, Route Alignment, Station Development, Operating Scenario, Fixed Facilities, Structural Design (including cost estimates), and Technical Reports on Interface and Agency Coordination, Support and Coordination Activities Concerning EIR/EIS</td>
</tr>
<tr>
<td>III</td>
<td>Financial / PPP</td>
<td>Initial Financial Plan and Determination of Viable Business Opportunity</td>
</tr>
<tr>
<td>IV</td>
<td>Deployment</td>
<td>Initial Deployment Plan, including cost estimate</td>
</tr>
<tr>
<td>V</td>
<td>Outreach</td>
<td>Technical Memo on Outreach Activities and Issues</td>
</tr>
<tr>
<td>VI</td>
<td>Operations &amp; Maintenance</td>
<td>Initial Operation and Maintenance Plan, including cost estimate</td>
</tr>
<tr>
<td>VII</td>
<td>Land Development</td>
<td>Technical Report on Land and Station Development Opportunities and Progress, Including potential sites, costs, issues, and challenges</td>
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</table>

7.2 Following delivery by DEVELOPER to AUTHORITY of the associated draft reports and plans for each Task, AUTHORITY shall promptly determine whether the reports and plans comply with the requirements of this AGREEMENT and inform DEVELOPER of any deficiency therein. One review/correction/update cycle and final approval is anticipated for each report prior to approval of DEVELOPER’S completion of Phase 1 work.
8.0 INSURANCE

8.1 DEVELOPER shall procure and maintain for the duration of this AGREEMENT insurance against claims for injuries to persons, or damages to property which may arise from or in connection with the performance of the work hereunder by the DEVELOPER, his agents, representatives, or employees. In respect to Professional Liability, coverage must be maintained, and evidence provided, for two years following the expiration of this contract.

8.2 Minimum Scope of Insurance

8.2.1 Coverage shall be at least as broad as:

8.2.1.1 Insurance Services Office Commercial General Liability coverage (occurrence form CG0001)
8.2.1.2 Insurance Services Office form number CA0001 (Ed. 1/87) covering Automobile Liability, code 1 (any auto).
8.2.1.3 Workers' Compensation insurance as required by the State of California and Employer's Liability Insurance.
8.2.1.4 Professional Liability (Errors and Omissions) insurance appropriate to the professions of those of DEVELOPER’s employees, subcontractors and subconsultants performing services under this AGREEMENT.

8.3 Minimum Limits of Insurance

8.3.1 During Phase 1, DEVELOPER shall maintain limits no less than as set forth below. The Parties acknowledge that higher limits will be required for subsequent phases of the PROJECT and agree to negotiate insurance provisions for such phases in good faith via a Subsequent Amendment:

8.3.1.1 General Liability: $1,000,000 per occurrence for personal injury, death and property damage. If Commercial General Liability Insurance or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to the PROJECT or the general aggregate limit shall be twice the required occurrence limit
8.3.1.2 Automobile Liability: Including contractual liability insuring owned, non-owned, hired and all vehicles used in the performance of this AGREEMENT with a combined single limit of not less than $1,000,000 applicable to bodily injury, sickness or death, and loss of or damage to property in any one occurrence
8.3.1.3 Workers' Compensation Liability: Including Occupational Diseases in accordance with California Law and Employers' Liability Insurance with a limit of not less than $1,000,000 each accident
8.3.1.4 Professional Liability Insurance: With limits of not less than $2,000,000 per claim.
8.4 Other Insurance Provisions

8.4.1 The general liability and automobile liability policies are to contain, or be endorsed to contain, the following provisions:

8.4.1.1 The AUTHORITY, its Members cities and their respective officers, employees and agents (collectively, “AUTHORITY Parties”) shall be covered as additional insureds as respects liability arising out of the activities performed by or on behalf of the DEVELOPER; products and completed operations of the DEVELOPER; premises owned, occupied or used by the DEVELOPER; or automobiles owned leased, hired or borrowed by the DEVELOPER. The coverage shall contain no special limitations on the scope of protection afforded to the AUTHORITY Parties.

8.4.1.2 For any claims related to this project, the DEVELOPER's insurance coverage shall be primary insurance as respects any AUTHORITY Party. Any insurance or self-insurance maintained by an AUTHORITY Party shall be excess of the DEVELOPER's insurance and shall not contribute with it.

8.4.1.3 Any failure to comply with reporting or other provisions of the policies, including breaches of warranties, shall not affect coverage provided to AUTHORITY Parties.

8.4.1.4 The DEVELOPER's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.

8.4.1.5 Each insurance policy required by this AGREEMENT shall be endorsed to state that coverage shall not be suspended, voided, canceled by either party, reduced in coverage or in limits except after thirty (30) days' prior written notice by certified mail, return receipt requested, given to the AUTHORITY.

8.4.1a Workers' Compensation and Employer's Liability policies shall contain the inclusion of the AUTHORITY Parties as additional insured or provide a waiver of subrogation.

8.4.1b Professional Liability insurance shall be continued, and evidence provided to the AUTHORITY, for two years following the expiration of the AGREEMENT or, tail coverage provided for two years in the event of cancellation or non-renewal.

8.4.1c The AUTHORITY shall not be liable for any premiums or assessment except as specifically authorized by this AGREEMENT or a Subsequent Amendment.

8.4.2 Acceptability of Insurers

8.4.2.1 Insurance is to be placed with California admitted insurers with a current A.M. Best's rating of no less than A:VII, unless otherwise approved in writing by
8.4.3 Verification of Coverage

8.4.3.1 DEVELOPER shall furnish AUTHORITY with certificates of insurance evidencing coverage required by this AGREEMENT. All documents are to be received by the AUTHORITY before work commences.

8.4.3.2 Any deductibles or self-insured retention’s must be declared to the AUTHORITY, and amounts over $10,000 must be approved by the AUTHORITY in writing.

8.4.4 DEVELOPER’s TEAM MEMBERS

8.4.4.1 DEVELOPER shall impose all Insurance requirements of this AGREEMENT in any subagreement for services under this AGREEMENT such that insurance provided by DEVELOPER’s subcontractors and subconsultants also provides additional insured endorsements and the other protections required hereby for the AUTHORITY Parties.

9.0 INDEMNIFICATION

9.1 DEVELOPER shall indemnify, defend and hold harmless the AUTHORITY Parties from and against any and all liability and expenses including defense costs and legal fees and claims for damages of any nature whatsoever, including, without limitation, any costs or liability on account of bodily injury, death or personal injury of any person or for damage to or loss of use of property (including property of the AUTHORITY) to the extent caused by the negligence, breach of this AGREEMENT, or willful misconduct of DEVELOPER or any employee, subcontractor, subconsultant or any other party affiliated with DEVELOPER.

9.2 This indemnification is in addition to any other rights or remedies which the AUTHORITY or an AUTHORITY Party may have under law or this AGREEMENT.

9.3 This indemnification shall survive termination of this Agreement or final payment hereunder.

10.0 RIGHTS IN TECHNICAL DATA

10.1 All work product prepared or developed by DEVELOPER and its Team members pursuant to this AGREEMENT shall be made available for review, inspection and, where applicable, approval by the Authority upon request of the AUTHORITY at any time.

10.2 Should the results of Phase 1 lead the Parties to agree that the PROJECT is viable, and the Parties agree to continue with the PROJECT, then and only then shall Sections 10.3 to 10.7 apply. Otherwise, the provisions of Sections 10.3 to 10.7 shall apply upon and to the extent of payment by AUTHORITY to DEVELOPER of the reasonable value of the Phase 1 work product as defined in Section 6.0.

10.3 All work products prepared or developed by DEVELOPER and its Team members pursuant to this AGREEMENT shall become the property of the AUTHORITY.
AUTHORITY without restriction or limitation on their use. Original copies of such documents and materials shall be delivered to the AUTHORITY upon initiation of Phase 2 Services. DEVELOPER shall be permitted to retain copies of such items for the furtherance of its technical proficiency; however, publication of this material is subject to the written approval of the AUTHORITY.

10.4 No material or technical data prepared by DEVELOPER under this AGREEMENT is to be released by DEVELOPER to any other person or agency except as necessary for the performance of the Services. All press releases or information to be published in print or electronic media shall be distributed only after first being authorized by the AUTHORITY.

