



CALIFORNIA HIGH-SPEED RAIL AUTHORITY

BOARD MEETING MINUTES JULY 2, 2009 SACRAMENTO, CALIFORNIA

The meeting of the California High-Speed Rail Authority was called to order on July 2, 2009 at 10:10 AM at the Sacramento City Council Chambers in Sacramento, CA.

Call to Order and Roll Call

Members Present: Quentin Kopp, Chairman
Fran Florez, Vice-Chairwoman
Rod Diridon, Sr.
Lynn Schenk
Thomas Umberg
Russell Burns
Richard Katz
Curt Pringle
David Crane

Opening Comments

Chairman Kopp administered the Oath of Office to newly appointed Russell Burns, who is replacing T.J. Stapleton.

Approval of Meeting Minutes: May 7, 2009 and June 4, 2009

Chairman Kopp presented for approval the May 7 supplemental, and June 4, 2009, Board meeting minutes. Chairman Kopp noted the caveat of non-substantive clerical and grammatical edits. Motion by member Florez to approve, seconded by member Katz; and the motion was adopted.

Authority Members' Meetings for Compensation

Chairman Kopp presented the meetings for compensation, supplemented list for approval. Motion by member Katz to approve, seconded by member Schenk, and, without exception, the motion was adopted.

Member Reports

Chairman Kopp began by noting that former member Kirk Lindsey passed away last month. Chairman Kopp sent a letter of condolence on behalf of all members to Mr. Lindsey's wife and family. Chairman Kopp noted the presentation to Mr. Lindsey's family of a Resolution of deep respect and gratitude to the dedication and perseverance of Mr. Lindsey's sacrifice to improve the state's transportation system for all Californians.

Chairman Kopp noted that Russell Burns is replacing T.J. Stapleton. T.J. Stapleton served the Board for nearly twelve years and will be delivered a Resolution that states deep respect and best wishes for his sacrifice and dedication to improving California's transportation system.

Chairman Kopp noted that it is the valedictory of his position as Chairman and wanted to make several comments. Chairman Kopp stated that if he could make an expression of concern, it would be twofold:

1. A caution not to engage in hyperbole about the board's activities. The high-speed rail program is a difficult project to consummate and there will be those that succeed the board who will be confronted with similar obstacles and challenges. It is essential that the board keeps faith with the public and the taxpayers who the Board represents.
2. In the face of the success that the board has enjoyed, such as the passage of Prop. 1A and the backing of a supportive President, there are forces that do not appear to embrace the notion or the history of High-Speed Rail in Europe and Asia. This can be disconcerting from time to time. Nevertheless, it is a fact of the members' lives and their lives as commissioners. High-Speed Rail will be built and operate in California, despite the continuing but lessening group of skeptics. The board must continue to lead the nation and make it the Board's policy to serve as an example to other states and regions in the U.S.

Chairman Kopp proposes a public effort to transform manufacturing facilities in California and other states to manufacturing facilities for high-speed rail. The General Motors Toyota Plant in Fremont in Alameda County will be closed. Americans and Californians are ingenious enough to encourage and lead the effort to convert fallow automobile manufacturing facilities to manufacturing High-Speed Rail. After the meeting last month, Chairman Kopp toured the Siemens plant in Sacramento and the President of the Operation noted a parcel across the road that had been acquired for the possible purpose of building high-speed trains in California. At the next meeting, Kopp proposes introducing a resolution for governmental consultation and assisting of spearheading the conversion of automobile plants in California to the manufacturing of High-Speed Rail. The same effort can be initiated in the Congress and by the President through the Secretary of Transportation. There are General Motors and General Electric plants that have closed, and they can become a California/American industry so that the HSRA does not have to rely on foreign suppliers.

Chairman Kopp thanked everyone on the board for their friendship, association, assistance, recommendations, and advice they have bestowed that have enabled him to fulfill his responsibilities as chairman for the past three years.

Member Umberg thanked Chairman Kopp for his leadership, passion, service, and effort. Member Schenk echoed member Umberg's gratitude and expressed appreciation of Chairman Kopp's dedication, experience, intellect, strength of character, and guiding hand, adding that the state owes Chairman Kopp a giant debt of gratitude for bringing the Board to this moment.

Member Crane commented that California is becoming the leading example for the rest of the country where people travel using a rational means of transportation and that the High Speed Rail will operate in California as a result of Chairman Kopp's efforts.

Member Diridon noted two discussions occurring last month:

1. Mineta Transportation Institute Annual Meeting on June 28, 2009- Chair Oberstar declared that he will deliver the Authorization bill out of his committee in time for the Senate to take action before the Authorization lapses in October. Would give access to a \$50 billion High Speed Rail title if successful. It is the responsibility of the Board to let Senator Boxer know that the board supports the Oberstar version. It is important to have a long term title in a bill with a guaranteed source of funds so that the Authority can sign long term contracts.
2. Member Diridon's meeting with the National Council of University Transportation Center- They are aware that High Speed Rail will occur and are developing an initiative to find out what is going on throughout the world in regard to High Speed Rail engineering and Operations. They will be injecting those programs in the National curriculum to create the intellectual capital to build and operate HSRA systems in the long term. This is deceptively important because there is no current source of that talent and will have to hire the more important skills relating to high speed rail from foreign countries.

