



Meeting of the Board of Directors

Friday, August 20, 2010

10am to 3pm

Heritage Complex – International Agri-Center

4450 S. Laspina St.

Tulare, CA 93274-9539

Draft Meeting Minutes

I. Convene Meeting and Introductory Remarks

The meeting of the California Partnership for the San Joaquin Valley (Partnership) was called to order at 10:08 am by Chair Vickie Bradshaw who welcomed all participants and expressed the Board's appreciation for the support and interaction of community members as hosts, sponsors, panelists and participants in the meeting.

Members Present: James Aleru, Lee Andersen, Secretary Vickie Bradshaw, Sid Craighead, DeeDee D'Adamo, Mike Dozier, Benjamin Duran, Coke Hallowell, Barry Hibbard, Sunne McPeak, Michael Navarro, Mike Nelson, Richard Ortega, Pete Parra, David Quackenbush, Jeff Rowe, Paul Saldaña, Gene Voiland, Ray Watson, Pete Weber, Greg Woodard, A.J. Yates representing Secretary Kawamura.

II. Self Introductions

Members of the Board introduced themselves. Mayor Craig Vejvoda welcomed the Board and guests to the City of Tulare. Mayor Vejvoda commented that these are tough times for California cities, counties and the state, noting that Tulare is a special city in which to take in the sights and tastes of the Central Valley. Tulare is proud of its new library and council chambers; the Mayor invited Board members to attend the grand opening tomorrow.

III. Public Remarks

Sarge Green of the California Water Institute introduced several grant opportunities being offered in the San Joaquin Valley.

In support of the San Joaquin River Restoration Program¹, the US Bureau of Reclamation is funding \$1 million over the next four years. Some of this money is funding the IRWMP work.

The California Energy Commission (CEC) is offering a grant of \$1.5 million for development of an energy cooperative in Mendota partnering with the International Center for Water Technology (ICWT). The project scored 95.3 out of 100 total possible points in the agency's evaluation process and was among 12 of 44 projects that received a notice of proposed award.

SB-1xx (Perata) (Second Extraordinary Session), the bill that appropriated (released) Prop 84 and 1E funds to the state agencies, included funding for two new pilot projects that will be implemented in the Tulare Lake Basin. Both pilot projects will create a first step toward identifying sustainable, feasible solutions to the drinking water and wastewater crisis facing low-income communities in the Tulare Lake Basin.

¹ San Joaquin River Restoration Settlement Act, part of the Omnibus Public Land Management Act of 2009; became Public Law 111-11 on March 30, 2009.

The Tulare County Pilot Project: \$2 million is provided to Tulare County to develop an integrated water quality and wastewater treatment plan to address the drinking water and wastewater needs of disadvantaged communities in the Tulare Lake Basin.

The Safe Drinking Water Pilot Project: The Safe Drinking Water Pilot Project directs the State Water Board to develop a plan to address nitrate contamination of drinking water sources in the Tulare Lake Basin and the Salinas Valley.

Mr. Green concluded his remarks by noting the handouts for each Board member is a synopsis of the newest California Water Plan and includes a CD with all the volumes of the Plan.

IV. Review and Approval of Minutes

Mr. Saldaña moved to approve the minutes as provided, was seconded by Mr. Ortega, and the minutes were approved.

V. Update on the Executive Order

Secretary Bradshaw advised that she had met with the Governor's Appointments Unit on Wednesday, August 18. The Unit confirmed it will move forward with background checks on the new nominees.

VI. High Speed Rail Funding Update

Carrie Bowen, Deputy Director of the California High Speed Rail Authority (Authority) introduced the new Chief Executive Officer Roelof van Ark. Mr. van Ark thanked the Partnership for the invitation to today's meeting. Having occupied the CEO position for just under 60 days, Mr. van Ark commented that the timing is good for him to provide a report on three key areas: His findings in the first 60 days, an update on funding applications, and the way forward.

First 60 Days

Mr. van Ark confirmed that he has already announced at the Authority Board meeting that he considers the overall organization, the staffing and the project to be sound. His focus has been on stabilizing the organization which had soldiered on without an executive. New staff has been added with a search for additional capacity under way. The professionalism of the staff is confirmed and there is nothing to indicate the project cannot be done the way it is being designed. The outreach effort still needs lots of work but is doing well here in the Valley. Mr. van Ark noted that many valley residents and Board members have been interactive with Authority staff with a tremendous amount of support evident throughout the Valley. The ridership studies indicate nothing flawed or tampered with in the data.