10.5 The AUTHORITY shall have the right to use, duplicate, or disclose the technical data and the information conveyed therein, in whole or in part, in any manner whatsoever, and to have or permit others to do so.

10.6 The DEVELOPER shall agree to grant to the AUTHORITY and to its officers, agents, and employees acting within the scope of their official duties, a royalty-free license to publish, translate, reproduce, deliver, and use as they deem fit all technical data covered by copyright supplied for this AGREEMENT. No such copyrighted matter shall be included in technical data furnished hereunder without the written permission of the copyright owner for the AUTHORITY to use such in the manner herein described.

10.7 The DEVELOPER warrants that the processes, design, equipment, materials, or devices used in providing the Services shall be delivered free of any rightful claim of any third party for infringement of any patent or any copyright enforceable in the United States. If a suit or proceeding based on a claimed infringement of a patent or copyright is brought against an AUTHORITY Party, the DEVELOPER shall, at its own expense, defend or settle any such suit or proceeding if authorized to do so in writing by the AUTHORITY, and indemnify and hold harmless the AUTHORITY Parties from all liability, damages, costs, and expenses associated therewith, including, without limitation, defense costs and attorneys' fees.

11.0 STANDARD OF PERFORMANCE

11.1 DEVELOPER hereby represents that it possesses the necessary professional capabilities, qualifications, licenses, skilled personnel, experience, expertise, and financial resources to complete the Phase 1 work accordance with the terms and conditions of the AGREEMENT.

11.2 DEVELOPER shall be responsible for the professional quality, technical accuracy, completeness, and coordination of the Phase 1 work, it being understood that the AUTHORITY will use the Phase 1 work for analyzing the feasibility of the PROJECT.

11.3 DEVELOPER shall also require its Team members to perform the Phase
1 work in accordance with the specifications and requirements of the AGREEMENT and in accordance with professional standards of skill, care, and diligence.

11.4 DEVELOPER shall ensure that any individual performing work under the AGREEMENT requiring a California license shall possess the appropriate license required by the State of California. All personnel shall have sufficient skill and experience to perform the Phase 1 work assigned to them.

11.5 DEVELOPER confirms the availability and commitment of key personnel and support resources described in the Lockheed Martin proposal, dated July 27, 2004. Changes in key personnel are subject to approval of the AUTHORITY.

11.6 The AUTHORITY shall have the right to request the removal of DEVELOPER's personnel at any level assigned to the performance of the Phase 1 work, if the AUTHORITY considers such removal necessary for the best interests of the PROJECT and requests such removal in writing. If the DEVELOPER determines that removal is in the best interest of the PROJECT, such personnel shall be promptly removed from the PROJECT by the DEVELOPER at no cost or expense to the AUTHORITY. Further, an employee who is removed from the PROJECT for any reason shall not be re-employed on the PROJECT without approval of the AUTHORITY.

12.0 SAFETY
12.1 The DEVELOPER shall at all times conduct its operations in such a manner as to avoid risk of bodily harm to persons or damage to property. The DEVELOPER shall promptly take all reasonable precautions to safeguard against such risks and shall make regular safety inspections of its operations. The DEVELOPER shall be solely responsible for the discovery, determination and correction of any unsafe conditions caused by the DEVELOPER's performance of the Work.

12.2 In addition, the DEVELOPER shall comply with all applicable safety laws, standards, codes, rules, and regulations, including any safety program established by the AUTHORITY. The DEVELOPER shall cooperate and coordinate with the AUTHORITY on safety matters and shall promptly comply with any specific safety instructions or directions given to the DEVELOPER by the AUTHORITY.

12.3 The DEVELOPER shall inform its personnel of the AUTHORITY safety practices and the requirements of the AUTHORITY's safety program. If any of the DEVELOPER's personnel are required to visit any worksites, the DEVELOPER shall furnish suitable safety equipment and enforce the use of such equipment by those personnel.
12.4 DEVELOPER shall comply with OSHA regulations regarding safety equipment and procedures, safety instructions issued by Oversight Committees, and the safety provisions included in the Caltrans Survey Manual. All personnel of DEVELOPER shall wear hard hats and safety vests while working on the job site, as appropriate. DEVELOPER shall provide applicable safety training for its employees.

13.0 WARRANTY
13.1 Blank.

14.0 EEO/AFFIRMATIVE ACTION
14.1 In connection with the execution of this AGREEMENT, DEVELOPER shall not discriminate against any employee or applicant for employment because of race, age over 40, religion, color, sex, national origin, ancestry, disability (including AIDS), cancer related medical condition, or marital status or any other unlawful basis. DEVELOPER shall insure that applicants are employed, and that employees are treated during employment, without regard to their race, religion, color, sex, age, national origin, disability status and any other criterion which cannot be the basis of employment decisions under applicable law. DEVELOPER shall not discriminate with regard to employment upgrading, demotion or transfer, recruitment or recruitment advertising, layoff or termination, and selection for training, including apprenticeship. DEVELOPER shall comply with all applicable Federal, State and local directives and executive orders regarding nondiscrimination in employment, the Fair Employment and Housing Act (Gov. Code Section 12900 et. seq.) and the applicable regulations promulgated there under. DEVELOPER shall include the provisions of this Article in all subcontracts with respect to work under this AGREEMENT, unless exempted from doing so by law.

15.0 DEVELOPER'S INTERACTION WITH THE MEDIA AND THE PUBLIC
15.1 The AUTHORITY shall review and approve all PROJECT-related copy proposed to be used by DEVELOPER for advertising or public relations purposes prior to publication. DEVELOPER shall not allow PROJECT-related copy to be published in its advertisements and public relations programs prior to receiving such approval, provided; however, that such approval from the AUTHORITY shall not be unreasonably withheld. DEVELOPER shall ensure that all published information is accurate and that it does not in any way imply that the AUTHORITY endorses DEVELOPER's firm, services, and/or products.

15.2 DEVELOPER shall refer all inquiries from the news media to the AUTHORITY, and shall comply with the procedures of the AUTHORITY's staff regarding statements to the media relating to the PROJECT.
15.3 DEVELOPER shall designate a staff person acceptable to the AUTHORITY to serve as DEVELOPER’S representative regarding media relations and public outreach.

15.4 If DEVELOPER receives a complaint from a citizen or the community, DEVELOPER shall inform the AUTHORITY about what action was taken to address the complaint or, if no action was taken, the rationale for inaction.

16.0 CONFIDENTIALITY

16.1 DEVELOPER agrees that for and during the entire term of this AGREEMENT, any information, data, figures, records, findings and the like received or generated by DEVELOPER in the performance of this AGREEMENT, shall be considered and kept as the private and privileged records of the AUTHORITY and will not be divulged to any person, firm, corporation, or other entity except on the direct authorization of the AUTHORITY or to the extent that the disclosure is required by DEVELOPER to perform its work under this AGREEMENT or any Subsequent Amendments. Further, upon termination of this AGREEMENT for any cause, DEVELOPER agrees that it will continue to treat as private and privileged any information, data, figures, records and the like, and will not release any such information to any person, firm, corporation or other entity, either by statement, deposition, or as a witness, except upon direct written authority of the AUTHORITY. Information will not be considered confidential if: (i) the information is required to be disclosed as a part of the services, hereunder; (ii) the information is in the public domain through no action of DEVELOPER in breach of the AGREEMENT; (iii) the information is independently developed by DEVELOPER; (iv) the information is acquired by DEVELOPER from a third party and not delivered to DEVELOPER in breach of any known confidentiality agreements; (v) disclosure is required by law to reveal or disclose any information, in which case, DEVELOPER shall first notify the AUTHORITY in writing so that it has the opportunity to formally respond to the court order or subpoena.

16.2 If any information, data, figures, records, findings and the like received or generated by DEVELOPER in the performance of this AGREEMENT that is held by the AUTHORITY is released by an authorized action of the AUTHORITY or otherwise becomes public information, then DEVELOPER is relieved of the responsibility for maintaining confidentiality of same, provided, however, that DEVELOPER shall inform AUTHORITY of any determination that records have become public before releasing them in order to permit AUTHORITY to consult with DEVELOPER regarding the accuracy of that determination prior to release of the records.

