

LONE STAR RAIL DISTRICT

Board Meeting Summary Friday, December 4, 2009

10:00 a.m.

San Marcos Activity Center
501 E. Hopkins
San Marcos, Texas

1. Call to Order

Notice was duly posted and a meeting of the Lone Star Rail District Board was held on Friday, December 4, 2009. Board Chairman Sid Covington called the meeting to order at 10:09 a.m.

Participants:

Sid Covington, Chair
Tullos Wells, Vice Chair
Tommy Adkisson
Gloria Arriaga
Hal Baldwin

Jeff Barton
Mary Briseño
John Clamp
Sheryl Cole
Will Conley

John Cowman
Patty Eason
Debbie Ingalsbe
Carroll Schubert
John Thomaides

Other participants included Ross Milloy, Bill Bingham, and Alison Schulze.

2. Chairman and Member Comments

Chairman Covington announced the passing of Joe Holland, a staff liaison between the Rail District and TxDOT's Austin District. Joe will be missed.

Chairman Covington also reminded Board members the Texas Transportation Forum will be held in Austin on January 6-8. Board members who wish to attend will be reimbursed for their registration fee. There were no other comments.

3. Consider Approval of September 11, 2009 Board Meeting Summary

Upon a motion by Board Member Gloria Arriaga and second by Mayor Hal Baldwin, the Board unanimously approved the September 11 meeting summary.

4. Committee Reports

A. Public Information Committee Meeting October 2, 2009

Public Information Committee Chair Mary Briseño reported the Committee took action on four items at their October 2nd meeting:

- The Committee directed staff to pursue state registration of the trademark Lone Star Rail.
- The Committee approved final designs for the branding deliverables—brochure, website, and project map.
- The Committee approved printing services by A3 Design for the new brand materials.
- The Committee approved a media launch plan presented by TateAustinHahn, for a cost not to exceed \$15,000. The media launch will be presented in more detail under agenda item 7.

B. RFQ Evaluation & Selection Committee Meeting October 27, 2009

Chairman Covington reported on the meeting of the RFQ Evaluation and Selection Committee. Chairman Covington served as chair of the Committee which also included Board members Mariano Camarillo and Carroll Schubert. The Rail District received three responses to its Request for Qualifications (RFQ) for freight rail negotiation services. The Committee made a unanimous recommendation to the Executive Committee, which will be described under agenda item 4C.

C. Executive Committee Meeting November 6, 2009

Chairman Covington reported on the Executive Committee's action and discussion items.

- The Executive Committee selected a consultant for freight rail negotiation services. The RFQ Evaluation Committee unanimously recommended the Executive Committee select McGinnis Lochridge and Kilgore for a 1-year contract with a cost not to exceed \$100,000. The Executive Committee unanimously approved the motion by the RFQ Evaluation Committee. A contract with McGinnis Lochridge and Kilgore was executed on November 6.
- The Executive Committee approved an agreement with Union Pacific to reimburse UP for project costs associated with its services on the initial feasibility study. In August 2009 the Rail District executed a general agreement with Union Pacific which established a framework for a series of specific agreements. The first specific agreement is for UP's services on a feasibility study for freight bypass options. The primary deliverable will be UP's engineering design for the bypass. The Executive Committee unanimously approved the agreement to reimburse UP for project costs up to \$100,000, and authorized staff to execute the contract.
- The Executive Committee received an update on the Rail Relocation Fund certification process, which will be discussed further under agenda item 9.

5. Consider and Take Appropriate Action on 2010 Board Meeting Calendar

Alison Schulze directed the Board's attention to the calendar of 2010 Board meetings in the agenda packet. The Board will meet quarterly: March, June, September and December. The Executive Committee will meet as needed in the months when no Board meeting is scheduled. The calendar shows meeting dates, times and locations, and will be posted on the Rail District website: www.LoneStarRail.com. Upon a motion by Board Vice Chair Tullos Wells and second by Commissioner Jeff Barton, the Board unanimously approved the 2010 Board meeting calendar.

6. Consider Report on 2010 Appointments to Board

Alison Schulze directed the Board's attention to the memo on Board appointments included in the agenda packet. In December 2007 the Board approved staggered terms so that one-half of the Board members' terms expire each year. Accordingly, ten members' terms will expire on February 1, 2010. All Board members are eligible to serve another 2-year term, and all members remain on the Board until they or another representative is appointed. Staff will notify the appropriate jurisdictions of the appointments to be made. Ms. Schulze requested that the ten members coordinate with their appointing jurisdiction on their willingness to serve another term and to ensure the appointments are made in a timely manner.

7. Consider Report on November Press Events and Launch of New Brand, Lone Star Rail

Chairman Covington praised Public Information Committee Chair Mary Briseño and the consultant team led by TateAustinHahn for their excellent work on launching the new brand. Alison Schulze acknowledged the leadership and guidance provided by the PI Committee, which was key to the success of the November press events and media coverage. In October the Rail District officially changed its name to Lone Star Rail, produced new brochures, and launched its new website www.LoneStarRail.com. Media events were held on November 9 in Austin and San Antonio. Board

Chair Covington served as emcee of the Austin event which included Austin Mayor Lee Leffingwell, Senator Kirk Watson, Commissioner Jeff Barton, and Dr. Denise Trauth, President of Texas State University. Board Vice Chair Tullos Wells emceed the San Antonio event which included Senator Jeff Wentworth, Bexar County Judge Nelson Wolff, and Rep. Ruth Jones McClendon. Board member turnout for each event was outstanding and much appreciated. Ms. Schulze directed the Board's attention to two items in the agenda packet: a media log that lists all print, radio, television and internet coverage, and copies of the news clips generated by the media events.