Funding

Given the \$2.25 billion in ARRA/FRA (stimulus) monies available, the Authority put in a request for approximately \$1 billion in funding. HSRA has a good reputation in Washington and the administration is looking at projects to bring HSR to the US. There is a requirement to apply dollars to particular segments and to advise the Federal Railway Administration (FRA) how the funds would be matched. The Authority outlined the Merced-Fresno and Fresno-Bakersfield segments. With matching funds the Authority could have about \$4.5 billion with which to start the project in 2012, building 150 miles of track and several stations. As expected, there is competition from Los Angeles and the Bay Area; Mr. van Ark solicited the Partnership's help in lobbying Washington for additional funding. The HSR business plan requires \$18 billion in funding; without Federal monies a project of this magnitude cannot go anywhere.

The Way Forward

It is obvious that the Central Valley segment of the California High Speed Rail project is a very important element; this area can support travel at very high speed (220 mph) which is more than three times the maximum legal speed of an automobile traveling Highway 99. This Valley also has 7

sites under consideration for placement of the maintenance facilities with an estimate of 100,000 jobs resulting from the various projects. As far as timeline, there isn't one yet. The ARRA funds which will start the project are tied to a timeline which drive the requirement that environmental clearances for any section we want to start must be complete by fall 2011. The teams are working hard to get the final environmental studies done because the work must be completed by end of this year to move to public comment and review/approval by the Authority Board. 2012 is when the FRA and HSRA will finalize the plan and funding; we could have shovels in the ground in 2012.

The Partnership is an integral part of that process and it is important to work together to minimize disruption to the process. A project of this nature will upset some people and by working together we can mitigate those reactions. The Authority endeavors to minimize the project's impact on any citizens affected directly but it is challenging to build a line over 800 miles in any agricultural and populated area. As long as we can do it together it will be successful. In order to really benefit from high speed rail the San Joaquin Valley has to see the benefit of making the valley accessible to the rest of the world. Construction and operation of high speed rail will not destroy the agricultural sector; it will touch it but not destroy it.

Once high speed rail is seen as an opportunity it becomes feasible to look at possibilities for integrating into communities; there are many opportunities for win-win between HSR and locals.

Mr. van Ark again thanked the Board for the invitation to speak and expressed his appreciation for the Partnership's continued support of the High Speed Rail project.

Ms. D'Adamo thanked Mr. van Ark and Ms. Bowen for their update and agreed that this project offers the Valley many opportunities. Ms. D'Adamo suggested the Board approve submitting a letter to the Department of Transportation (DOT) in support of the current HSRA application for additional funding. It should be made clear that all four segments are still included in the request. The \$2.25 million allocation was not associated with any one segment; they were asked to apply the \$2.25 to whatever segment they plan to build first. The decision as to which segment is built first requires a decision in the next six months or so and that decision would be guided by the criteria required to get the additional funding. Ms. D'Adamo noted that Congressman Cardoza intends to circulate a letter of support for the additional funding request; Assemblymember Galgiani is doing the same at the State level. In her closing comment Ms. D'Adamo moved that the Board approve submitting a letter of support; Mr. Weber seconded, and the motion was passed.

Mr. Weber observed that in the past the Authority has been criticized for lack of oversight while at the same time severely constrained by budget. Mr. Weber asked what the Partnership can do to help ensure the Authority's budget takes into consideration its full spectrum of needs.

Mr. van Ark noted that the Authority has in its current budget sufficient allowance and funds to pay for the necessary incremental staff. Given the current level of support the Authority has in Sacramento makes it possible to provide better supervision. At no time was it found that monies were used inappropriately, the constrained staff just didn't document appropriately.

Mr. Voiland asked who approves the environmental clearances and what happens if they aren't attained. Mr. van Ark responded that the FRA approves on the NEPA side and the HSRA on the NEQA, along with Fish & Wildlife and numerous other agencies. If the clearance is not approved, the ARRA monies are not awarded because they are tied to a specific timeframe. The process and project could continue beyond that date but without ARRA funds which are critical.

Mr. Hibbard asked if the EIR is being done on the entire line or specific segments and whether there has been a lot of opposition from the environmentalists. Mr. van Ark replied that the entire line is broken into 10 segments with EIR being done segment by segment. For the initial four segments the EIRs must be complete in order to start work. Those segments not proposed for ARRA funding are lagging behind and the Phase II segments (Sacramento and San Diego) are even further behind. There has not been much resistance from environmentalists here in the Valley. Since this is a

“green” project improving air quality and reducing gas consumption, most of the regional environmental groups are very supportive.

Mr. Hibbard extended his appreciation to Mr. van Ark, noting he and his team deserves commendation for their work.