17.0 PUBLIC RECORDS ACT

17.1 All records, documents, drawings, plans, specifications and other material relating to conduct of the AUTHORITY’s business, including materials
submitted by DEVELOPER in its Proposal and during the course of performing the Services under this AGREEMENT shall become the exclusive property of the AUTHORITY and may be deemed public records. Said materials are subject to the provisions of the California Public Records Act (Government Code sections 6250 et. seq.) and other applicable law. The AUTHORITY’s use and disclosure of its records are governed by this Act and other applicable law.

17.2 The AUTHORITY will not advise as to the nature or content of documents entitled to protection from disclosure under the California Public Records Act, including interpretations of the Act or the definitions of "TRADE SECRET". The AUTHORITY will accept materials clearly and prominently labeled "TRADE SECRET" or "CONFIDENTIAL" or "PROPRIETARY" as determined by the DEVELOPER. The AUTHORITY will endeavor to notify the DEVELOPER of any request for disclosure of such materials.

17.3 In the event of litigation concerning the disclosure of any material submitted by the DEVELOPER, the AUTHORITY’s sole involvement will be to retain the material until otherwise ordered by a court. The DEVELOPER, at its sole expense and risk, shall be responsible for prosecuting or defending any action concerning the materials, and shall indemnify and hold the AUTHORITY Parties harmless from all costs and expenses including attorneys' fees, in connection with such action.

18.0 INSPECTION OF BOOKS AND RECORDS
18.1 AUTHORITY has the right (at DEVELOPER’S Fullerton office or another location designated by DEVELOPER that is not more distant from Paramount, California than Fullerton, upon not less than seventy-two (72) hour's notice, and at all reasonable times) to inspect DEVELOPER’s work products that demonstrate or otherwise reflect the rights and obligations of the Parties under this AGREEMENT. The AUTHORITY shall be entitled to review any agreements between DEVELOPER and its subcontractors on Phase 1, and related billing information, upon a request by DEVELOPER to the AUTHORITY for credit or compensation in part or in full for its in-kind Phase 1 contribution.

18.2 Included in the AUTHORITY’s rights to inspect work products is the right to inspect subcontractor records that give evidence to support claims for reimbursement of incurred subcontractor costs.

19.0 COMPLIANCE WITH LAW
19.1 The DEVELOPER shall familiarize itself with and perform the work required under this AGREEMENT in conformity with requirements and standards of the municipal and public agencies, public and private utilities, special districts, and railroad agencies whose facilities and services may be affected by work under this AGREEMENT. The DEVELOPER shall also comply with all Federal, California and local laws and ordinances.
applicable to any of the work to be performed under this AGREEMENT including, without limitation, the Americans with Disabilities Act.

20.0 CONFLICT OF INTEREST
20.1 No member, official or employee of the AUTHORITY shall have any direct or indirect interest in this AGREEMENT, nor participate in any decision relating to the AGREEMENT in violation of any applicable conflict of interest law, including Government Code Section 1090.
20.2 DEVELOPER has not created, and is not aware of, any economic relationships that would render approval and performance of this AGREEMENT a violation of any applicable conflict of interest law, including Government Code Section 1090.
20.3 Should any information be brought to either Party that a real or potential conflict of interest may have arisen, the other Party will be promptly notified and efforts will be taken cooperatively to dispel concerns about or remove actual conflicts.

21.0 GOVERNING LAW
21.1 The validity of this AGREEMENT and of any of its terms or provisions, as well as the rights and duties of the parties hereunder, shall be governed by the laws of the State of California. DEVELOPER hereby consents to the jurisdiction of the Superior Court of Los Angeles County and agrees that any dispute hereunder will be adjudicated in that forum.

22.0 SEVERABILITY
22.1 In the event any Article, section, subarticle, subsection, paragraph, sentence, clause, or phrase contained in this AGREEMENT shall be determined, declared, or adjudged invalid, illegal, unconstitutional, or otherwise unenforceable, such determination, declaration, or adjudication shall in no manner affect the other Articles, sections, subarticles, subsections, paragraphs, sentences, clauses, or phrases of this AGREEMENT, which shall remain in full force and effect and, to that end, the provisions hereof are severable.

23.0 PROHIBITION AGAINST ASSIGNMENT OR TRANSFER
23.1 DEVELOPER’s rights and interest in this AGREEMENT may not be transferred or assigned without written approval of the AUTHORITY and any purported assignment to which that AUTHORITY has not provided its written consent shall be null and void and confer no rights on any third party.

24.0 FEDERAL GRANT REQUIREMENTS
24.1 The AGREEMENT between DEVELOPER and the AUTHORITY may become subject to the requirements of a financial assistance grant between the AUTHORITY and the U. S. Department of Transportation (USDOT) and the Federal Transit Administration (FTA). DEVELOPER and its subcontractors and subconsultants under this AGREEMENT may be
required to comply with the requirements of the following: the Copeland Anti-Kickback Act, the President's Executive Orders No. 11246 and No. 11375, the 49 C.F.R. Part 661 (Buy America) and the 49 C.F.R. Part 23 (DBE/WBE).

24.2 The "Certification of Potential DEVELOPER or Team Member Regarding Debarment, Suspension, and Other Ineligibility and Voluntary Exclusion" form (Exhibit IV) must be completed by each DEVELOPER Team member at time of Team member award and forwarded to DEVELOPER who will forward it to the AUTHORITY.

25.0 LIMITATION OF LIABILITY

25.1 DEVELOPER’s maximum liability to AUTHORITY and AUTHORITY’S exclusive remedy for any cause whatsoever, regardless of the form of action, whether in contract or in tort, including negligence, will be limited to the recovery of actual damages up the total amount paid by AUTHORITY under this AGREEMENT.

25.2 NEITHER PARTY WILL BE LIABLE FOR SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES AS A RESULT OF ITS ENTRY INTO OR IMPLEMENTATION OF THIS AGREEMENT, EVEN IF THAT PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

26.0 NOTIFICATION

26.1 All notices hereunder and communications regarding interpretation of the terms of this AGREEMENT or changes thereto shall be effected by the mailing thereof by registered or certified mail, return receipt requested, postage prepaid and addressed as follows:

To AUTHORITY: To DEVELOPER:

Orangeline Development Authority ARCADIS G&M, Inc.
16401 Paramount Boulevard 1400 North Harbor Boulevard,
Paramount, CA 90723 Suite 700
Fullerton, CA 92835-4127

Attn.: Albert Perdon Attn.: Charlene Palmer

AGREEMENT No. _____________ AGREEMENT No. _____________

With courtesy copies to:

Michael G. Colantuono
General Counsel, Orangeline Development Authority
555 West 5th Street, Floor 31
Los Angeles, CA  90013-1018
27.0 ENTIRE AGREEMENT
27.1 This AGREEMENT, together with the exhibits and attachments incorporated herein by reference, constitute the complete and entire AGREEMENT between the AUTHORITY and DEVELOPER regarding this subject of this AGREEMENT and supersedes any prior representations, understandings, communications, commitments, agreements or proposals, oral or written.
27.2 The provisions of this AGREEMENT may not be amended or altered except by a Subsequent Amendment in writing and fully executed by each of the Parties hereto.

28.0 MISCELLANEOUS PROVISIONS
28.1 Independent Contractor. This AGREEMENT is by and between AUTHORITY and DEVELOPER and is not intended and shall not be construed, to create the legal relationship of partner as defined under California law, or as agent, servant, employee, or representative of AUTHORITY by DEVELOPER. DEVELOPER understands and agrees that all persons furnishing services to DEVELOPER pursuant to this AGREEMENT are, for purposes of workers’ compensation liability, employees or contractors solely of DEVELOPER, and not of AUTHORITY. DEVELOPER shall bear the sole responsibility and liability for furnishing workers’ compensation benefits to any person for injuries from or connected with services performed on behalf of DEVELOPER pursuant to this AGREEMENT. DEVELOPER understands and specifically agrees to inform its employees and volunteers that (a) DEVELOPER is an independent contractor to AUTHORITY, and (b) they are not agents or employees of AUTHORITY.

