

CALIFORNIA HIGH-SPEED RAIL AUTHORITY
MEETING MINUTES
May 23, 2007
SACRAMENTO, CALIFORNIA

The meeting of the California High-Speed Rail Authority was called to order on May 23rd at 10:01 a.m. at the Sacramento State Capitol Building Room 3191 in Sacramento, CA.

Members Present: Quentin Kopp, Chairman
David Crane
Rod Diridon, Sr.
Fran Florez
Curt Pringle
Lynn Schenk
T.J. Stapleton

Opening Comments

Chairman Kopp welcomed the audience to today's meeting.

Approval of Meeting Minutes for the following Authority Meetings:

Chairman Kopp presented the minutes from the April 18, 2007 meeting for approval. Member Stapleton moved to approve the April 18th minutes, Member Schenk seconded, which carried 7-0.

Authority Members' Meetings for Compensation

Chairman Kopp presented the list of meetings for compensation for approval. Member Stapleton moved to approve the list of meetings for compensation, Member Schenk seconded, which carried 7-0.

Member Reports

Chairman Kopp reported that he attended 2007/2008 Legislative Budget Hearings over the last month. On May 22, 2007, the Senate Budget Sub-Committee #4 authorized an augmentation of \$40 million to the Governor's recommended \$1.1 budget for High-Speed Rail. Today, the Assembly Budget Sub-Committee #5 is scheduled to meet and act on the High-Speed Rail Authority's budget request. Chairman Kopp reported that there was a presentation made earlier this week to that sub-committee.

Member Diridon reported that the American Public Transportation Association High-Speed and Intercity Rail Committee will meet in Toronto on June 6, 7 and 8 at the APTA annual conference. During the meeting, the committee will be discussing advocacy concepts for APTA and the high-speed rail program for Congress in the upcoming year.

Executive Director's Report

Executive Director Morshed reported on the status of the three Legislative Bills that were discussed at last April's Board Meeting. AB 981 was passed by the Assembly Transportation Committee and is in the Assembly Appropriations Committee. AB 1228 was passed by the Assembly Transportation Committee and is in the Assembly Appropriations Committee. SB 372 passed the Senate Policy Committee and is currently in the Senate Appropriations Committee Suspense File.

Executive Director Morshed reported that as Chairman Kopp already mentioned, the Senate Budget Sub-committee #4 acted to augment the HSR budget by an additional \$40 million dollars. The Sub-Committee Chairman requested that Executive Director Morshed prepare an expenditure plan against the augmented \$40 million and submit the plan to the Sub-Committee by next Tuesday. Executive Director Morshed reported that earlier this week he testified on the High-Speed at the Assembly Sub-Committee #5 hearing and answered their questions, but they postponed their decision until today. The Chair requested a financing plan from the High-Speed Rail Authority that will be submitted to the Committee today. Executive Director Morshed reported that the draft financing plan is before the board members for review today.

Executive Director Morshed reported that he, the consultants, staff and Tony Daniels have been in meetings with the Southern California Association of Governments. Executive Director Morshed reported that HSR and SCAG are working cooperatively to resolve the issue of what kind of train will be appropriate for the Southern California Corridor, specifically Los Angeles Union Station to Riverside. The California High-Speed Rail Project has chosen a Southern alignment and steel wheel technology and SCAG continues to pursue maglev technology and a different alignment. The corridor cannot support two high-speed train systems and there will need to be resolution as to whether maglev or steel wheel technology. The technology chosen will have an impact on how we develop the system in the Los Angeles and San Diego Regions. Executive Director Morshed reported that the desire of SCAG for a maglev system is based on the assumption of possible funding of private investors in the Southern California SCAG region that would build the system at no cost to the taxpayers. HSR's ridership and revenue numbers do not agree with that assumption.

Executive Director Morshed reported that High-Speed Rail staff met with the Southern California Metrolink staff to discuss the corridor that would be operating with both a Metrolink train and a possible High-Speed Rail train. Both groups agreed to establish a process where the engineers from both agencies would work together to develop a plan in such a way as to make improvements to the corridor for Metrolink trains while High-Speed Rail is constructing for the

high-speed rail system. This cooperative venture is similar to the MOU we have with Orange County.

Executive Director Morshed reported over the last couple of weeks he has had meetings with a number of Legislators and gave a briefing to Assembly Republicans on the high-speed rail project.

Executive Director Morshed reported that a national committee was created to investigate the future of Federal transportation funding and the methods that could be utilized to obtain the funding. That commission is chaired by the US Secretary of Transportation and Executive Director Morshed testified at the committee's Los Angeles meeting and was requested to join a task force. The task force will look into the passage of Federal funding legislation and to make investigations into what needs to be accomplished to acquire other Federal funding.

Executive Director Morshed reported that the most significant reason that the high-speed rail has been a focus in the media over the last several months is due to the French breaking the speed record and many of California's legislators were present during the event.

Executive Director Morshed reported that the release of the Bay Area environmental project will be at the next board meeting.

Executive Director Morshed introduced new staff employees Rosemary Mejia and Dan Gallagher to the board.

Program Manager's Report

Tony Daniels reported that the Project Management team, in terms of work progress, is on target with our plan. There are 90 firms and 400 people working on the project. Everyone is geared to move forward for next year as soon as the budget is determined.