Ms. McPeak noted that Mr. van Ark brings great credentials to his position and was recruited in order bring in a world class system and him for his own involvement and that of his staff for their continuous engagement with the Partnership. Ms. McPeak suggested the Authority consider ways to sustain this engagement to ensure the two entities stay as close as possible. Ms. McPeak asked if the Authority is considering joint opportunities and plans for revenue generation at the respective stations. Mr. van Ark pointed out there is a document out for public comment which will go to the HSRA Board September meeting. Development in and around the stations is very much a local issue; the Authority wants to help and support the local authorities in the development of the areas around the stations by first developing appropriate policies and guidelines. One of the methods of joint support could come through opportunities to seek funding to develop around the stations. Mr. van Ark further commented on the need for “feeder” transport. High Speed Rail is a long haul, high speed service only. The Authority wants to support any other type of transportation that will feed the HSR, thus multimodal stations are critical to HSR success. Multimodal stations need to accommodate all the other modes; it becomes a matter of balancing out the various modes in planning for future population growth and needs.

Mr. Ruiz also thanked Mr. van Ark for his candid presentation. Given his weekly travels up and down the highways Mr. Ruiz expressed his vigorous support of the concept of high speed transit. Mr. Ruiz then asked if there is a way to use the HSR program as a way to improve the commercial rail system. Intermodal and containerized transit is definitely a growth industry and the business community depends on a commercially viable transit system; intermodal has the added value of improving air quality. Noting that having a competitive transportation system would benefit the Valley, Mr. Ruiz suggested adding that initiative to the Partnership agenda.

Mr. van Ark acknowledged that there is a proposal that HSR take light cargo; the rest of the world is already carrying light cargo on its high speed rail. Heavy freight such as agricultural and industrial transit doesn't need to travel at 220 mph.

Mr. Dozier pointed out Supervisor Alan Ishida (Tulare) in attendance and noted that the Partnership, working with the Regional Policy Council, has short rail on its radar.

Secretary Bradshaw affirmed HSR as one of the most exciting projects seen in a long time in the Valley. Those who have lived through the creation of a transit system such as BART in the Bay Area understand the potential benefit in both the construction and operation of the system. Secretary Bradshaw acknowledged that Board members are happy to work with the Authority to help minimize the turmoil for the locals.

VII. Tulare County Roundtable

Mr. Robert Padilla from the Governor's GoED² office was invited to join the roundtable participants. Ms. Picaso opened the session by thanking the Board, hosts, sponsors and presenters including Greg Woodard, Tulare Mayor Craig Vejvoda, Bill DeLain of the Tulare WIB and Jerry Sinift of the International Agri-Center.

Tulare County is pleased to announce that two new businesses opened just this week and thanks to joint efforts with the Welcome Center have brought in 15 other companies representing 2000 jobs in

² The Governor's Office of Economic Development (GoED) was created by Executive Order as a one-stop shop for business assistance and to facilitate and stimulate economic growth through the development and implementation of strategic policies and partnerships with the private sector, community, local, and national organizations that enhance human and capital infrastructure as well as increase California's competitive advantage in the global marketplace.

the area. By partnering with the Lyles Center for Innovation and Entrepreneurship, from recent layoffs came the creation of 14 new micro enterprises with support from the City Manager and City Council.

Mr. Saldaña spoke about revitalization of the Institute for Higher Education, the mission of which is to secure opportunities to provide public higher education to people within 15 minutes of where they live. There are over 500,000 people in the area but the lack of public transportation to the California State University campuses in Fresno and Bakersfield prohibits access. The early goal of the revitalization effort was to reinvigorate the Fresno State center at College of the Sequoias. The fund raising effort resulted in \$300,000 to renovate the old building on the campus and to fund the site director to help build up the BA program there. There are similar partnerships developing between Porterville College and California State University, Bakersfield.

Working with the Office of Community & Economic Development (OCED) at Fresno State the Tulare County EDC received part of an EDA grant to conduct an assessment of the opportunities, site criteria and a needs assessment for Tulare County. The final report will be a Master Plan for Higher Education, identifying opportunities for county residents in order to create a skilled workforce rather than import it.

Panelist Chuck Littlefield noted that preservation of short-haul rail service is one of the priorities of the EDC. The Tulare County Rail Shippers & Receivers Association is facing a serious crisis because the San Joaquin Valley Railroad (SJVR) is planning to abandon the existing rail line all the way to the northern county line. Existing customers were being levied an additional surcharge which made it unaffordable to use the rail line. The SJVR's intent is to drive the customers away from a particular location or to abandon rail service altogether. The Service Transportation Board³ approved abandonment of the line based on the lack of use.