28.2 Environmental Conditions. DEVELOPER shall not cause or permit any Hazardous Materials to be brought upon, kept or stored on any real property in which AUTHORITY has any interest at any time during the Term of this AGREEMENT (hereinafter, “the Premises”). DEVELOPER shall not discharge or release, or permit the discharge or release, on or from the Premises of any Hazardous Materials, as defined by any applicable federal, state or local law, ordinance or regulation, including without limitation, petroleum, petroleum by-products, petroleum derivatives and any and all other hydrocarbons; and any material, waste or substance which is any of the following: lead-containing material, asbestos-containing material, polychlorinated biphenyls, explosive or
radioactive materials. DEVELOPER covenants and agrees that it shall, at its own expense, clean up and remediate, to the satisfaction of AUTHORITY, any discharge or release by DEVELOPER on or from the Premises of any Hazardous Materials. For purposes of this paragraph, any acts or omissions of DEVELOPER or by employees, volunteers, agents, assignees, contractors or subcontractors of DEVELOPER or by others acting for or on behalf of DEVELOPER (whether or not they are negligent, intentional, willful or unlawful), shall be strictly attributable to DEVELOPER. DEVELOPER shall indemnify, defend, protect and hold harmless AUTHORITY and its officers, agents and employees, and each of their successors, from and against any and all claims, liabilities, penalties, fines, judgments, forfeitures, losses (including, without limitation, diminution in the value of the Premises and damages for the loss of or restriction on the Premises), costs or expenses (including attorneys’, consultants’ and experts’ fees) arising out of or in connection with DEVELOPER’s use and occupancy of the Premises, caused in whole or in part, directly or indirectly, by (i) the presence in, on, under or about the Premises due to DEVELOPER’s activities, or any discharge or release by DEVELOPER on or from the Premises of any Hazardous Materials, (ii) the use, analysis, storage, transportation, disposal, release, threatened release, discharge or generation by DEVELOPER of Hazardous Materials in, on, under, about or from the Premises, or (iii) DEVELOPER’s failure to comply with any Environmental Law. For the purposes of this AGREEMENT, the term “Environmental Laws” means and includes, without limitation, any federal, state, or local law, statute, regulation or ordinance permitting to health, industrial hygiene or the environmental or ecological conditions, on, under or about the Premises. DEVELOPER’s obligations under this indemnification shall include, without limitation, whether foreseeable or unforeseeable, any and all costs incurred in connection with any investigation of any such conditions, and any all costs of any repair, cleanup, detoxification or decontamination of the Premises (including, without limitation, the soil and ground water on, under or about the Premises), and the preparation and implementation of any closure, remedial action, or other plans in connection therewith.

28.3 Taxes and Possessory Interest. DEVELOPER shall be responsible for the payment of any and all real and personal property taxes, assessments, or ad valorem special assessments on its property, if any.

28.4 Time is of the essence of the AGREEMENT and each and all of its provisions in which performance is a factor.

28.5 Non-Liability of AUTHORITY Officials and Employees. No official or employee of the AUTHORITY shall be personally liable to DEVELOPER, or any successor in interest, in the event of any default or breach by AUTHORITY or for any obligations under the terms of this AGREEMENT.

28.6 Attorney Fees. In the event any action is filed in connection with the enforcement or interpretation of this AGREEMENT, the prevailing party shall be paid its reasonable attorneys’ fees and litigation costs and expenses actually incurred with respect to the action.
Orangeline Development Authority

(Signature)
Name: Scott Larsen
Title: Chairman
Date: 8/31/05

ARCADIS G&M, Inc.

(Signature)
Name: Charles Leichner
Title: Executive Vice President
Date: 

ARCADIS G&M, Inc.

(Signature)
Name: Charlene Palmer
Title: Vice President
Date: 

Attest:
(signature)
Name:
Title: Secretary
Date: 

Approved as to form:

(signature)
Name:
Title:
Date:

060105
73017.5
Attachment A

Scope of Work (SOW)
ATTACHMENT A
SCOPE OF WORK
Orangeline Corridor Development Project
August 25, 2005

1. Background

The Orangeline Development Authority (Authority) issued RFP 04-002 seeking a development partner (Developer) to join with the Authority in developing the Orangeline Corridor Development Project (Project). The Project, as defined by the Authority, consists of the planning, design, construction, operation and maintenance of a privately funded high-speed ground transportation system using maglev technology and, as currently defined, extending from southern Orange County California to the Palmdale/Lancaster area in north Los Angeles County. This Scope of Work (SOW) generally describes in Section 2 the tasks planned to be accomplished by the Authority, the Developer and others for the successful completion of the entire Project. The specific Phase 1 tasks to be performed by Developer under the terms of this Agreement entered into by the Authority and Developer on August 25, 2005, are later described in Section 3.

2. Scope of the Entire Project

The Scope of the entire Project includes all necessary tasks to plan, design, build, operate and maintain the Orangeline, an elevated, and magnetic levitation (maglev) technology transportation system. The scope includes planning for and obtaining and/or assisting in obtaining funding for the Project and the performance of Orangeline planning, development and operation with station area development, which is seen as a key factor in the success of the Project. The scope also includes providing direct support to Authority’s Member Cities in achieving Project goals and objectives.

Development of the Project consists of four (4) Phases, as defined below. The Agreement between the Authority and Developer specifies the specific terms for completion of Phase 1 in Section 3 of this SOW. It is anticipated that, upon successful completion of Phase 1, the Authority and the Developer would initiate Phase 2 work, subject to one or more amendments to the Agreement and development of the specific scope of work for Phase 2.

A key goal of the Project is to minimize risk to both parties. The Authority, in particular, desires to minimize risk to the public and to its member cities. The phasing of work and the ability to evaluate the worthiness of the Project and its risks at the conclusion of each phase is an important means for managing Project risks.

Phase 1 – Feasibility Assessment.
The purpose of this phase is to analyze and assess the conclusions of the initial feasibility studies performed by IBI Group in December 2001 for the Southern California Association of Governments and in July 2002 for the Gateway Cities Council of Governments which concluded that the Orangeline would benefit the Southern California and Gateway regions and that the proposed financial plan, which relies primarily upon project revenues to fund construction and operation of the PROJECT, is viable.

The SOW describes the Developer’s Phase 1 Work Scope and tasks in detail in Section 3. Phases 2, 3 and 4 tasks will be defined in detail during Phase 1 and must be mutually agreed
upon by the Parties in a Subsequent Amendment in order for the partnership to continue beyond Phase 1.

Phase 1 begins with execution of the Authority-Developer Agreement by both Parties. Phase 1 consists of preliminary planning, tradeoff analyses (including cost-benefit analyses), and determination of the potential that the project can be largely privately funded. This phase will verify and modify data inputs that were originally set forth in the initial feasibility studies in the areas of overall planning, engineering, station designation and concept design, ridership, cargo/freight, right-of-way, constructability, costs, revenues, project financing, ownership, legal and other areas as required. General Plans of member cities will be reviewed and potential for station-area development and associated revenues will be assessed. The Authority and the Developer will work jointly to secure funding for Phase 2. Phase 1 is planned as an eight-month effort.

Successful completion of Phase 1 is achieved upon approval by the Parties of the Task Reports described in the Work Scope, upon securing funds for Phase 2, and upon negotiation and execution of a Subsequent Amendment that describes the terms of the relationship between the Authority and the Developer during Phase 2. Phase 2 and subsequent phases are described in conceptual terms as follows but without prejudice to negotiation of any Subsequent Amendment.

Phase 2 – Plan Development
The purpose of this phase would be to develop the Orangeline System Definition and Implementation Plan, to complete the environmental and economic impact analyses and secure project clearances under the California Environmental Quality Act ("CEQA") and the National Environmental Policy Act ("NEPA," ) and to secure funding and required government approvals to implement the Project. This Phase would include coordination with Authority member cities to develop station area master plans.

Phase 2 would begin after funding for Phase 2 is secured and following negotiation and execution of a Subsequent Amendment. Phase 2 would consist of completion of financing plans and refinement of construction plans and detailed alignment drawings. An Economic and Environmental Impact Report/Statement compliant with CEQA and NEPA and which might take the form of a finding of no significant impact ("FONSI") or any other manner of CEQA and NEPA compliance which fulfills the requirements of law ("EIR/EIS") would be prepared by the Authority’s environmental planning consultant, with preliminary engineering (at a level of approximately 10% of final engineering) and financial data input. A “Record of Decision” by the responsible federal agency under NEPA would be secured.

