

CALIFORNIA HIGH-SPEED RAIL AUTHORITY

BOARD MEETING

TRANSCRIPT OF PROCEEDINGS

CALIFORNIA SECRETARY OF STATE AUDITORIUM

1500 11TH STREET

SACRAMENTO, CA 95814

WEDNESDAY, MAY 10, 2017

9:30 A.M.

Reported by:
Kent Odell

APPEARANCESBOARD MEMBERS

Dan Richard, Chairman

Tom Richards, Vice Chair

Lynn Schenk

Michael Rossi

Lorraine Paskett

Ernest Camacho

Daniel Curtin

STAFF

Jeff Morales, Chief Executive Officer

Krista Jensen, Board Secretary

Thomas Fellenz, Chief Counsel

Lisa Marie Alley, Chief of Communications

Jon Tapping, Director of Risk Management and Project Controls

PRESENTERS:

Thomas Fellenz, California High-Speed Rail Authority, Chief Counsel

APPEARANCES (Cont.)PUBLIC COMMENT

Paul Guerrero, APAC

Diana LaCome, APAC

Maureen "Mo" Hayes, HNTB

Keith Dunn, Association for California High Speed Rail

Stacey Mortensen, California High-Speed Rail Peer Review
Group

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P R O C E E D I N G S

9:39 a.m.

PROCEEDINGS BEGIN AT 9:39 A.M.

SACRAMENTO, CALIFORNIA, WEDNESDAY, MAY 10, 2017

CHAIRMAN RICHARD: Good morning, we will come to order. Would the Secretary please call the roll?

MS. JENSEN: Director Schenk?

BOARD MEMBER SCHENK: Here.

MS. JENSEN: Vice Chair Richards?

VICE CHAIR RICHARDS: Here.

MS. JENSEN: Director Rossi?

BOARD MEMBER ROSSI: Here.

MS. JENSEN: Director Curtin?

BOARD MEMBER CURTIN: Here.

MS. JENSEN: Director Paskett?

BOARD MEMBER PASKETT: Here.

MS. JENSEN: Director Lowenthal?

BOARD MEMBER LOWENTHAL: (Absent.)

MR. JENSEN: Director Camacho?

BOARD MEMBER CAMACHO: Here.

MS. JENSEN: Senator Beall?

EX OFFICIO BOARD MEMBER BEALL: (Absent.)

MS. JENSEN: Chair Richard?

CHAIRMAN RICHARD: I'm here.

Mr. Morales, would you lead us in the Pledge of

1 Allegiance today for your last day?

2 (The Pledge of Allegiance is made.)

3 CHAIRMAN RICHARD: Thank you.

4 Before we turn to the public comment period, I'm
5 very pleased to welcome our newest member of the Board,
6 Ernest Camacho. He is an appointee of the Senate Rules
7 Committee and the President Pro Tem of the Senate. He
8 brings a tremendous package of capabilities in terms of his
9 experience as an engineer.

10 And Mr. Camacho, I want to say that having had
11 the chance to meet you briefly I'm really looking forward
12 to your joining us as a colleague and I'd like to offer you
13 the chance to say a few words if you would like that.

14 BOARD MEMBER CAMACHO: Thank you, Mr. Chairman.
15 It's my pleasure to be here and certainly my pleasure to
16 represent the Senate Rules Committee and to do the best way
17 we can for the State of California. But I look forward to
18 promoting this legacy of the Governor and helping the
19 people within the State of California and all of the parts
20 of California and I thank you very much for this
21 opportunity.

22 CHAIRMAN RICHARD: Thank you, Mr. Camacho.

23 BOARD MEMBER SCHENK: Excuse me, may I?

24 CHAIRMAN RICHARD: Yes, Director Schenk?

25 BOARD MEMBER SCHENK: Thank you.

1 I'll take the liberty of just saying that I've
2 known Ernie for a lot of years and whatever he has
3 undertaken, it's always been in a thoughtful way. His
4 advice has always been sound and I am so delighted that he
5 has joined us. He's going to be a tremendous asset to all
6 of us and to the project.

7 CHAIRMAN RICHARD: Thank you very much.

8 In welcoming Mr. Camacho, let me also say that
9 pursuant to legislation passed last year by the California
10 Legislature and a bill by Assembly Chair Frazier and signed
11 by Governor Brown, our Board will also be expanded to
12 include Ex Officio Members that will be appointed by each
13 house of the Legislature.