Tulare Frozen Foods is an active SJVR shipper based in Lindsay. Superior Soil Supplements in Hanford was actively moved to their current location at the request of the SJVR. Superior Soil has recently been notified by SJVR of an additional surcharge up to as much as \$1500/car; the rail line is now trying to relocate them to Lindsay area. SJVR also wants to abandon the Tulare Frozen Foods location and wants Tulare Frozen Foods to truck their product across town to the line SJVR wants to keep active. Outrageous prices and assessments are designed to run the shippers out of business or force them to abandon rail; the lack of competition allows SJVR to get away with this.

Mr. Littlefield continued with the comment that in the next 25 years the rail carriers anticipate 90% growth. The Valley already has a local rail infrastructure, it is imperative to preserve and grow that line while ensuring the current users have access. SJVR is performing very little maintenance in the track; they're taking what monies they do make and putting it to the bottom line. Lack of maintenance is degrading the lines to the point of major maintenance requirements. Richard Best Transfer Inc. (RBT) in Dinuba is completely rail dependent as a full service railroad/trucking transloading company that loads/unloads approximately 4000 railcars of various agricultural commodities per year for the Central Valley of California.

Ted Smalley spoke about transportation investments being made in Tulare County. Thanks to the support of the Regional Policy Council (RPC), a \$30 million TIGERII grant was just approved for work on Highway 99. There are 4 projects in the Valley that will be funded, including one in Tulare County.

³ The Surface Transportation Board (STB) was created in the ICC Termination Act of 1995 and is the successor agency to the Interstate Commerce Commission. The STB is an economic regulatory agency that Congress charged with resolving railroad rate and service disputes and reviewing proposed railroad mergers. The STB is decisionally independent, although it is administratively affiliated with the Department of Transportation.

Mr. Smalley continued with more good news from Tulare County including a plan to create 10,000 jobs based on the California Alliance for Jobs⁴. A conservative estimate indicates \$500 million in construction projects ready to break ground within 5 years. The Transportation measure passed by the closest margin ever and can mean a level of construction not seen in Tulare County since the 1970's. The cities and the county are expanding transit systems, building sidewalks and creating walkable communities with good planning. The smallest cities are also getting Measure R dollars and there is good, smart growth happening in all of the cities that want to move forward. The cities and County are committed to working together and will use transportation as a means to stimulate jobs and our economy.

Secretary Bradshaw interjected that this is the best time to get max bang from public dollars. It behooves everyone to be good guardians of that money; there won't be an advantage like this in the future.

Mr. Smalley noted the importance of getting transportation issues and opportunities more public awareness and to bring visibility to the short haul issue. There are several ideas of what to do with the short haul lines. The RPC is looking at ways to control short haul between Oakland and Bakersfield. Control of the line should be to the benefit of the citizens rather than as a private, for-profit entity. New Transportation policy should include priority and funding for short-haul rail.

Tulare County Supervisor Alan Ishida commented that this rail issue has been a real education in how to deal with railroads. Tulare County was made aware of the SJVR abandonment process by a resident of Fresno County; would otherwise not have known about the proceedings at all. There are long-term goal that affect all of the counties that are touched by the Partnership. In addition to Tulare and Kern counties, shippers in Fresno County are also dissatisfied with the current state of short haul rail.

Mr. Aleru suggested the Service Transportation Board be made aware of the tactics being used by the carriers.

Mr. Saldaña responded that information was provided during the protest process but the STB in their rules only look at certain criteria. The overriding consideration in abandonment is the impact on the railroad not to the community. This is a significant ED issue in any county served by SJV railroad; 45% of Tulare's economic development prospects are looking for rail service.

Mr. Ruiz thanked the roundtable and noted this rail issue has been very controversial in Tulare County; the County Supervisors have been taking lots of heat for trying to preserve the rail lines. Rail truly is the most cost-effective way of moving goods. Services are currently sorely lacking; the future of transportation will be in rail for Tulare County and the San Joaquin Valley. It is important to now protect the rail lines.

Mr. Parra asked what the Partnership can do to support the short haul efforts followed by Ms. McPeak who asked Mr. Littlefield what the pressure points are.

Mr. Littlefield recommended talking with Legislators, Senators Feinstein and Boxer. The issue of awareness is huge and they need to fully understand what is actually taking place. In one instance of negotiations to secure a particular line, the carrier was discovered to be trying to lure shippers away from that line. The County was caught off guard on the abandonment of the lower portion. The STB makes it a highly complex and complicated process. It is important that everyone know that the aim of the carriers is to get the shippers off the line, then wait the magic time (2 yrs) and file with the STB for abandonment. It is imperative that State and Federal elected consider elements like feeder stations and other actions to secure the line so this doesn't happen again with a new operator.