Planning in Phase 2 would be sufficient that funding sources (public, private, bond issuance and/or combinations of these sources) could assess the financial viability of the Project. It is anticipated that additional preliminary engineering (to between 15% and 30% of final engineering) would be completed to support this required analysis of financial viability and to secure construction financing.

Investment-quality financial data would be produced based on design and market data relating to items such as ridership and cargo projections, land development and parking. Station area master plans would be completed to secure from the member cities, from Los Angeles or Orange County with respect to unincorporated sites, and from private property owners land development and use agreements, permits and related items necessary to initiate construction
of stations and related developments. Each city or county would decide the level and nature of development within its boundaries or unincorporated territory. Assistance and support would be provided to each member city in achieving the City's development goals as they pertain to the area affected by the Project. The relocation of businesses and loss of tax revenues as a result of Orangeline construction and/or station-area development will be a concern to cities along the corridor. Work on the Project will be coordinated with member cities to avoid or, at least, minimize the loss of tax revenues.

Phase 2 would include securing funding commitments from public and private sources. Phase 2 is planned as a 24-month effort.

Phase 2 would end with federal approval of the Record of Decision (ROD), and Authority approval of the Notice of Completion, pursuant to NEPA and CEQA, completion of the Investment Grade Financial Plan, Ridership Plan, federal TIFIA loan approval, construction bond sales by the Authority, and upon completion of a Subsequent Amendment that describes the terms of the partnership during Phase 3.

Phase 3 – Orangeline Construction and Deployment
The purpose of this phase would be to build the Orangeline maglev system and fully commission the system for high-speed service. During this phase, coordination with Authority member cities would continue to facilitate each affected city's adoption of station area specific plans and to entitle station-area properties for development.

Phase 3 would begin upon receipt and distribution of final design and construction funding. Phase 3 ends with completion of certification testing of the Orangeline and certification for operation. Phase 3 is preliminarily planned to be a 36-month effort.

Phase 4 – Orangeline Service and Station-area Development
During this phase, high-speed Orangeline service would be provided and station-area developments would be undertaken.

Phase 4 begins with operations of the Orangeline in a revenue-producing mode. This phase would include providing Orangeline services to the standards specified in a Subsequent Amendment, marketing the services and coordinating with the Member Cities to create station-area developments and to maximize passenger and cargo/freight utilization of the Project.

Phase 4 would extend throughout the life of the Project or for such shorter time as specified in a Subsequent Amendment. Phase 4 is anticipated to extend for 50 or more years.

3. Developer Tasks

This Statement of Work defines the tasks to be accomplished by Developer during Phase 1— the Pre-design phase leading up to a decision by the Authority and Developer to proceed into Phase 2. The SOW may be modified, if necessary, and as mutually agreed to by both Parties, following Authority approval of its FY 2005-2006 business plan and budget to ensure that it supports Authority goals and objectives as outlined in the adopted budget.

3.1 In Phase 1, the Developer shall perform the following tasks within established budget constraints:
3.1.1 Phase 1 – Project Management

- Manage the Project by giving direction to and coordinating the work of the project team, report monthly on progress against plan.
- Develop and maintain a project schedule to provide management oversight of Project status.
- Coordinate with Authority staff and prepare and make presentations to the Authority Board.

3.1.2 Phase 1 – Planning and Engineering

- Assess the feasibility of the Orangeline as a commercially viable transportation service for moving passengers and cargo in the designated corridor. The assessment shall take into account ridership estimates, freight/cargo estimates and any other revenues determined to be relevant to the operation of the Orangeline system.

- Perform preliminary planning to identify guideway and alignment design solutions and costs, right-of-way requirements, potential passenger and freight usage, potential operating revenues, preliminary station sites and layouts, operations scenarios, other fixed facilities sites and layouts and preliminary structural elements.

- Produce a report on the feasibility assessment in sufficient detail that the Authority and Developer can decide whether to move ahead into Phase 2.

- Provide inputs to Authority’s environmental consultant, as required, to ensure environmental consultant has necessary information to prepare required environmental reports.

3.1.3 Phase 1 – Deployment Planning

- Develop a preliminary Deployment Plan for Phases 2-4, based on tradeoff studies and analyses, to describe the deployment concept to be employed.

- This Plan will be revised during later phases, as the Project matures, to adjust to changing funding, environmental, socio-political or other factors.

3.1.4 Phase 1 – Financial/Public Private Partnership

- Develop a Financial Analysis Model incorporating all aspects of the Project including configuration and alignments, capacity and construction costs, ridership, fare structure, revenues and any related resources. Using this model, determine the financial viability of the Project. Develop and produce a report in sufficient detail so that the Authority and the Contractor can make an informed decision whether to proceed into Phase 2.

- Develop a funding plan, based on feasibility studies and analyses, to validate the financial viability of the Orangeline. The plan shall provide sufficient detail so that the Authority and the Developer can determine jointly what funding sources (public, private or a combination thereof) best meet Orangeline development needs.
• Assist the Authority in identifying grant funding opportunities and in completing grant applications, and in obtaining financing and/or public or private funding for Phase 2. The Developer and the Authority will jointly develop a preliminary funding plan for Phase 3. In Phase 2, the Developer will refine the Phase 3 funding plan so that the plan is sufficient to submit to the capital market.

3.1.5 Phase 1 – Public Information and Advocacy

• Prepare public information material such as fact sheets, answers to questions asked, and meeting presentation materials, including Power Point presentations, video and other materials for distribution to the media and to the public.

• Obtain public input for consideration in the planning studies and in preparation of the development plan.

• Determine need for legislation at federal, state and local levels and work with the Authority, legislators and others to get such legislation passed.

• Establish an Advocacy Group to communicate the benefits to accrue from the Project and to advocate for the Orangeline at local, state and national levels in order to obtain funding and overall support from all parties.

3.1.6 Phase 1 – Operations and Maintenance (O&M)

• Prepare a Preliminary Operations and Maintenance Plan for the Orangeline describing concepts and procedures to be used during Phase 4 including preliminary system O&M cost estimates.

3.1.7 Phase 1 – Station-area Development

• Assess the opportunities for Orangeline station-area development, review the general plans, zoning and other land use plans of each city along the Orangeline corridor, and meet with the development directors of each city to understand the goals, opportunities and constraints to station area development.

• Develop a conceptual "Orangeline Station-area Development Vision" that describes, through renditions, photomontage and other means, what future station areas might look like, with new mixed-use developments, housing, commercial and retail space, public spaces, etc.

• Assist local communities to plan for integration of stations and for revitalizing surrounding areas. Actively seek land use agreements for stations.

3.1.8 Phase 1 – Other

• Hold monthly progress meetings with the Authority to coordinate the preparation, submission and review of reports and the submittal and presentation thereof to the Authority Board and/or member Agencies.

• Consult informally as frequently as is necessary with Authority, its member agencies and others to ensure that the formal submission to the Authority of all documents and plans receive prompt and speedy consideration.
3.1.9 Phase 1 – Phase 2 Partnership Agreement and Funding Agreements

- In cooperation with the Authority, develop the partnership agreement for Phase 2 should both parties agree the project is feasible and both parties want to continue with Phase 2 tasks.
- Support the Authority in preparing and negotiating public and private funding agreements for Phase 2

3.2 In Phase 2, the Developer shall: RESERVED

3.3 In Phase 3, the Developer shall: RESERVED

3.4 In Phase 4, the Developer shall: RESERVED
Attachment B

Schedule of Deliverables
PHASE 1 PRODUCTS and DELIVERABLES

The Developer shall produce the following Phase 1 task reports and work products and deliver them to the Authority:

Project Management Plan providing an overall description of the work planned and methods to be used to perform the work and to ensure adequate quality control on all work products. It will include a schedule of major project milestones. The plan will be developed within the first 30 days following contract start. It will be evolutionary in nature, and will be revised as the project matures. The plan will be the tool for day-to-day management of the project.

Project Feasibility Assessment to include a project definition, verification of ridership and freight use, route alignment, station sites and layouts, operating scenarios, other fixed facilities sites and layouts, and physical elements, and a preliminary operations and maintenance and operations plan. The report will also summarize the costs to develop, construct, operate and maintain the project, and include data required in developing economic and environmental assessments for impacts, etc. to meet legal and regulatory requirements.