14 The Senate has appointed Senator James Beall and
15 we're told that the Assembly appointment is imminent and so
16 we will be looking forward to welcoming those members of
17 the Legislature sitting Ex Officio in the same way that
18 members of the Legislature sit Ex Officio on the California
19 Transportation Commission and so forth.

20 I think that while I can't speak for Chairman
21 Frazier, I think that the motivation for the bill was to
22 enhance the relationship between this Board and the
23 Legislature to also carry out the Legislature's oversight
24 functions. We will welcome those members as they join us,
25 and look forward to collegial discussions with them.

1 So with that let me move through the agenda. We
2 first have a public comment period. And our first speaker
3 is Paul Guerrero from APAC followed by Diana LaCome.

4 Good morning, Mr. Guerrero.

5 MR. GUERRERO: Good morning to the Board.

6 (Audio issues.)

7 CHAIRMAN RICHARD: It's magic when you start
8 talking really loud and it's on.

9 MR. GUERRERO: It is, it is. I want to say that
10 I understand you have a representative with the Carpenters
11 Union on the Board, and I'm an old carpenter. How are you
12 doing?

13 BOARD MEMBER CURTIN: Let me see your hands, you
14 got all your fingers?

15 MR. GUERRERO: All the fingers. All the fingers,
16 yeah, yeah, yeah.

17 BOARD MEMBER CURTIN: That's seriously the test.

18 MR. GUERRERO: Yeah.

19 CHAIRMAN RICHARD: Paul, I think you wanted to
20 say you're a former carpenter. You don't want to say
21 you're an old carpenter.

22 MR. GUERRERO: Former carpenter.

23 BOARD MEMBER CURTIN: No, no, no.

24 MR. GUERRERO: Once in awhile I still pound a
25 nail or two, okay? But anyway what I wanted to talk about

1 what was supportive services. 49 CFR, the Code of Federal
2 Regulations, mandates that recipients of federal funds have
3 a supportive services contract. And that's through
4 training the small businesses in how to do business, so
5 that when they come in and they start doing business with
6 the high-speed rail they're not a little minnow in a pond
7 of sharks swimming out there and get clipped. So it's a
8 training them on how to put together a bid, how to bid, and
9 how to do a lot of things, and do the certified payroll, do
10 a lot of stuff that's required on one of your projects.

11 We understand that the contract that you had
12 issued out was never implemented, and it was finally at the
13 close-out of our APAC's complaint that it was canceled.
14 And as a result of that cancellation you've got on the
15 reports that the prime contractors are sending in to you
16 there's comments down there on challenges. One is having
17 small businesses do certified payroll as a challenge, the
18 accuracy, the timeliness of it. And their ability to put
19 out certified payroll.

20 Small business not having enough education of
21 Public Works and CBA Union requirements seems to overwhelm
22 them during pre-procurement period of firms unfamiliar with
23 the process, working capital, bonding, and there's a list
24 of things here that the primes are complaining about. Your
25 staff says, "Well, that's up to the primes to train them

1 and there's training elsewhere." But when we ask where the
2 training is at, nobody seems to know.

3 I urge you guys to take a look at 49 CFR, Code of
4 Federal Regulations, and put together some training for the
5 small prime contractors so they don't get their wings
6 clipped when they come in and start doing business with
7 these big guys. Thank you.

8 CHAIRMAN RICHARD: Thank you, Mr. Guerrero.
9 Before Ms. LaCome comes up maybe I can just ask Mr. Morales
10 if our General Counsel and the folks in charge of our Small
11 Business Program can just follow up on the issue that Mr.
12 Guerrero raised?

13 CHIEF EXECUTIVE OFFICER MORALES: Yes.

14 CHAIRMAN RICHARD: Okay. Thank you very much.

15 Ms. LaCome, good morning.

16 MS. LACOME: Thank you. Good morning, Chairman
17 Richard, Members of the Board. I'm Diana LaCome
18 representing APAC.

19 At the February Board meeting this Board approved
20 over 200 million to PG&E and AT&T for relocation of
21 utilities. At that time, I asked the Authority to look
22 into an MOU with PG&E, so small businesses could get
23 contracts and participate on the utility relocation. Since
24 then I have found out that PG&E hires only prime
25 contractors to perform their work. And the primes are the

1 ones who hire the subs. PG&E will not release the list of
2 their supposedly 7 to 50 primes, claiming that the list is
3 priority.

4 The subs must be CPUC Clearinghouse certified,
5 safety certified, and Golden Shovel certified; the latter
6 costing up to \$10,000. None of these certifications
7 guarantees any work with PG&E or any other utility. Most
8 small businesses are never contacted with bid opportunities
9 by the primes. We are told that the primes have to know
10 you before you're being contacted. Well, if you don't know
11 who the primes are how are you going to contact them?