Executive Director's Report

Executive Director Morshed reported:

- Expressed his appreciation for Judge Kopp in his endeavor and gratitude for the time they spent working together.
- Commented on University research, noted that Spain has been active in building an infrastructure, human workforce as well as high speed rail. Spain has developed a huge resource of engineers, planners, and systems development in both the manufacturing and human sides. They have a research organization that does strictly research on high speed rail. Executive Director Morshed suggests that they come to California Universities to stimulate discussion on establishing a similar research group.
- On June 5th, Executive Director Morshed met with the Japan Counsel General. The Japan Counsel General expressed a great deal of interest in the California High Speed Rail Project and is assigning an individual in San Francisco for coordination with the Authority.
- The Japanese study group will be following up with their review of the program. They are going to be looking at two aspects of the program that Executive Director Morshed has asked them to focus on. The first aspect is the large scale segmentation of the project. The second aspect is a comparison with the Taiwan experience because they have a similar experience in developing High Speed Rail and have faced similar issues.
- Director Morshed had a meeting with the Siemens organization, who are very interested in the project. They pointed out that they have a capacity for building rail cars in

California and have had strong experience with public/private organizations. They also share the Authority's objective of zero emission energy.

- Director Morshed sent a memo to the members about the internal organization of the Authority. The Authority has engaged the firm of KPMG, who have experience in state civil service and will conduct organizational assessment. KPMG will propose a short range and long range organizational chart with proper job descriptions and position analyses. KPMG will also inquire with the Members about their vision of the Authority's Board and Staff and how they think it should be.
- Director Morshed reported on his meeting with the four members of the Peer Review Group and received useful and helpful suggestions.
- Director Morshed noted that the Legislature adopted the Authority's budget and full request for \$139 million, but included some caveats in it. One of the key items is that the language requires a new business plan by December 15, 2009, and that half of the money will not be available until the business plan is published and after 30 days review by the Joint Legislative Budget Committee.
- Director Morshed noted an item that stated "the Authority shall analyze alternative alignment to that identified as a preferred alignment in the certified program environmental impact for the San Francisco-San Jose Corridor". This language will have a significant impact on the Board's schedule and is important to keep in mind. It is possible that the Authority will not meet the Federal American Recovery and Reinvestment Act (ARRA) deadline because of this item.
- Director Morshed received a letter with an accompanying opinion from a law firm recommending an alternate station at Transbay terminal different than what the Transbay Terminal Joint Powers Authority has assigned. Christine Sproul, legal counsel, will be reviewing it and providing the comments.

Election of Officers: Chairman and Vice Chairman

Chairman Kopp presided over the election for the Chairman and Vice Chairman for the term of July 1, 2009 to June 30th, 2010. Chairman Kopp began by asking for nominations for the Chairman position. Member Crane nominated Curt Pringle, seconded by Member Schenk. Without objection, the nomination motion was adopted.

Chairman Kopp asked for nominations for Vice Chairman. Member Diridon nominated Tom Umberg, seconded by Vice Chairwoman Florez. Without objection, the nomination motion was adopted.

Chairman Kopp transferred his duties to Chairman Pringle and congratulated him. Chairman Pringle thanked the Governor and the members for the appointment. Chairman Pringle stated that he would like to see the board members take a more active role in decision making in the form of setting up committees. Chairman Pringle would like to form administrative, operations and finance oversight committees and will be seeking input from the board members on how to implement them. Chairman Pringle noted that he met with Director Morshed and will be putting together a full-day workshop in August for the board members so they can update their

plans and to coordinate with each other on how to approach their objectives. Chairman Pringle proceeded to introduce Vice Chairman Umberg, who thanked his fellow board members.

Public Comment

An opportunity for public comment was provided after each item was heard.

Chairman Pringle stated that he would like Public Comment advanced to the beginning of the agenda during board meetings. Chairman Pringle proceeded by introducing the elected officials who were available for Public Comment:

Mayor Swearingin, on behalf of the City of Fresno, pledged her full support for the CHSRA.

Mayor Gamboa, on behalf of the city of Visalia, stated his interest in the economic prosperity that manufacturing for the CHSRA would bring to the Central Valley. Mayor Gamboa noted that the Visalia City Council is willing to give 5 acres along the CA-99 alignment to the CHSRA.

Chairman of the San Joaquin Policy Council, Supervisor Michael Rubio stated that the High Speed Rail would have a very significant community benefit to the Southern San Joaquin region and pledged his support for the CHSRA.