Project Financing/Public Private Partnership providing a description of the proposed funding plan and financing options to enable project implementation. Also describe the proposed public private partnership arrangement for implementing the project, and include a draft partnership agreement for Phase 2.

Preliminary Deployment Plan describing the implementation of the Orangeline into a revenue-producing venture.

Public Information and Advocacy Report to provide the public, elected officials and staff members information to support the development of the Orangeline. Included will be proposed legislation and presentation material for distribution to project stakeholders

Station-area Development and Use Report describing results of community needs assessment, local community planning analysis, opportunities for Orangeline station-area development and methods for integrating stations into and revitalizing surrounding areas.

Orangeline Web Site – Provide content for the website, www.orangeline.calmaglev.org

Phase 1 Final Report – Deliver a Phase 1 Final Report incorporating summaries of all aspects of work performed during Phase 1 and providing information and analyses that permit a decision to be made on whether to proceed into Phase 2. This report will include the outputs from the Financial Analysis Model and will address ridership/cargo estimates, a preliminary route alignment, preliminary station locations, a deployment and operations scenario, preliminary fixed facilities locations and structural element assessments. It will also include operations and maintenance concepts and cost estimates and funding/financing plan.
Attachment C

Price Summary – Revised Form 60
# ATTACHMENT C
## PRICE SUMMARY - REVISED FORM 60

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<thead>
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<th>Item No.</th>
<th>Orangeline - Phase 1 (Pre-Design) Activities</th>
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<td>2</td>
<td>Project Control</td>
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<td>Document Control</td>
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<td>Economic &amp; Land Development (impacts &amp; revenue gen.)</td>
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<td>Safety &amp; Security (concepts, list, locations and est.)</td>
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<td>Station Sizing &amp; Locations (early partners &amp; ultimate; cost est.)</td>
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<td>8</td>
<td>Ridership, Parking &amp; Revenue Verification (south, north and both)</td>
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<td>Cargo &amp; Freight Est. and Revenue Gen. (south, north, and both)</td>
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<td>Auto &amp; Bus Access and Amount (interface with Envir. Doc.)</td>
<td>$11,500.00</td>
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<td>11</td>
<td>Structural (initial list and est.)</td>
<td>$31,800.00</td>
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<td>12</td>
<td>Beam and Guideway Data/Parameters</td>
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<td>13</td>
<td>Geotech &amp; Foundation Recommendations</td>
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<td>14</td>
<td>Architectural (stations and other facilities)</td>
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<td>Drainage (locations, concepts &amp; est.)</td>
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<td>MTA Interface (approvals or requirements)</td>
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<td>24</td>
<td>OCTA Interface (approvals or requirements)</td>
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<tr>
<td>25</td>
<td>Caltrans Interface (approvals, PSR?, enc. Permit; or requirements)</td>
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<td>26</td>
<td>City PW Interface (approvals or requirements)</td>
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<td>27</td>
<td>City Planning &amp; ED Interface (zoning, GP, permits, or requirements)</td>
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<td>City Council &amp; CM Interface (approvals or requirements)</td>
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<td>O &amp; M Cost Estimate</td>
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<td>System, Energy and Vehicle Data</td>
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<td>System Operations Analysis (formerly Speed Estimate)</td>
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<td>Noise &amp; Vibration Data (plus, mitigation and cost est.)</td>
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<td>O&amp;M Facilities General Requirements (location, size &amp; est.)</td>
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<td>Electrical Substations &amp; Other System Facilities (list, locations, size &amp; est.)</td>
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<td>Beam Fabrication Fac. &amp; Deployment Methods (concept, location &amp; est.)</td>
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<td>Systems &amp; Vehicle Cost Estimate (inc. communications, fare collection, etc.)</td>
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<td>Construction and Mobilization Cost Est.</td>
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<td>Funding Assistance &amp; Revenue Generation</td>
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<td>Financial Plan (Viable Serv. Anal.; brings together costs and rev. est.)</td>
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<td><strong>Total Contract Amount</strong></td>
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Exhibit I

Certification for Request for Payment
RFP 04-002
Development Partner

EXHIBIT I – PAYMENT CERTIFICATION

1. I hereby certify to the best of my knowledge and belief that:

   A. This Payment Request represents a true and correct statement of the Work performed;

   B. The Work completed to date under this Contract is in full accordance with the terms of the Agreement; and

   C. All Subcontractors and/or Suppliers who have performed Work on the project through the closing date of the prior Payment Request have been paid or credited their proportionate share of all previous payments or credits from the Authority.

2. I understand that it is a violation of both the federal and California False Claims Acts to knowingly present or cause to be presented to the Orangeline Development Authority a false claim for payment or approval. A claim includes a demand or request for money or for credit. It is also a violation of the False Claims Acts to knowingly make use of a false Record or statement to get a false claim paid. The term "knowingly" includes either actual knowledge of the information, deliberate ignorance of the truth or falsity of the information, or reckless disregard for the truth or falsity of the information. Proof of specific intent to defraud is not necessary under the False Claims Acts. I understand that the penalties under the Federal False Claims Act and State of California False Claims Act are non-exclusive, and are in addition to any other criminal and/or civil remedies which the Authority may have either under contract or law.

I certify under penalty of perjury, under the laws of the State of California, that the foregoing is true and correct.

Firm: ________________________________

Signature: ________________________________

Name of Certifying Official: ________________________________

Title: ________________________________

Date of Execution: ________________________________
Exhibit II

Acknowledgement of and Consent to Subcontractor Provisions
EXHIBIT II

ACKNOWLEDGEMENT OF AND CONSENT TO SUBCONTRACT PROVISIONS

The AUTHORITY hereby acknowledges and consents to ARCADIS’ act of incorporating the attached provisions into its various subcontracts with its subcontractors for work on the PROJECT. A list of these provisions identified by subcontract and section number as well as the actual language is attached as Attachment 1.

The AUTHORITY agrees to waive and release any and all actual and potential claims against ARCADIS for breach of contract to the extent that the subcontractors act in conformance with the referenced subcontract provisions which may actually or arguably conflict with or otherwise may not be consistent with ARCADIS’ rights, obligations, conditions and limitations as defined in other provisions of the AGREEMENT. The AUTHORITY further acknowledges that any acts by ARCADIS’ subcontractors that are in conformance with the referenced subcontract provisions shall not constitute a breach of the AGREEMENT by ARCADIS.

Acknowledged and agreed to by:

Orangeline Development Authority

____________________________
Name: ______________________
Title: ______________________

ARCADIS G&M, Inc.

____________________________
Name:  Chuck Liechner
Title:  Executive Vice President
ATTACHMENT 1
LIST OF SUBCONTRACTOR PROVISIONS

A list of these provisions identified by subcontract and section number as well as the actual language is provided below.

Shapery

Section 15.1
Subcontractor wants to retain joint ownership interest of work product.

The records, documents, drawings, plans, specifications, and other material relating to conduct of ARCADIS' business as it relates to the PROJECT, including materials submitted by SUBCONTRACTOR in its Proposal and during the course of performing the Services under this AGREEMENT shall become the joint property of ARCADIS and SUBCONTRACTOR and may ultimately be deemed public records if and when it is turned over to the Authority.

TransRapid

Section 9.3
Subcontractor wants to delete the requirement of prior written approval from AGM before publication of material.

All work products prepared or developed by SUBCONTRACTOR specifically pursuant to this AGREEMENT shall become the property of ARCADIS without restriction or limitation on their use upon completion of the obligations by ARCADIS. SUBCONTRACTOR shall be permitted to retain copies of such items for the furtherance of its technical proficiency; however, publication of this material is subject to the prior written approval of ARCADIS.

Section 9.4
Subcontractor wants to delete the requirement AGM provide prior consent and authorization before Subcontractor provides a press release or releases other information to the media.

No material or technical data prepared by SUBCONTRACTOR under this
AGREEMENT is to be released by SUBCONTRACTOR to any other person or agency except as necessary for the performance of the Services (SOW). All press releases or information to be published in print or electronic media shall be distributed only after first being authorized by ARCADIS. Provided however, that the SUBCONTRACTOR shall not be responsible for the results or consequences of such reuse.

**Gruen**

**Section 9.3**
Subcontractor wants unrestricted right to use its work product in proposals and public information once its work product is made public on the Orangeline project.