12 Anyway, I'm asking this Board who represents the
13 California taxpayers to seek assistance from the CPUC and
14 PG&E on behalf of small businesses. This is just the
15 beginning of relocation of utilities. We have a long ways
16 to go, so I think we could all help small businesses by
17 doing something about it now.

18 Moving on, Mr. Morales, on behalf of Fred Jordan,
19 Chair of the Professional Services Committee, and myself
20 Chair of the Construction Committee on the Authority's
21 Business Advisory Council we wish you good luck on your
22 future endeavors. And on behalf of California small
23 businesses I'd like to thank you for the 30 percent SBE
24 goal as I know you had a lot to do with it, so thank you
25 very much.

1 CHAIRMAN RICHARD: Thank you, Ms. LaCome.

2 On the first item you raised, a number of us
3 recused ourselves on that matter. So if there's anything
4 to be followed up I'm going to turn it over to the Vice
5 Chair.

6 BOARD MEMBER PASKETT: And can I?

7 VICE CHAIR RICHARDS: Yes, please go ahead.

8 BOARD MEMBER PASKETT: Okay. And there are no
9 lights here to indicate it's working, but it sounds like
10 it. I would ask the staff, and Jeff I'm not sure who on
11 staff could follow up, I think it's an important issue that
12 you've raised. We certainly don't want to get you stuck in
13 a do loop between procurement policies of high-speed rail
14 and the CPUC and PG&E.

15 I agree with you, it's an extremely large
16 contract. Relocation is work that will be done throughout
17 the project service territory and it's important that we
18 preserve our efforts to involve small businesses,
19 particularly in the communities that are impacted. So if
20 PG&E is going to hide behind a CPUC policy then I would ask
21 our staff to interface with the CPUC. And ask them,
22 because of this situation, to see if there's an opportunity
23 to change it and give you access to those vendors at the
24 prime level, so you can continue to have opportunities.

25 MS. LACOME: Thank you. We'd really appreciate

1 it.

2 VICE CHAIR RICHARDS: Thank you, Director
3 Paskett. Is there any other member --

4 CHAIR RICHARD: -- push the button

5 VICE CHAIR RICHARDS: -- that didn't seem to do
6 it. Oh, there it is.

7 Beyond that, I would only ask Tom Fellenz, would
8 you kind of provide some oversight on whatever the context
9 might be between our staff and PG&E? To ensure that we get
10 some movement on this with the possibility of having to
11 reach out to perhaps your counterpart at PG&E to see if we
12 can get some resolution pleasantly and soon?

13 MR. FELLEENZ: Yes, I'll do that.

14 VICE CHAIR RICHARDS: Okay. Thank you.

15 BOARD MEMBER PASKETT: Well, my request was not
16 specific to PG&E. I have confidence in the CPUC's ability
17 to take a look at this in addition to CPUC. So my request
18 is actually directly with the CPUC.

19 VICE CHAIR RICHARDS: Okay. And --

20 BOARD MEMBER PASKETT: I'm sorry I wasn't clear
21 enough.

22 VICE CHAIR RICHARDS: -- no, it's quite all
23 right. I mean, I'd certainly like to see at least an
24 attempt with the PG&E at the outset of this. I mean,
25 because I believe that is the ultimate place that we can go

1 for it, if we can break this loose working between our
2 contractee with PG&E. It seems to me it might be
3 appropriate and if it doesn't let's don't waste time, and
4 with what you suggested then we move forward with that.

5 But if you would report back to the Board or at
6 least in this instance to myself before you take that move
7 with PG&E or with the PUC, okay?

8 CHIEF EXECUTIVE OFFICER MORALES: So this is an
9 issue we're very much aware of and are working with PG&E.
10 And I believe PG&E in fact, is going to come and meet with
11 the Business Advisory Council at an upcoming meeting to
12 advance that. But we will also work on the PUC front as
13 requested, absolutely.

14 VICE CHAIR RICHARDS: Yeah.

15 CHAIRMAN RICHARD: Let's go back to public
16 comment then. Next is Maureen Hayes. I know you wrote "Mo
17 Hayes," but I think for the record we should be precise,
18 from HNTB.

19 MS. HAYES: Thank you, Chairman Richard, Board
20 Members and I put "Mo," because when someone calls me
21 Maureen I feel like I'm in trouble. So it's like, "I
22 didn't do it."