Member Schenk introduced the non-elected officials who were available for Public Comment:

Gary Gallegos, representing SANDAG, stated his support for the Los Angeles-San Diego section and the CHSRA.

Adoption of Board Policies and Procedures

Chairman Pringle suggested that it is imperative that if the board were to adopt board policies and procedures (itemized below), they would present them all and create a mechanism by which every member of the Authority and the public can see the mechanism by which they operate.

Schenk commented on the last bullet (as noted) and that she would like to bring coordination to the Authority. She would like to know, in advance, details of the conferences or seminars to which Authority Members are invited. She requested that the Authority develop language to address this. Chairman Umberg suggested a mechanism to distinguish what invitations are sent out to the Board.

- Board members planning to attend or participate at any meetings, seminars, conferences or similar forums as a member of the Authority shall inform the chairperson prior to such appearance and shall report the meeting to the board following the attendance.

Member Diridon noted that he was confused on the third to last bullet:

- To prevent uncertainty and maintain proper accountability all contacts with contractors shall be through the Executive Director and Deputy Directors.”

He stated that the board members should not give instructions to contractors as it will result in noncompliance. Member Diridon suggests that “all contacts” be changed to

“request of services from or instructions to contractors will not be given by Board Members, but only through the Executive Director and/or the Deputy Director”.

Member Crane suggested moving forward with the change that Member Diridon suggested.

Member Kopp made a motion to adopt all policies with a modification to that of the third to the last bullet. Vice - Chairman Umberg modified the motion by adding that the Chairman shall have the authority to establish committees of the Authority, with regard to establishing responsibilities and membership. Seconded by Member Diridon, without objection, the motion was adopted.

Project Phasing Discussion

Staff presented a process for the programming of major project elements and associated funding. The process is intended to address requirements over each of the next several years.

Executive Director Morshed recommended developing a mid range and long range plan that would include board participation and public review. The board will meet in a workshop at a predetermined date in August to identify the current status and establish priorities for the various major elements of the project. The intended outcome is for the Authority to adopt a project programming plan that incorporates the major probabilities, priorities and funding consideration into a single document for each section within Phase I, for each year 2010 to 2014, with a longer range view. The plan will provide a prioritized roadmap for moving the project forward, with periodical updates as the project develops.

American Recovery and Reinvestment Act (ARRA) Grant Application Update

1. Executive Director Morshed presented the Pre-Application for ARRA funds. The Federal Railroad Administration (FRA) guidelines are asking that all of the potential applicants submit a pre-application for all the potential projects that they may be asking for ARRA funding by July 10. Executive Director Morshed recommends that the three corridors that are under current schedule and that meet the Federal deadline for start and completion be forwarded to the FRA as potential projects. Between now and the deadline for the final application (October 2, 2009), the Authority has to go through and determine which portion of the three corridors are capable of meeting the Federal requirements. The Authority will need to determine how much money they will be asking from the Federal government and how much local and state funds will be used to

match the federal funds. This work will take place between now and the actual submittal deadline in October.

2. Executive Director Morshed moved that the application to be included in the list of universal projects that the Authority can potentially apply for federal funding by the July 10th deadline be approved for submission to Caltrans. Member Kopp moved to approve, seconded by Member Schenk. Without exception, the motion was adopted.

Pending Legislation

Staff presented a report on pending legislation.

The Authority is no longer pursuing AB 153. Member Kopp suggested that the Authority send a letter to the author of the bill withdrawing its sponsorship. Chairman Pringle moved to approve, seconded by Member Diridon. Without exception, the motion was adopted.

Chairman Pringle made a motion that the Authority send a letter stating their opposition to SB 409. Member Katz moved to approve, seconded by Member Schenk. Without exception, the motion was adopted.

Member Diridon made a motion to send a letter to the Legislative leadership expressing the Authority's opposition to the second sentence, item number three of the conference information that is provided and explain why the Authority has a concern as it pertains to timing and eligibility for federal funds and such. Chairman Pringle moved to approve, seconded by Member Katz. Without exception, the motion was adopted.

- Director Morshed noted an item that stated "the Authority shall identify alternative alignment to that identified as a preferred alignment in the certified program environmental impact for the San Francisco-San Jose Corridor". It will have a significant impact on the schedule and is important to keep in mind. It is possible that the Authority will not meet the Federal American Recovery and Reinvestment Act (ARRA) deadline because of this item. Many of the members expressed concern over this item and the language involved.

Disability Access Committee

This presentation was deferred without objection by the Board. Staff will present a proposal for the creation of an advisory committee to advise the Authority and its staff on matters which may concern the use of high-speed rail facilities by persons with disabilities at a later date.

Closed Session

Chairman Pringle stated that the Board would recess into closed session. Closed session was held to confer with counsel with regard to the Atherton litigation. After the closed session, Chairman Pringle reported that the Board had met in closed session and the meeting was adjourned.