All work products prepared or developed by SUBCONTRACTOR specifically pursuant to this AGREEMENT shall become the property of ARCADIS without restriction or limitation on their use upon completion of the obligations by ARCADIS. SUBCONTRACTOR shall be permitted to retain copies of such items for the furtherance of its technical proficiency; however, publication of this material is subject to the prior written approval of ARCADIS. Once SUBCONTRACTOR’s materials are made public, SUBCONTRACTOR has the unrestricted right to use materials and drawings prepared by SUBCONTRACTOR in its proposals and public relations information.

**Section 13.1**
Subcontractor wants to add language that states “In the event of the project not proceed beyond Phase I, SUBCONTRACTOR does not need prior ARCADIS approval of PROJECT-related copy.”

ARCADIS shall review and approve all PROJECT-related copy proposed to be used by SUBCONTRACTOR for advertising or public relations purposes prior to publication while the project is in progress. SUBCONTRACTOR shall not allow PROJECT-related copy to be published in its advertisements and public relations programs prior to receiving such approval; provided, however, that such approval from ARCADIS shall not be unreasonably withheld. SUBCONTRACTOR shall ensure that all published information is accurate and that it does not in any way imply that ARCADIS or the Authority endorses SUBCONTRACTOR’s firm, services, and/or products. In the event of the project not proceed beyond Phase I, SUBCONTRACTOR does not need prior ARCADIS approval of PROJECT-related copy.

**IAGB**

**Section 1.2**
Subcontractor wants to delete any non-compete limitations (i.e. can work on other high-speed rail or maglev projects in SoCal that may compete for same ridership)

During the term of this AGREEMENT and any Subsequent Amendments entered into by the Parties, SUBCONTRACTOR will not enter into arrangements with other parties for work on any other high-speed rail and/or maglev project in the same alignment and geographical region of Southern California that would compete for the same ridership and funding as the PROJECT.

Section 9.5
Subcontractor wants to modify language to require that both AGM and OLDA obtain consent from SUBCONTRACTOR before use, duplicating or disclosing technical data (work product) to third parties.

ARCADIS and the Authority shall have the right to use, duplicate, or disclose the technical data and the information conveyed therein, in whole or in part, in any manner whatsoever, and to have or permit others to do so, with the written approval of SUBCONTRACTOR.

Section 9.6
Subcontractor will not grant to AGM or OLDA the right to publish, translate, reproduce deliver or use the technical data or other copyrighted work without prior written approval of SUBCONTRACTOR.

ARCADIS, the Authority, their officers and employees acting within the scope of their official duties, shall not have the right to publish, translate, reproduce, deliver, and use as they deem fit all technical data covered by copyright supplied for this AGREEMENT without the written approval of SUBCONTRACTOR. No copyrighted material shall be included in technical data furnished hereunder without the written permission of the copyright owner for ARCADIS to use such in the manner herein described. Any inappropriate reuse or modification of such documents shall be at the sole risk of ARCADIS, the Authority, their officers and employees.

Section 14.1
Subcontractor wants to delete the requirement that it keep confidential its work product/technical info generated for this project.

SUBCONTRACTOR agrees that for and during the entire term of this AGREEMENT, any information, data, figures, records, findings, and the like received by SUBCONTRACTOR from ARCADIS in the performance of this AGREEMENT (in the following “the confidential information”) shall be
considered and kept as private and privileged records of ARCADIS and will not be divulged to any person, firm, corporation, or other entity except on the direct authorization of the ARCADIS. Furthermore, upon termination of this AGREEMENT for any cause, SUBCONTRACTOR agrees that it will continue to treat as private and privileged the confidential information, and will not release any such information to any person, firm, corporation, or other entity, either by statement, deposition, or as a witness, except upon direct written authority of ARCADIS. Information will not be considered confidential if: (i) the information is required to be disclosed as a part of the services, hereunder; (ii) the information is in the public domain through no action of SUBCONTRACTOR in breach of the AGREEMENT; (iii) the information is independently developed by SUBCONTRACTOR; (iv) the information is acquired by SUBCONTRACTOR from a third party not delivered to SUBCONTRACTOR in breach of any known confidentiality agreements; (v) disclosure is required by law to reveal or disclose any information, in which case, SUBCONTRACTOR shall first notify ARCADIS in writing so that it has the opportunity to formally respond to the court order or subpoena.

Section 14.2
Subcontractor wants to narrow the definition of what constitutes "confidential information".

If any confidential information that is held by ARCADIS is released by an authorized action of ARCADIS or otherwise becomes public information, then SUBCONTRACTOR is relieved of the responsibility for maintaining confidentiality of same; provided, however, that SUBCONTRACTOR shall inform ARCADIS of any determination that records have become public before releasing them in order to permit ARCADIS to consult with

Section 14.3
Subcontractor wants to reduce the time requirement for maintaining confidentiality to 3 years after completion of work on last phase.

The obligation to hold the confidential information secret ends 3 years after ending of this Agreement or, if ARCADIS decides to continue the Project 3 years after ending of the last Phase carried out.

Section 15.1
Subcontractor wants to eliminate language that would make Subcontractors work product the exclusive property of AGM.

All records, documents, drawings, plans, specifications, and other material relating to conduct of ARCADIS' business shall become the exclusive property of ARCADIS and may ultimately be deemed public records if and when it is turned over to the Authority.
Section 16.2
Subcontractor wants to delete language giving AGM the right to inspect certain of Subcontractor’s records. Subcontractor also wants to modify the language so that it, not AGM, has the right to determine if AGM’s request to view records that give evidence to claims for costs, reimbursement etc...

In case of claims for reimbursement of incurred SUBCONTRACTOR’s costs or claims for compensation to the extent specified by this Agreement, SUBCONTRACTOR will assist ARCADIS and will grant ARCADIS the right to look at records that give evidence as far as deemed necessary by SUBCONTRACTOR.

Hensel Phelps

Section 7.4.1.1 and Section 8.1
Subcontractor want to eliminate language that refers to Member Cites.

ARCADIS and the Authority, and their respective officers and employees (collectively, the “Additional Insured Parties”) shall be covered as additional insureds as respects to liability arising out of, and to the extent of, the negligent acts and omissions of SUBCONTRACTOR or its subcontractors and consultants in connection with the performance of SUBCONTRACTOR’S Phase I work; products and completed operations of SUBCONTRACTOR; premises owned, occupied or used by SUBCONTRACTOR; or automobiles owned, leased, hired or borrowed by SUBCONTRACTOR. The coverage shall contain no special limitations on the scope of protection afforded to the ARCADIS Parties.

SUBCONTRACTOR shall indemnify, defend and hold harmless ARCADIS, and the Authority and all of their respective officers and employees (collectively referred to as the “Indemnified Parties”) from and against any and all liability and expenses including defense costs and legal fees and claims for damages of any nature whatsoever, including, without limitation, any costs or liability on account of bodily injury, death or personal injury of any person or for damage to or loss of use of property (including property of the Indemnified Parties) to the extent caused by the negligence or willful misconduct of SUBCONTRACTOR or any employee, subcontractor, subconsultant or any other party for whom the SUBCONTRACTOR is liable.

Max Boegl

Section 9.3 and 9.5
Subcontractor wants to delete the requirement AGM provide prior consent and authorization before Subcontractor provides a press release or releases other information to the media. Also general issues about use and ownership of product produced.

All work product, technical data, and pre-existing material, as well as all
copyrights, trade secrets, patents and other intellectual property rights of SUBCONTRACTOR existing at the time of this AGREEMENT or developed by SUBCONTRACTOR other than in performance of its duties hereunder ("Subcontractor IP") shall remain the property of SUBCONTRACTOR, and no right or interest therein is conveyed by this AGREEMENT except as fort forth herein. All work products prepared or developed by SUBCONTRACTOR specifically pursuant to this AGREEMENT shall become the property of ARCADIS without restriction or limitation on their use upon payment of compensation to SUBCONTRACTOR for all services provided by SUBCONTRACTOR hereunder. SUBCONTRACTOR shall have an unlimited right and license to use such work product in other projects which do not compete with the PROJECT (as set forth in Section 1.2 hereof). SUBCONTRACTOR shall be permitted to retain copies of such items for the furtherance of its technical proficiency; however, publication of this material, except in connection with noncompetitive projects as set forth above, is subject to the prior written approval of ARCADIS. Some deliverables and work product delivered under the AGREEMENT may include or be based upon Subcontractor IP.