23 I just want to take a moment to publicly thank
24 Jeff Morales for his service. HNTB is one of your
25 contractors and on behalf of HNTB and the over 20 sub-

1 consultants that we have working with us on various
2 projects we really appreciate all your efforts. I wanted
3 to thank you for doing the thankless job and make sure that
4 you know. And many, many people, about a third of our
5 Northern California staff, is working on the project. So
6 we have a lot of resources employed, because of you. You
7 keep the ball moving forward. You set a good foundation
8 for the project. It's only going to get better from here
9 and I just wanted to express my appreciation. Thank you.

10 CHAIRMAN RICHARD: Thank you, Ms. Hayes.

11 I only have one other speaker card, it's from
12 Keith Dunn, Association for California High-Speed Rail.
13 Good morning, Mr. Dunn.

14 MR. DUNN: Good morning, Chairman and Board
15 Members, welcome to the new Board Member. We're glad to
16 have you on the team. I look forward to getting to know
17 you and working with you.

18 I wanted to echo Ms. Hayes' comments and thank my
19 good friend Mr. Morales for his service on this project. A
20 project that as we all know has been sometimes challenging,
21 sometimes difficult. He's taken a lot of arrows from folks
22 that I think were largely undeserved many times, but it's
23 been a great pleasure to work with him. He's been a good
24 friend for a long time and I just wanted to make sure that
25 I got to publicly express that. He has been a champion of

1 this project and pushed the ball forward, I think, where
2 others would not have been able to be so successful.

3 The Association thanks you. The State of
4 California is going to thank you when we get this thing
5 built. And I'm proud to call you a friend and looking
6 forward to working with you in some other capacity moving
7 forward. So thank you for all that you've done for the
8 project. Thanks to the Board and we'll look forward to
9 seeing you on the other side.

10 CHAIRMAN RICHARD: Well, thank you.

11 Ms. Alley, are you lurking, because you have a
12 speaker card?

13 MS. ALLEY: (Indiscernible)

14 CHIEF EXECUTIVE OFFICER MORALES: She's
15 professionally lurking.

16 CHAIRMAN RICHARD: Yes.

17 Ms. Mortensen, Stacey Mortensen, good morning.

18 MS. MORTENSEN: Thank you, Members of Board, I --

19 CHAIRMAN RICHARD: You were really in a hurry.
20 You didn't even finish writing out your last name.

21 MS. MORTENSEN: I didn't realize this could be a
22 moment --

23 CHAIRMAN RICHARD: I thought, "When did Stacey
24 change her name to Mort?"

25 MS. MORTENSEN: Mo, I'm a Mo too.

1 CHAIRMAN RICHARD: Yes, good morning.

2 MS. MORTENSEN: Well, I did want to thank Jeff
3 Morales in a different way than past CEOs have operated.
4 We're a small potatoes kind of agency, and even though Jeff
5 has always made the time for me to get into his office or
6 if I need to bring in a constituent he has made that time.
7 That hasn't always been true, and I know it's difficult
8 with the demands on your schedule and on Jeff's schedule,
9 so I just wanted to say thank you. Because really, all the
10 little small potatoes, we add up to a lot of votes over
11 time and if somebody takes that time it really goes a long
12 way.

13 So thank you, Jeff.

14 CHAIRMAN RICHARD: Thank you, Ms. Mortensen, for
15 coming here this morning to express those thoughts.

16 Ms. Alley, are there any other speaker cards that
17 you want to bring forward to me or -- and with that I'm
18 going to close the public comment section.

19 But before we move to the next item on the
20 agenda, Mr. Fellenz, I think that based on the comments of
21 the last two speakers it an appropriate time to pause and
22 to thank our CEO Jeff Morales for five years of service to
23 the people of California. Could I just ask members of the
24 High-Speed Rail Authority staff to just stand up for a
25 moment, Mr. Morales being the leader of the staff? And all

1 those people, Jeff, I think probably a lot of them weren't
2 here when you came. You added to the staff in a very
3 dramatic way.

4 Ms. Alley, would you like to start on behalf of
5 our staff? Thank you, folks.

6 MS. ALLEY: Yes. Thank you, Chairman Richard and
7 Members of the Board. My name is Lisa Marie Alley. I am
8 the Chief of Communications for the Authority. I don't
9 know if it's lucky or not, but this is the first time in
10 five plus years I've had to present before you, so thank
11 you. I'm here along with some of the leaders from the
12 High-Speed Rail Authority staff. We wanted to thank Jeff
13 for the five years he has led us to transform and change
14 high-speed rail and our program.