⁴ <http://www.rebuildca.org/>

Mr. Woodard noted that as a resident of eastern Tulare County it cannot be emphasized enough how important transit is. In the absence of an east/west transport corridor, taking away the rail makes it even further off the beaten path.

Mr. Littlefield noted that this has the potential to be a political nightmare for rail officials; let them know what the future plans are for the Valley. Help the carriers understand what the vision is for the Valley and what the opportunities are for them. Mr. Littlefield suggested the Board go online and look at what happened in Coos Bay, Oregon. 1200 shippers were being served but the carrier deferred maintenance for so many years that the line became unusable and the carrier suspended service. Coos Bay had to form a coalition to submit for a fee line application to take it away from Rail America (parent of SJVR)⁵.

Mr. Woodard extended kudos to Mr. Smalley for doing an outstanding job of handling a multitude of issues surrounding Measure R⁶.

Mr. Weber joined Mr. Woodard in commending Mr. Smalley's efforts in bringing the region together. Mr. Weber recommended documenting what was said today in a white paper that is subsequently brought to the attention of the Federal and Valley delegations. Mr. Weber asked Mr. Smalley to share the documentation and work with the Partnership Government Affairs committee to position this issue.

Mr. Smalley responded that both the Transportation Group and RPC in the first One Voice trip to DC this was an issue that they spoke of.

Mr. Weber further asked if the delegation had intervened in any way to ask for concession on the abandonment issues.

Mr. Smalley replied that one of the toughest things is dealing with the way the rules are written. The STB is very aware of what's going on but given the way the rules are written it's a continuing education process of navigating through the rules.

Mr. Saldaña thanked Mr. Weber for suggesting the white paper and emphasized the importance of identifying state and local agencies that have standing with the STB. Unfortunately the Office for Historic Preservation was totally silent on the lower 30 miles abandonment but the Public Utilities Commission (PUC) may also have influence with the STB.

Ms. McPeak admitted to being pretty unaware of the goings-on and noted that the panel had raised a number of interesting points relating to linkages across the counties. There is value to the Partnership weighing in on this issue. Mr. Ishida commented that even Congress has very little influence over the railroads.

Secretary Bradshaw asked for the white paper and for some bullet points to take to Washington, D.C. Secretary Bradshaw asked Mr. Smalley to submit the white paper through staff for presentation to the Board which would then delegate to the Partnership Executive Committee to draft an appropriate letter to be submitted to electeds. Secretary Bradshaw concluded that the group is larger as a collection of counties than as individual counties.

Mr. Parra moved that Mr. Smalley provide bullets and a draft letter with delegation to the Executive Committee to draft a final letter. Mr. Craighead seconded.

⁵ http://www.theworldlink.com/news/local/article_902232c8-3e16-5240-b302-f08aba646d35.html

Port considers railroad takeover

⁶ Passed in 2006 by Tulare County residents, Measure R is a one-half cent sales tax that in the next 30 years will bring more than \$652 million into Tulare County to address major transportation needs

Mr. Yates from the California Department of Food & Agriculture noted that there is an Agriculture marketing and transportation specialist within the department.

VIII. UC Merced Medical School Update

Ms. Medina distributed a handout from the Valley Coalition, Vision for the Valley⁷, just published and released at a press conference in Fresno. This is the community's voice on the need for and importance of establishing a medical school at UC Merced. On behalf of Bryn Forhan, Ms. Medina thanked the Partnership for its great support of the Coalition; this Board was one of the first entities to pass a resolution in support. The report is the result of a grant from the California Endowment and is based on a listening tour of nine different Valley counties. In addition to the listening tour there were numerous one-on-one and small group meetings, all of which demonstrated a great deal of support for establishing the medical school.

The Vision for the Valley report was sent to county and community participants and mailed to all the entities that passed resolutions in support of the endeavor. It will also be shared with the California congressional delegation and state legislators. The Coalition is looking for an opportunity to present the report to the UC Board of Regents. The report itself is a very significant advocacy tool as it talks about the need to grow our own doctors as well as the development of cultural competence and cultural diversity. The Valley Coalition for the UC Merced Medical School has grown in excess of 1000 members and continues to grow, remaining committed to 2015 as an objective date for the new Medical School.

Ms. Medina extended appreciation to Board member Fred Ruiz, also a UC Regent, who attended 3 of the listening tours, to David Quackenbush for his support and participation in the listening tours and everyone else who tours in the counties. A highlight of the tours was the young students who talked about their dream to attend medical school and stay in their communities in the Valley. Ms. Medina also thanked Stacie Dabbs of the Secretariat who has been with the Coalition from the very beginning; through Stacie's efforts the report is available through the Partnership website.