SUBCONTRACTOR shall specifically identify all Subcontractor IP included in the deliverables and hereby grants ARCADIS a limited cancelable and non-transferable license to use the Subcontractor IP as reasonably necessary to allow ARCADIS to use the deliverables under this AGREEMENT solely for their intended purpose in association with the Project and for the benefit of the Authority. ARCADIS may sublicense such rights to the Authority. No other right of use or sublicense to the Subcontractor IP property is hereby granted, and ARCADIS may not transfer or disclose the Subcontractor IP to any third party without the express written consent of SUBCONTRACTOR.

ARCADIS and the Authority shall have the right to use, duplicate, or disclose the technical data and the information in the deliverables prepared by SUBCONTRACTOR under this AGREEMENT, in whole or in part, in any manner whatsoever, and to have or permit others to do so. Notwithstanding the foregoing, SUBCONTRACTOR may designate some or all of the Subcontractor IP as "confidential", and ARCADIS and its sublicense, the Authority, shall use reasonable commercial efforts to keep such information confidential, and may not disclose or provide such information to third parties (other than the Authority) without the express written consent of SUBCONTRACTOR.

Mactec Engineering and Consulting, Inc.

Section 9.4
Subcontractor wants to delete the requirement AGM provide prior consent and authorization before Subcontractor provides a press release or releases other information to the media. Also general issues about use and ownership of product produced.

No material or technical data prepared by SUBCONTRACTOR under this AGREEMENT is to be released by SUBCONTRACTOR to any other person or agency except as necessary for the performance of the Services (SOW).
SUBCONTRACTOR shall be permitted to retain copies of such items for the furtherance of its technical proficiency; however, publication of this material is subject to the prior written approval of ARCADIS.
Exhibit III

Approved Team Members and Suppliers
## EXHIBIT III
Approved Team Members and Suppliers

<table>
<thead>
<tr>
<th>Company Name</th>
<th>Contact</th>
<th>Phone</th>
<th>Address</th>
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<tbody>
<tr>
<td>ARCADIS G&amp;M, Inc.</td>
<td>Charlene Palmer</td>
<td>714.278.0992</td>
<td>1400 North Harbor Blvd., Suite 700</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>Fullerton, CA 92835</td>
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<tr>
<td>AZTEC Engineering</td>
<td>Frank Sherkow</td>
<td>951.279.4070</td>
<td>1181 California Ave., Suite 202</td>
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<td>Corona, CA 92881</td>
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<td>Barrows, Bruce</td>
<td>Bruce Barrows</td>
<td>562.860.1336</td>
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<tr>
<td>Brown, Winfield &amp; Cantoneri</td>
<td>Ken Brown</td>
<td>231.687.2100</td>
<td>300 South Grand Ave., 15th Floor</td>
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<td></td>
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<td>Los Angeles, CA 90071-3125</td>
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<tr>
<td>CBRC</td>
<td>Lew Home</td>
<td>213.613.3305</td>
<td>335 South Grand Ave., Suite 2700</td>
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<td></td>
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<td>Los Angeles, CA 90071</td>
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<tr>
<td>Gruen Associates</td>
<td>Elaine Carbrey</td>
<td>323.937.4270</td>
<td>6330 San Vicente Blvd., Suite 200</td>
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<td></td>
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<tr>
<td>Hensel Phelps Construction Co.</td>
<td>Wayne Lindholm</td>
<td>949.852.0111</td>
<td>18850 Von Karman Ave., Suite 100</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Irvine, CA 92612</td>
</tr>
<tr>
<td>HNTB Corp, HNTB Management Consulting</td>
<td>Linda Bohlinger</td>
<td>714.460.1624</td>
<td>200 E. Sandpointe, Suite 200</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Santa Ana, CA 92707</td>
</tr>
<tr>
<td>IABG</td>
<td>Jorg Metzner</td>
<td>49 89 6088 0</td>
<td>Einsteinstrasse 20</td>
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<td></td>
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<td></td>
<td>85521 Ottobrunn, Germany</td>
</tr>
<tr>
<td>Lockheed Martin</td>
<td>Jim Vint</td>
<td>805.348.2397</td>
<td>1111 Betteravia Road</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Santa Maria, CA 93455</td>
</tr>
<tr>
<td>MACTEC, Inc.</td>
<td>Perry Maljian</td>
<td>323.889.5341</td>
<td>200 Citadel Drive, 2nd Floor</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Los Angeles, CA 90040</td>
</tr>
<tr>
<td>Max Boegl USA, Inc.</td>
<td>Ludwig Schoell</td>
<td>770.993.0379</td>
<td>4450 Thoroughbred Drive</td>
</tr>
<tr>
<td></td>
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<td></td>
<td>Roswell, GA 30075-3156</td>
</tr>
<tr>
<td>MBI Media</td>
<td>Mary McCormick</td>
<td>909.444.1822</td>
<td>3333 South Brea Canyon Road</td>
</tr>
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<td></td>
<td></td>
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<td>Diamond Bar, CA 91765</td>
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<td>Los Angeles, CA 90017-3610</td>
</tr>
<tr>
<td>PACO Group</td>
<td>John Canepari</td>
<td>305.666.3456</td>
<td>5001 SW 74th Court, Suite 203</td>
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<tr>
<td></td>
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<td></td>
<td>Miami, FL 33155</td>
</tr>
<tr>
<td>Sedway/CBRE</td>
<td>Tom Jirovsky</td>
<td>213.613.3751</td>
<td>355 S Grand Ave., 12th Floor</td>
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<tr>
<td>Shapery Enterprises</td>
<td>Sandy Shapery</td>
<td>619.239.4700</td>
<td>402 West Broadway, Suite 1220</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>San Diego, CA 92101</td>
</tr>
<tr>
<td>Transrapid International-USA</td>
<td>Reed Tanger</td>
<td>202.969.1508</td>
<td>400 Seventh Street NW, 4th Floor</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Washington, DC 20004</td>
</tr>
<tr>
<td>VLG Engineering</td>
<td>Vicki Gray</td>
<td>949.455.1559</td>
<td>23412 Moulton Parkway, Suite 240</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Laguna Hills, CA 92653</td>
</tr>
<tr>
<td>Wedbush Morgan</td>
<td>Doug Charchenko</td>
<td>213.688.8061</td>
<td>1000 Wilshire Blvd.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Los Angeles, CA 90017</td>
</tr>
<tr>
<td>AON Consulting</td>
<td>John Evans</td>
<td>213.630.2900</td>
<td>707 Wilshire Blvd., Suite 5700</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Los Angeles, CA 90017</td>
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Exhibit IV

Certification of Team Members
Regarding Debarment
CERTIFICATION OF POTENTIAL CONTRACTOR OR SUBCONTRACTOR REGARDING DEBARMENT, SUSPENSION, AND OTHER INELIGIBILITY AND VOLUNTARY EXCLUSION

MUST BE COMPLETED BY PROPOSER AND SUBCONTRACTORS
For Subcontractors/Suppliers with Contract Value over $100,000.00

The Primary Participant (applicant for an FTA grant or cooperative agreement, or potential Contractor for a major third party Contract), ARCADIS G&M, Inc., certifies to the best of its knowledge and belief, that it and its principals:

1. Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any Federal department or agency;
2. Have not within a three-year period preceding this proposal been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State or local) transaction or contract under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;
3. Are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (Federal, State, or local) with commission of any of the offenses enumerated in paragraph (2) of this certification; and
4. Have not within a three-year period preceding this application/proposal had one or more public transactions (Federal, State or local) terminated for cause or default.

(If the primary participant (applicant for an FTA grant or cooperative agreement, or potential third party Contractor) is unable to certify to any of the statements in this certification, the participant shall attach an explanation of this certification.)

The Primary participant (applicant for an FTA grant or cooperative agreement, or potential Contractor for a major third party Contract), ARCADIS G&M, Inc., certifies or affirms the truthfulness and accuracy of the contents of the statements submitted on or with this certification and understands that the provisions of 31 U.S.C. Sections 3801 et seq. are applicable thereto.

Signature & Title of Authorized Official