15 We've put together a little video that we would
16 like to show you looking back on his five years and
17 thanking -- the staff wants to thank him for what he's
18 done.

19 CHAIRMAN RICHARD: Okay. You folks can sit.

20 (VIDEO: Music plays over a montage of clips and written
21 commentary thanking CEO Jeff Morales for his work.)

22 Audio quote: CEO JEFF MORALES: "This is not an
23 investment for yesterday or today. It really is about
24 investing in tomorrow and the future of the state."

25 (VIDEO: Ends.)

1 CHAIRMAN RICHARD: Very good.

2 (Applause.)

3 MR. TAPPING: It's my pleasure to --

4 CHAIRMAN RICHARD: Mr. Tapping?

5 MR. TAPPING: -- actually address the Board and I
6 guess congratulate Jeff on all his accomplishments. And I
7 have a kind of a funny story that staff tells on occasion,
8 when you first have a meeting with Mr. Rossi and you've
9 been "Rossified." And it's an experience that you -- that
10 drives you to excel. Well --

11 CHAIRMAN RICHARD: Is this a Morales story or a
12 Rossi story?

13 MR. TAPPING: But there's another term that we've
14 used it and we call it getting "Moralesized" and it's kind
15 of a fatherly kind of a Ward Cleaver look of
16 disappointment. But that also equally drove us to excel
17 and I want to thank Jeff on behalf of all the staff.

18 You know, there were times when there were
19 problems that seemed insurmountable. We would go into
20 Jeff's office and in a calm deliberate fashion you'd leave
21 there feeling like you had a solution. And so on behalf of
22 all staff we'd like to present you this ticket to ride,
23 Jeff.

24 CHAIRMAN RICHARD: Great.

25 (Applause.)

1 CHAIRMAN RICHARD: Well, thank the staff. I'll
2 have a few words to say, but I want to turn to my
3 colleagues first to see if anyone has words they'd like to
4 express at this point. Ms. Schenk?

5 BOARD MEMBER SCHENK: Thank you. I approach this
6 with very mixed feelings since I had a role in bringing
7 Jeff to California as head of Caltrans where he served for
8 four years in the Governor Gray Davis Administration when I
9 was Chief of Staff. We literally scoured the country and
10 parts of the world to find the very best person and lo and
11 behold, we found him in Chicago. That was Jeff.

12 And it was the right choice then and he was the
13 right choice for high-speed rail at a time when we needed
14 the kind of leadership and thoughtfulness, the strategic
15 vision that Jeff had for high-speed rail. I consider him a
16 close friend and Jeff, wherever you go you know that I will
17 be there having your back and cheering you on.

18 CHAIRMAN RICHARD: Great. Others? Danny,
19 Mr. Curtin?

20 BOARD MEMBER CURTIN: I think it's on, is it on?
21 Okay, push the red button, it is on.

22 I just want to say thank you, Jeff, really. You
23 know, I'm somewhat ignorant of a lot of the issues we've
24 dealt with. You've been very thoughtful and respectful and
25 didn't laugh at a lot of my questions when you had every

1 right to. And were very responsive and never left me out
2 there for more than a few minutes if I had real questions
3 to answer that needed answers. Again, I thank you for that
4 effort you've put in.

5 I share Lynn's comment about I have a lot of
6 mixed feelings. I'm sorry to see you go, but again I thank
7 you very much for the hard work you've done in a very, very
8 tough job.

9 CHAIRMAN RICHARD: Okay. Thank you very much.
10 Ms. Paskett?

11 BOARD MEMBER PASKETT: Tom, do you want to go?

12 VICE CHAIR RICHARDS: No, please go ahead.

13 BOARD MEMBER PASKETT: Okay. Thank you, is this
14 still on?

15 So I, Jeff, want to say thank you for your
16 service to this agency. I don't think that we would have
17 gotten to where we are today without your service and your
18 leadership over the last five years. Working with you in
19 the past year has been an exceptional experience. And I am
20 sorry to see you go, but I am hopeful that you'll continue
21 to give us guidance as you have given me guidance on some
22 of the strategy and policy and opportunities for the system
23 going forward.

24 So I just want to say thank you and good luck
25 with what's next.

1 CHAIRMAN RICHARD: Thanks.

2 Vice Chair Richards?

3 VICE CHAIR RICHARDS: Thank you. I would echo
4 what Director Paskett just said. It has been really our
5 good fortune to have you here, Jeff, as of five years and
6 some time prior to that when you were actually with Parsons
7 Brinckerhoff.