Ms. D'Adamo interjected that this has been an exciting effort. It is a joy to go up and down the Valley talking about it and at this stage of the project it is a no-brainer to get support for the med school.

Last week Assemblywoman Galgiani, Chair of the Select Committee on Development of a 10th University of California, Merced Campus held a hearing to provide information to the rest of the committee. 12 people went to Sacramento plus Chancellor Kang and top administrators. The group went around meeting with the Assembly members (and will return at a later date to meet with Senators). Going outside their comfort zone, the Committee met mostly with members from outside the Valley. Without much explanation the Assembly members understood immediately the impact the physician shortage has not just on the state but on the Valley and how that impacts the economy of the Valley and the State. There was no "ask" yet; a request for their individual support will come later; everyone asked to be kept in the loop on the UC Merced Med School. UC Merced staff provided an update on the school to the Select Committee as well as Assembly Members Jean Fuller (Bakersfield), Joe Coto (San Jose) and Steve Bradford (Gardena) because they wanted to learn about the medical school. These could be key supporters because they're not from the Valley; Bradford is leader of the black caucus and Coto is leader of the Hispanic caucus. Ms. D'Adamo concluded her remarks with a comment that Larry Salinas of UC Merced developed a handout that shows how many students from each district attend UC Merced; it is a great advocacy tool that shows this is not merely a Valley campus.

Mr. Quackebush commented that the report is phenomenal and represents months and months of work; Ms. D'Adamo and Ms. Forhan deserve great kudos. There is tremendous support on both sides of the aisle in the legislature for the medical school and is important to keep pushing the issue. Mr. Quackenbush noted that the health centers he represents are an integral part of health care

⁷ https://ucmshare.ucmerced.edu/docushare/dsweb/Get/Document-165571/Valley+Coalition+Report_0710.pdf

reform over the next five years. Over 100 sites will be built with some of the \$11.5 million allocated for expansion of local health care facilities. Given that those centers currently cannot meet current patient demand because of the shortage of providers the problem will only get worse. The medical school is a huge symbolic effort to keep the Valley and its communities' needs for healthcare in the forefront.

Health & Human Services Region IX has a new administrator, Herb Schultz⁸, who was brought to Fresno to talk about healthcare reform. He was very well versed on the UC Riverside efforts toward a medical school but not with the UC Merced medical school. Mr. Schultz is a friend of the Valley and understands the importance of being in the Valley. Since Mr. Schultz was integral to the Governor's efforts with health care reform we need to educate him on the bigger issues.

Ms. Medina pointed out the recent success in getting one of our own, Valley native Dr. Sylvia Diego, appointed to the California medical board. Ms. Medina suggested the Partnership become more actively engaged in health care issues over the next five years.

Mr. Weber asked when the Regents of the University of California next consider the UC Merced medical school and what are the decisions to be made when they next consider it. The Washington Advisory Group report⁹ talked about the 3 phases; we should be approaching phase 2 soon.

Ms. D'Adamo reported that the UC Office of the President (UCOP) has been very cooperative; it's all about budget, time and getting a good quality program that is up to UC standards. VP Jack Stobo was very supportive of the report and said he'd like the report brought up at the next Regent's meeting. Ms. D'Adamo was not sure if Mr. Stobo intended to talk about it or if he wants the Coalition to attend and report.

Mr. Weber, referencing the WAG report, asked if a joint implementation with UC Davis is still in the timeframe of 2012. Ms. D'Adamo responded that there is much work being done on a joint program with UCD but there are no details yet.

Mr. Ruiz (a Regent) noted he has not yet seen the Regents meeting agenda but strongly urged support and participation at the meeting by the Partnership and Valley communities to have powerful and positive impact on the Regents. Mr. Ruiz predicted in future UC Davis taking a more prominent role in supporting the UC Merced medical school. The bottom line is it's all about funding. The UC doesn't have any money to build a medical school; that doesn't mean we can't do this and need to continue to make progress. When you talk about funding, Mr. Ruiz continued, it will probably come from the Federal Government, not the State or local level. Unfortunately at the Federal level it becomes more about opposing political parties; we need to appeal to them in the context of constituency, not political party. Mr. Ruiz concluded his remarks by noting the role of the Partnership is to help the Feds recognize the importance of collaboration across party lines.

Ms. McPeak thanked Ms. Medina, commending the quality of the report and the sustained effort of the Valley Coalition. There is an important linkage between UC Merced and UC Davis; the investment the Partnership made in the telemedicine project at UC Merced, with matching funds from AT&T, has not gone unnoticed by UCOP. The Telemed program is a great edge to keep in the forefront the integration of technology and making it part of the training of physicians at UC Merced.