Tony Daniels reported that the concern over whether the message about high-speed rail was being conveyed to the stakeholders and the public was addressed in the amount of publicity and media attention given the project over the last few months. The consultants have been attending regional meetings to discuss high-speed rail and the high-speed rail project has been a strong topic in the press over the last few weeks.

Tony Daniels reported that the scoping meetings in the southern regions of the State went very well and the received comments are being reviewed by the consultants.

Project Phasing

Executive Director Morshed reported that at the last two board meetings, staff and members discussed the need of developing a strategy for constructing the high-speed rail project. The discussions determined that a starter element needed to be determined to begin the construction of this large undertaking. A starter element would allow the Authority to focus most of its resources toward achieving the goals and objectives of building a statewide high-speed rail system. In order to make the determination, it must be realized that resources are limited and early results are necessary to keep the project moving forward. Consultants and staff have considered right-of -ways, regional resources and construction time to determine this beginning phase for the construction.

Executive Director Morshed recommended that the first phase for the HSR project be defined as the Anaheim/Los Angeles to Merced/Bay Area route. This segment would be the most likely to attract outside investment, have an operating surplus and it will be a long enough segment to develop a train system that could travel at high speeds.

Member Diridon recommended that the Board discuss this proposal in detail, but reminded the Board that an action is taken in order to allow for the completion of the business plan. Without a determined starter element, there will not be a business plan. Member Diridon commented that the determination of a starter segment is a necessary first step.

Member Schenk commented that she is not in agreement with the determination of the segment. The Anaheim/Los Angeles to Merced/Bay Area segment does not include the second busiest corridor in the United States in terms of rail travel. Member Schenk reminded the board that SANDAG has consistently supported high-speed rail and had proposed \$100 million dollars toward the development of the system. Member Schenk wanted for the record that she believes San Diego should be included in the first phase of construction for the High-Speed Rail project.

Member Pringle remarked that he believed that choosing a starter segment is a reasonable approach to building this system. The starter segment needs to travel into area that is a high service corridor that has a multiplication of resources and have resources that are being spent on the corridor already. Member Pringle reminded the board that the strategy is not to develop one segment, but to create a statewide system without any segment being left undone.

Member Crane commented that there is no doubt that everyone at this meeting would like to see a high-speed rail system in the State. Member Crane

commented that this project has a large cost and the starter segment needs to be determined by the finance that could be generated to build the project. Member Crane commented that this project needs financial commitments from the different groups to have the financing for the project ready before the construction begins. Member Crane is concerned that the starter segment was chosen without a firm financial commitment for this area being determined. Member Crane asked if the Federal Representatives were contacted to find out if they would financially support one segment more than other segments and if these costs were used in determining the starter segment. Member Crane reminded the consultants that the ideas of how to finance the project need to be in place before the Authority moves forward with the project.

Executive Director Morshed responded that the major reason that the San Diego Corridor was not included with the starter segment was the many concerns over the heavily developed area that the segment would have to travel through. The San Diego to Los Angeles corridor is a heavily developed area that has many environmental issues that constitute concerns for the high-speed rail system.

Chairman Kopp reported that he wants to include the comments from a letter he received in the record. The letter was submitted by Walter Strakosh and it recommended that the first phase for the high-speed rail project should be Bakersfield to Sacramento.

Chairman Kopp asked the audience if there was any public comment and no one responded with comment.

Member Stapleton moved to approve the project phasing recommendations, Member Diridon seconded. A roll-call of members was taken. Members Kopp, Diridon, Florez, Pringle and Stapleton approved. Members Crane and Schenk did not approve. The motion carried 5-2.

Executive Director Morshed reported that it would best for the Authority to have a consultant/advocate for High-speed Rail working at the Federal level to coordinate discussions and work towards Federal funding. Executive Director Morshed requested that the Board authorize the Executive Director to employ a person to represent the Authority at the Federal Level and to coordinate with the Governor's office to make sure the pursuing of funds do not conflict with the efforts of funding for the State.

Chair Kopp requested a motion in principle for the authorization for the Authority to undertake the engagement of an advocate in Washington D.C. and if Member Crane would accept the commission to participate in the selection and coordinate with the Governor's Office State advocate. Member Stapleton moved to approve the authorization, Member Pringle seconded, which carried 7-0.

Preliminary Financing Option

Sasha Paige of Infrastructure Management and Barbara Lloyd of Lehman Brothers presented an updated draft report on financing options for board review.

Member Diridon moved to approve the financing plan with the understanding that we don't approve every detail in the plan because circumstances may change and we authorize the plan for distribution for public comment, Member Stapleton seconded. A roll-call of members was taken. Members Kopp, Diridon, Florez, Pringle and Stapleton approved. Members Crane and Schenk did not approve, Member Schenk stated her "no" vote was based only on consistency with her prior vote. The motion carried 5-2.

Member Schenk left the meeting.

Chair Kopp requested a motion to authorize utilization of Assembly-Member Ma's pending bill or any other appropriate bill for implementation of any statutory procedures necessary to effectuate public partnership funding for this project. Member Pringle moved to approve the authorization, Member Crane seconded, which carried 6-0.

Public Comment

No Public Comment

Meeting adjourned at 12:25