8 I had the pleasure of being at another event with
9 Jeff last week or the week before and I think it was very
10 fair to say that there's nothing that you could look at in
11 the State of California that's had anything to do with
12 high-speed rail over these last five years that does not
13 have Jeff's fingerprints on them. And in a very, very
14 positive way, because the reality is from where we were
15 then to where we are now this would not have occurred had
16 Jeff not taken the leadership of this organization for
17 these five years.

18 It's a huge void to fill. We wish you, and I
19 certainly wish you well, Jeff. I said it in that meeting,
20 I don't know where it will be, but I'm sure we'll be
21 reading about it in some newspaper account or some media.
22 And I will be very anxious to see what the next part of
23 your professional career looks like, because I will very,
24 very pleased to see the success that you will carry one
25 with what you've already done in your career.

1 So thank you for everything, Jeff.

2 CHAIRMAN RICHARD: Okay. So Mr. Rossi?

3 BOARD MEMBER ROSSI: Yeah, so I would also just
4 like to give you my thanks and best wishes and good luck
5 for whatever you decide for the remainder of your career
6 years. I'm sure they'll be successful. And I appreciate
7 the effort and time you've put in, in trying to make this
8 organization run on time.

9 CHAIRMAN RICHARD: So thank you --

10 VICE CHAIR RICHARDS: Let me only suggest, the
11 only thing I would encourage you not to do is please stay
12 off of the ski slopes.

13 CHAIRMAN RICHARD: Yeah, that would be good.
14 (Laughter.) So let me add my voice to this. As is so
15 often the case even though I talk a lot my colleague to my
16 left, Mr. Richards, seems to always be able to capture
17 things much more cogently. And I think that the quotation
18 you saw up there about the state of the organization when
19 Jeff came here is really an incredibly salient point that
20 should not be lost.

21 When I was appointed in August of 2011, the High-
22 Speed Rail Authority was about to issue its Business Plan.
23 And the Governor's Office Appointment Secretary said, "Oh,
24 I'm glad you're here. You can help us pick a CFO." And I
25 said, "Wait a minute, how can they possibly be issuing a

1 Business Plan if they don't have a Chief Financial
2 Officer?" Well, they didn't have a Chief Financial
3 Officer. They didn't have a Chief Risk Officer. Members
4 of the Legislature were pounding us for a couple of years
5 before that for not having a Chief Risk Officer on a multi
6 tens of billions of dollar project. There was no Chief
7 Engineer, no Chief Engineer on the High-Speed Rail Program.
8 There was no Head of Construction as Scott is now, for the
9 impending construction program.

10 I mean, there was literally virtually no
11 structure whatsoever and it had been that way, the
12 organization had been at half the strength that the
13 Legislature had authorized. The Legislature had given us
14 the people, but nobody had hired them. And particularly in
15 terms of the senior leadership team, was virtually
16 nonexistent except for Tom Fellenz who had just come on.
17 So Jeff built all of that and as Tom said in his quote, it
18 wasn't just the number of people, it was the quality of
19 people. We have just an outstanding leadership in all the
20 areas that he has filled.

21 So going back to my very earliest part of my
22 career I worked at NASA, so I have a pretty good idea how
23 rockets work even though I'm not a rocket scientist. But
24 to get something off the ground you had to have the first
25 stage, which had to have the most umph to it. And, you

1 know, as with anything in life later stages would boost you
2 higher and higher. So, Jeff, you were that first stage
3 rocket that really lifted this project off the ground. And
4 for that, you're always going to have a very legitimate
5 place where your signature is on the rail at the
6 groundbreaking. And for really moving this from the
7 planning and talk about and political controversy phase,
8 which is where we were when you were appointed five years
9 ago in 2012, to now having \$3 billion of contracts and
10 1,000 people working in hundreds and hundreds of
11 businesses.

12 It's been an amazing transformation in five
13 years, so I add my voice to those of my colleagues in
14 wishing you the best. And congratulating you on your
15 successes here and Jeff, if you would like to say a few
16 words we would love to do that. So congratulations.

17 CHIEF EXECUTIVE OFFICER MORALES: Thank you.
18 Thank you all. You know, in dog years it's been 40 years,
19 just to put things in perspective. And I think in some
20 ways that's what it feels more like, but I do want to thank
21 the Board for the opportunity to do this when you've given
22 me two opportunities now. So we'll see if there's a third
23 maybe in the offing somewhere.