8. Consider Report on High-Speed Intercity Passenger Rail Application for Federal Railroad Administration Funding

Bill Bingham briefed the Board on the Rail District's application for federal high-speed intercity passenger rail (HSIPR) funding. The LSTAR passenger rail project fits the federal definition of high-speed rail—the Rail District is not proposing a rail system that runs 250 mph. Subsequent to submitting the application, the Rail District submitted a letter from the Austin-San Antonio corridor's congressional delegation in support of the funding application. Funding awards are expected in early 2010. Ross Milloy reported on a recent meeting in San Antonio with members of the congressional delegation and Transportation Secretary LaHood, and noted the Rail District is well positioned for HSIPR funding as well as funding in the upcoming federal transportation bill. Board discussion followed. The item was presented for information purposes.

9. Consider Report on Status of Rail Relocation and Improvement Fund

Ross Milloy briefed the Board on the Rail Relocation Fund. In its 2009 session, that legislature approved a rider of \$182 million for the fund. The rider was contingent on certification by the State Comptroller. The Comptroller has not certified the rider and is seeking an opinion from the Attorney General, which is still pending at this time. Resolution of the issue is anticipated in the first quarter of 2010. Bill Bingham noted that the Rail Relocation Fund is intended for construction, so it is not holding up the Rail District while it's in the environmental clearance phase of project development. Board discussion followed.

10. Consider and Take Appropriate Action on Local Funds Budget for Legislative and Legal Services

Ross Milloy reported that additional services were required to address issues surrounding certification of the Rail Relocation Fund; as a result, the line items in the local funds budget for legal services and legislative services are over budget by approximately \$50,000. Staff can cover the shortfall by using accruals or by cutting line items in the current budget. Mr. Milloy recommended that staff present options to the Program Management Oversight Committee and allow the PMO Committee to identify the preferred course of action. Upon a motion by Vice Chair Tullos Wells and second by Commissioner Tommy Adkisson, the Board unanimously authorized staff to work with the PMO Committee and take appropriate action to pay the overages.

11. Consider Report on Jacobs' Contract for Engineering and Environmental Clearance on Passenger Rail Line and Status of Studies on Freight Rail Bypass

Alison Schulze briefed the Board on the status of the contract on the passenger rail project. In September 2009 the Board authorized staff to negotiate a contract with Jacobs Engineering for environmental clearance and supporting engineering on the passenger rail line. Lonnie Blaydes Consulting (LBC) was retained to assist staff in evaluating and negotiating the Jacobs contract. LBC and staff met twice in November with the Jacobs team to review the contract scope and fee. In addition, TxDOT's environmental and multimodal divisions reviewed the contract and submitted comments, which were addressed in subsequent drafts of the contract.

The Board tasked the Program Management Oversight Committee with overseeing the contract negotiations. LBC's report will be distributed to the PMO Committee and Mr. Blaydes will present his findings to the PMO Committee on December 8. Board discussion followed on the project schedule, the federal environmental clearance process, the components of an environmental impact statement, the expected outcomes of the process, and the need to conduct the freight bypass studies in the same timeframe as the passenger rail studies.

Bill Bingham reported that in addition to the environmental and engineering studies on the passenger rail project, environmental and engineering studies must also be conducted on the freight bypass. The Rail District has agreements with Union Pacific to do modeling and studies for the bypass. The next step is for UP to look at the engineering feasibility of bypass alternatives between San Antonio and Taylor, followed by environmental clearance. The Rail District and TxDOT are working together to define their roles in the project.

12. Consider and take Appropriate Action on Interlocal Agreement with City of Austin for Joint Planning and Financial Analyses

Bill Bingham noted that the interlocal agreement with the City of Austin addresses the issue of how passengers get from the rail stations to their final destinations. The City is involved in an extensive internal planning process on their downtown circulation system. The City asked the Rail District to participate with them in their planning process, and to use the Rail District's consultants to perform some of the work. A similar process would take place in each community with a rail station. Board discussion followed on the Rail District's financial participation in the agreement, which is yet to be determined. Upon a motion by Vice Chair Tullos Wells and second by Commissioner Tommy Adkisson, the Board approved entering into an interlocal agreement with the City for joint planning and financial analyses.

13. Financial Report

Ross Milloy directed the Board's attention to the FY09 4th quarter financial statement included in the agenda packet. The financial statement shows the overage of \$50,000 discussed under agenda item 10.

14. Legislative Update

Ross Milloy reported staff would start gearing up for the 2011 legislative session early next year and put together another statewide coalition for the Rail Relocation Fund. Staff will also continue to reach out to Transportation Secretary LaHood to expedite the federal environmental process, and pursue federal financing through the high-speed rail program and appropriations.

15. Concluding Board Member Comments (no action taken)

Chairman Covington acknowledged Mark Werner, TxDOT Multimodal Division, in the audience, and thanked him for his support and hard work on behalf of the Rail District.

16. Public Comment

There were no public comments.

17. Adjourn

Chairman Covington adjourned the meeting at 11:15 a.m.