IX. Sustainable Communities Update

Mr. Dozier advised the Board that Keith Bergthold is still working on the grant application. At the October 2009 Board meeting Rollie Smith approached the Partnership about pursuing a Sustainable Communities grant. The steering committee authorized by the Board at that time has been working diligently and a framework for the grant was presented at the May 2010 Board meeting. The June

⁸ <http://www.hhs.gov/news/press/2010pres/04/20100406c.html>

⁹ <https://ucmshare.ucmerced.edu/docushare/dsweb/Get/Document-142851/Washington+Advisory+Group+Medical+School+Planning+Report++FINAL.pdf>

2010 meeting of Valley COGs resulted in a proposal to involve all 62 cities in the 8 Valley counties, increasing the city count from 9 to 16 and the COGs agreed to consider Prop 84 and take on the remaining, smaller cities. On Aug 6, 2010 a special Partnership Board Conf call was held for consideration of the proposal and based on approval received on that date we are proceeding with the grant application.

The city of Tracy has backed out and Bakersfield is going to submit its own application so the number of cities is reduced to 14 but Delano is actively participating and representing Kern County.

Mr. Dozier concluded his update by announcing that Rollie Smith is leaving HUD to accept a position with the Office of Sustainability in Washington, DC.

Ms. McPeak thanked Rollie for being visionary, compassionate and enthusiastic and urged him to take all of that with him to Washington. It is good that the Valley will have an advocate in the capitol who knows the San Joaquin Valley is not only the future of California; it is part of the future of the country.

X. State Budget Update

Secretary Bradshaw noted that budget talks are happening at Staff level but not much happening at the leader level. State employees are on furlough 3 Fridays per month. The biggest issue will be running out of cash which means IOUs going to vendors which is problematic. Although cash is getting low Secretary Bradshaw cautioned the Board not to expect any definitive budget action until at least the middle of September.

Mr. Weber announced he had more depressing news to share regarding the California *Forward* budget reform initiative. Mr. Weber noted that some of the statutory changes proposed will pass but the deadline to put the initiative on the ballot is August 26. Without a budget there will be no compromise so the opportunity for substantive, meaningful budget reform that addresses stabilization of the fiscal volatility in California is going by the wayside.

XI. San Joaquin Valley Housing Crisis Update

Darryl Rutherford, Federal Reserve Bank of San Francisco kicked off the San Joaquin Valley Housing Crisis update by noting a few noticeable improvements in national economy. The number of loans entering foreclosure is declining; some of the national programs are showing some results. Housing affordable modification programs are becoming more permanent and neighborhood stabilization funding is about 50% committed. However, a major concern continues to be unemployment, and housing prices stagnating in some areas while others continue to decline. The housing price index (measure of single family homes re-sold) is stabilizing at 2003-04 levels in many areas although Visalia is leveling out at 2002-03 levels, Stockton at about 2001 levels; Merced once saw increases of 260% and have now bottomed out at the 2000 level. Mr. Rutherford predicted foreclosures (subprime and ARMs) will continue through 2012

Dawn Golik, Housing & Urban Development (HUD) described the daily coordination and communication across the state and federal program representatives trying to assist homeowners who are in danger of foreclosure. Describing a number of for-profit (and predatory) private "loan modification" companies, Ms. Golik affirmed the need for community-based, not-for-profit, HUD approved housing counseling agencies. HUD's flagship initiative for getting assistance out to borrowers who need help with their home loans is their no-cost loan modification services. On a national level HUD has made an additional \$10 million available for counseling services; there is a serious need to increase public awareness of the no-cost HUD modification.

President Obama established the Hardest Hit Fund in February 2010 to provide targeted aid to families in states hit hard by the economic and housing market downturn. Each state housing agency gathered public input to implement programs designed to meet the distinct challenges struggling homeowners in their state are facing. States were chosen either because they are struggling with

unemployment rates at or above the national average or steep home price declines greater than 20 percent since the housing market downturn. The U.S. Treasury Department has approved CalHFA's plan to use nearly \$2 billion in federal funding to help California families struggling to pay their mortgages.

The Keep Your Home California¹⁰ programs are focused on assisting low and moderate income families stay in their homes, when possible, and leveraging additional contributions from lenders and mortgage servicers.

Primary objectives for the Keep Your Home California programs include:

- Preserving homeownership for low and moderate income homeowners in California by reducing the number of delinquencies and preventing avoidable foreclosures
- Assisting in the stabilization of California communities

A portion of that money was earmarked for a "local innovation fund"; the Fresno United Way submitted \$6million proposal for 2nd lien incentive program.

