



July 1, 2020

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

Re: July 2020 XpressWest Report

Dear Chairman Smith and Members of the Board:

Virgin Trains USA, acting through DesertXpress Enterprises, LLC (DXE), continues to make significant progress in the development of the XpressWest high-speed passenger rail project between Southern California and Las Vegas. The purpose of this letter is to provide a status update on the project, which remains on target to commence construction in 2020.

On June 10, 2020, DXE and the Nevada Department of Transportation (NDOT) executed a Developer Agreement to memorialize key terms for NDOT's issuance of a right of way occupancy permit for construction of the project within the Interstate 15 (I-15) corridor between the California/Nevada border and Las Vegas. On June 19, 2020, DXE and Caltrans executed a right-of-way agreement to enable DXE's construction in the I-15 corridor between the state border and Apple Valley, California. DXE is also working with both NDOT and Caltrans to prepare design and construction agreements for the respective segments of the project to be located in each state.

DXE continues to work with the Federal Railroad Administration (FRA), the lead federal agency for environmental review under the National Environmental Policy Act. Through FRA, DXE is coordinating with all involved public agencies and other stake holders.

Financing for the project is progressing on schedule. In March 2020, the U.S. Department of Transportation provisionally allocated up to \$1 billion of private activity bond (PAB) authority for use on the project. In April 2020, the California Debt Limit Allocation Committee (CDLAC) approved a \$600,000,000 allocation for private activity bonds, which allows issuance of bonds in an amount based on a four-time multiplier (i.e. \$2.4 billion). We anticipate that the Nevada Department of Business & Industry will consider the project's \$200,000,000 PABs allocation



request in July 2020, which will allow the issuance of \$800,000,000 of PABs. This progress is consistent with DXE's financing plan.

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

Sincerely,

A handwritten signature in black ink, appearing to read "Sarah Watterson".

Sarah Watterson
President
DesertXpress Enterprises, LLC