24 But and I really do want to thank our staff who
25 have just done incredible things. And I think that's the

1 main point I'd want to make is with this program we're
2 doing something that no one's ever done before. And over
3 the course of the last five years we've done a lot of
4 things that people said we couldn't do and that's what I'm
5 most proud of. And I look forward to the continued success
6 and to riding this thing with everybody in the not too
7 distant future. So thank you all.

8 CHAIRMAN RICHARD: Thank you.

9 (Applause.)

10 CHAIRMAN RICHARD: We will now turn to the rest
11 of the business of the Board this morning. Before we go
12 into closed session, there's one housekeeping item. As I
13 mentioned before our Board has now been expanded by act of
14 the Legislature and as a consequence Mr. Fellenz prepared
15 some changes to the bylaws of the --

16 BOARD MEMBER PASKETT: Well, but the minutes are
17 due first.

18 CHAIRMAN RICHARD: Oh, yeah. Well, you know, I'm
19 on a roll, so let's just do this and then I'll come back to
20 the minutes.

21 BOARD MEMBER CAMACHO: The minutes could be
22 easier, Dan.

23 CHAIRMAN RICHARD: They could be.

24 BOARD MEMBER CAMACHO: I think it would be
25 easier.

1 CHAIRMAN RICHARD: Yeah, okay.

2 BOARD MEMBER ROSSI: I'll move them all.

3 BOARD MEMBER PASKETT: Yeah, second them all,
4 Mr. Rossi.

5 CHAIRMAN RICHARD: Yeah. So anyway Mr. Fellenz
6 can just take ten seconds and just tell us what this is.

7 MR. FELLEENZ: Yes, Mr. Chairman, Board Members.
8 This is just an amendment of the Policies and Procedures to
9 reflect the fact that under AB 1813 we do have two ex
10 officio members now. And so I've made some appropriate
11 changes within the policies and procedures to reflect these
12 Ex Officio Members that have a somewhat different role than
13 the other Board Members and I've listed those in the memo.

14 The Ex Officio Members cannot vote. They're not
15 subject to the same term limits. They cannot occupy the
16 Chair or Vice Chair of the Board positions and they cannot
17 be counted as five of the required quorum. And also they
18 don't receive compensation for attending meetings or travel
19 reimbursements. That's all in the statute, so I just
20 wanted to highlight those.

21 And I've gone through the Policies and Procedures
22 with help from my staff and have made the appropriate
23 changes. And I'm here to answer any questions.

24 CHAIRMAN RICHARD: Okay.

25 BOARD MEMBER PASKETT: Move to approve.

1 BOARD MEMBER SCHENK: Second.

2 CHAIRMAN RICHARD: Moved and seconded, moved by
3 Director Paskett, seconded by Director Schenk. Secretary,
4 please call the roll.

5 MS. JENSEN: Director Schenk?

6 BOARD MEMBER SCHENK: Yes.

7 MS. JENSEN: Vice Chair Richards?

8 VICE CHAIR RICHARDS: Yes.

9 MS. JENSEN: Director Rossi?

10 BOARD MEMBER ROSSI: Yes.

11 MS. JENSEN: Director Curtin?

12 BOARD MEMBER CURTIN: Yes.

13 MS. JENSEN: Director Paskett?

14 BOARD MEMBER PASKETT: Yes.

15 MR. JENSEN: Director Camacho?

16 BOARD MEMBER CAMACHO: Yes.

17 MS. JENSEN: Chair Richard?

18 CHAIRMAN RICHARD: Yes.

19 BOARD MEMBER ROSSI: And I move the minutes.

20 CHAIRMAN RICHARD: Okay. But before you move the
21 minutes I would just like to point out to my colleagues who
22 gave me grief that we did this order, because we thought we
23 might have an Ex Officio here and so therefore it would
24 allow them to participate. So we knew what we were doing,
25 but --

1 (Off mic colloquy.)

2 CHAIRMAN RICHARD: Okay. The Chair recognizes
3 that the minutes were moved by Director Rossi and seconded,
4 I think by Director, Schenk. So call the roll, please?

5 MS. JENSEN: Director Schenk?

6 BOARD MEMBER SCHENK: Yes.

7 MS. JENSEN: Vice Chair Richards?

8 VICE CHAIR RICHARDS: Yes.

9 MS. JENSEN: Director Rossi?

10 BOARD MEMBER ROSSI: Yes.

11 MS. JENSEN: Director Curtin?

12 BOARD MEMBER CURTIN: Yes.

13 MS. JENSEN: Director Paskett?

14 BOARD MEMBER PASKETT: Yes.

15 MR. JENSEN: Director Camacho?

16 BOARD MEMBER CAMACHO: Yes.

17 MS. JENSEN: Chair Richard?

18 CHAIRMAN RICHARD: Yes. Thank you.

19 The Board is now going to enter into closed
20 session pertaining to the employment of an Executive
21 Director or a Chief Executive Officer.