There are reports coming out that the San Joaquin Valley, especially in the North Valley, has very high rates of loan fraud; in some cases three times the normal rate of fraudulence. HUD is Partnering with pro-bono attorneys to work on predatory and fraudulent loan cases, assisted by a boatload of state and fed enforcement agencies.

Felicity Lyons with the California Coalition for Rural Housing announced that the San Joaquin Valley Housing Collaborative (under LUAH) is now a 503c organization whose mission is to serve as a vehicle to undertake regional solutions to widespread housing problems and issues within the San Joaquin Valley. The current focus of the Collaborative is on foreclosure remediation and recovery; the long term vision is Valley housing that meets the needs of the entire Valley. The kind of homes being built need to fit into the community character and be in line with smart growth strategies such as locating lower income people near transportation hubs.

Mr. Woodard asked if there is data on how many housing units are realtor owned and/or in some form of foreclosure in the 8 county area supported by the Partnership. The panelists confirmed that data granularity isn't something they have readily available.

Mr. Woodard suggested that, given the 6 million houses nationwide in some segment of the foreclosure pipeline, the government should help create a REIT that will keep those defaults and foreclosures off the market; retain those same units and use them as affordable housing. Once property values stabilize the government could sell them off as individual units. In closing, Mr. Woodard suggested the Partnership consider sponsoring a pilot program using Hardest Hit funds.

Ms. D'Adamo interjected that when the foreclosure crisis hit, Congressman Cardoza contacted Secretary Donovan's office and had him come to the Valley to see the situation firsthand. There is a fundamental disconnect between what the Secretary sees and what is happening on the ground. Congressman Cardoza's frustration is that when the housing crisis hit, the best way to stop the bleeding would have been to offer a fixed-rate, below market value loan to provide for refinance opportunities. That proposal would have cost about \$100 billion. In the meantime Congress offered these other programs but Neighborhood Stabilization monies didn't go to Merced which fell through the cracks in Rounds 1 and 2.

Mr. Weber recognized Lee Ayres from the audience; Mr. Ayres declared this situation an opportunity for the Partnership to weigh in as a single voice. Mr. Ayres suggested FNMA and other major lenders allow underwater buyer to rent their home and keep families in their homes and add that to the other initiatives and programs being considered.

¹⁰ <http://www.KeepYourHomeCalifornia.com/>

Mr. Saldaña pointed out that each local government is required to validate housing elements and asked if there is connectivity or consistency between the state and federal requirements and the localized housing elements.

Ms. McPeak suggested it may be appropriate to ask the Treasurer's office to participate in a panel on housing in the Valley to have a conversation about how to recapture or recreate value and help the market operate to let the properties begin to regain value.

XII. Secretariat Report

Mr. Dozier opened the Secretariat report with the news that David Hosley, formerly President of Great Valley Center has accepted the position of Interim Vice Chancellor for University Relations At UC Merced and has resigned his staff position with the Partnership.

Mr. Dozier announced continued progress toward the goal of closing the digital divide in the San Joaquin Valley through two significant grants: CENIC and Digital 395.

The CENIC grant¹¹ approximately \$46.6 million, with nearly \$20 million in matching contributions, will allow Central Valley Independent Network (CVIN) to offer affordable middle-mile broadband service in the Central Valley region of California. The project plans to directly connect up to 63 community institutions to broadband. As many as 3.6 million people stand to benefit as do 160,000 businesses. In addition to the over 280 jobs CVIN estimates the project will create, it will provide a foundation for economic growth and job creation for decades to come.

Digital 395 - The US Department of Commerce's National Telecommunications and Information Administration (NTIA) announced the award of a broadband infrastructure investment grant to the California Broadband Cooperative, Inc. (CBC). The grant, totaling \$81.1 million, will fund the construction of "Digital 395," a middle-mile fiber-optic network between Barstow, California and Carson City, Nev.

The 583-mile infrastructure project will directly connect more than 237 hospitals, schools, libraries, military bases, local governments, last-mile service providers, and other anchor institutions to a high-speed broadband network—as well as create, it is estimated, hundreds of local jobs.

The NTIA grant contributes up to 80 percent of the total project funding. The California Public Utilities Commission (CPUC) and Praxis Associates, the project's private partner, will provide the remaining funds. In December, the CPUC, through its California Advanced Services Fund, awarded the project up to \$19.3 million in state matching funds. The project also received essential in-kind support from Inyo, Kern and Mono Counties.

Christine Nutting provided a brief update on the WIA grant activities.

XI. Public and Board Comment

Chair Bradshaw invited additional public and Board comment. In the absence of either, and with thanks to all, Chair Bradshaw adjourned the meeting at 2:49 pm.

¹¹ <http://www.cenic.org/publications/cenictoday/20100902CT.html#3>