22 Let me just make one comment, as you notice on
23 your agenda item four also contemplates the potential
24 appointment and discussion of compensation of that person.
25 We have that on this agenda and we will have it on every

1 agenda until we actually make the decision. That is for
2 purposes of complying with Bagley-Keene. It doesn't mean
3 necessarily that such a decision will be made today, so for
4 those of you tracking all this and waiting for the white
5 smoke I just wanted to give you that heads up.

6 So with that the Board will move into closed
7 session in the room on the second floor. And following
8 closed session we will report back on any actions of the
9 Board. Thank you.

10 (The Board convened into Closed Session at 10:14 a.m.)

11 (The Board reconvened out of Closed Session at 11:25 a.m.)

12 CHAIRMAN RICHARD: Okay. Thank you everybody.
13 The Board has -- although we've returned here to an open
14 session, I first want to announce that the closed session
15 is being continued. We've not adjourned the closed
16 session. The closed session for the consideration,
17 selection of the next CEO for the High-Speed Rail Authority
18 is being continued to a time to be noticed consistent with
19 law, so that we can continue that deliberation.

20 We have returned here, so that we can act as a
21 Board in open session as we must on a question of an
22 interim person to fill the CEO role upon the resignation
23 date for Mr. Morales. And at this point I'd like to ask if
24 anyone has a motion on that.

25 VICE CHAIR RICHARDS: I'll make a motion for the

1 appointment of Tom Fellenz as the Acting CEO effective the
2 day after Jeff Morales ceases with his employment at the
3 California High-Speed Rail Authority.

4 BOARD MEMBER ROSSI: Second.

5 CHAIRMAN RICHARD: In his capacity as CEO?

6 VICE CHAIR RICHARDS: Yes. Uh-huh.

7 BOARD MEMBER PASKETT: Second.

8 BOARD MEMBER SCHENK: Second.

9 CHAIRMAN RICHARD: Okay. That has been moved by
10 Vice Chair Richards. It's been seconded by both Directors
11 Paskett and Director Schenk. Any questions?

12 BOARD MEMBER PASKETT: And Rossi.

13 VICE CHAIR RICHARDS: And Rossi.

14 CHAIRMAN RICHARD: Oh, and Rossi. Okay. And
15 just so there's clarity on the motion, the Acting CEO will
16 have the delegated authority from the Board to -- the
17 powers that are normally resident with the CEO.

18 Okay. With that understanding, would the
19 Secretary please call the roll?

20 MS. JENSEN: Director Schenk?

21 BOARD MEMBER SCHENK: Yes.

22 MS. JENSEN: Vice Chair Richards?

23 VICE CHAIR RICHARDS: Yes.

24 MS. JENSEN: Director Rossi?

25 BOARD MEMBER ROSSI: Yes.

1 MS. JENSEN: Director Curtin?

2 BOARD MEMBER CURTIN: Yes.

3 MS. JENSEN: Director Paskett?

4 BOARD MEMBER PASKETT: Yes.

5 MR. JENSEN: Director Camacho?

6 BOARD MEMBER CAMACHO: Yes.

7 MS. JENSEN: Chair Richard?

8 CHAIRMAN RICHARD: Yes. Thank you.

9 Thank you very much, Tom Fellenz. He served in
10 this role once before and performed admirably. And we
11 appreciate your willingness to do this.

12 With that, these proceedings today are closed,
13 but again to reiterate that the closed session of the Board
14 is in a state of continuation until further notice. With
15 that, thank you everybody. Good day.

16 (Chair Dan Richard adjourned the Public Meeting of The
17 High-Speed Rail Authority
18 at 11:28 a.m.)

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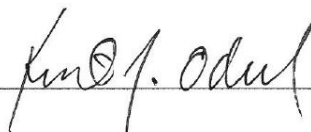
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I do hereby certify that the testimony in the foregoing hearing was taken at the time and place therein stated; that the testimony of said witnesses were reported by me, a certified electronic court reporter and a disinterested person, and was under my supervision thereafter transcribed into typewriting.

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IN WITNESS WHEREOF, I have hereunto set my hand this 22nd day of May, 2017.



Kent Odell
CER**00548

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Myra Severtson
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