



DRAFT

FINANCE AND AUDIT COMMITTEE MEETING MINUTES

August 24, 2023

Main Location

**Department of Food and Agriculture Auditorium
1220 N Street
Sacramento, CA**

Location

**The Original FX Mayr
Golfstraße 2 9082
Oberdellach, Austria**

Location

**The Penstar Group
855 M Street, Suite 1110
Fresno, CA 93721**

Webcast at:

www.hsr.ca.gov

The meeting of the California High-Speed Rail Authority (Authority) Finance and Audit Committee Meeting was called to order on August 24th at 8:30 A.M. at 1220 N Street, Sacramento, CA. The Meeting Minutes were prepared in the order items were presented during the meeting.

Committee Members Present:

Mr. Tom Richards, Committee Chair
Mr. Ernie Camacho, Acting Committee Chair
Ms. Nancy Miller, Vice Committee Chair
Mr. James Ghielmetti, Committee Member

Staff Present:

Mr. Brian Annis, Chief Financial Officer
Ms. Alicia Fowler, Chief Council
Mr. Daniel Horgan, Deputy Chief Operating Officer
Mr. Dennis Kim, Director of Real Property
Mr. Britton Snipes, Board Secretary

Public Comment

An opportunity for public comment was made at the outset of the meeting.

Item #1 – July Meeting Minutes

The July 27, 2023, Meeting Minutes were moved for approval by F&A Committee Vice Committee Chair Nancy Miller and seconded by Acting Chair Ernest Camacho. The meeting minutes were approved by all committee members present.

Item #2 – F&A Committee Chairperson’s Remarks, Initiatives, and Updates

Acting Chair Camacho had no remarks, initiatives, or updates to present.

Item #3 – Executive Summary by Chief Financial Officer

Chief Financial Officer Brian Annis presented the Financial Report Executive Summary to the F&A Committee Members.

Question (Cash Management Report):

Acting Chair Camacho asked would that leave our Cap-and-Trade ending cash balance, if you include the last sale, at about \$2.8 billion?

Response:

Mr. Annis responded that is correct. By the time we post there will be some expenditures out of that, but you are correct.

Question:

Member Ghielmetti asked does the DREOA Funding cover our costs for the floods?

Response:

Mr. Annis responded it covers what is deemed as emergency work. Some dirt was moved off some berms that will have to be replaced. We expect the contractors to start to do some of that repair work in the coming months. The expenditures will still be in front of us. There were some invoices already incurred.

Comment:

Member Ghielmetti interjected I am curious if this is covering our costs, either build or not build right now.

[Inaudible dialogue]

Question (Administrative Budget and Expenditures Report):

Chair Richards asked on the budget authorization level, is that the state budget or is that the Authority’s budget?

Response:

Mr. Annis responded that is the state budget. That is the budget that is included in the annual legislative approved budget bill signed by the Governor. There are some adjustments authorized in that act for the Department of Finance to make small changes for compensation and other things that may occur after the budget is signed, but that is the formal approved budget by the Legislature and the Governor.

Question (Contracts and Expenditures Report):

Acting Chair Camacho asked can we get a breakout on the small business participation for Professional Services and Construction Services for the next board meeting? We just want to know what the percentages are.

Response:

Mr. Annis responded just to be clear, we do break it out by Design-Build and Other.

Question:

Acting Chair Camacho asked what is the breakout for Professional Services versus Construction Services? I think Mr. Kelly made a comment that we exceed our goal on Professional Services but are lagging behind on Construction.

Response:

Mr. Annis responded overall, if we exclude the three Design-Build Contracts, all other contracts are 28.3% toward the small business goal. The split you articulated is a different combination of contracts so we will go ahead and try to get that.

Question (Federal Funds and State Match Liability):

Chair Richards asked on the three RAISE Grants, for each one the percentages are seemingly a bit different on what the State Match is. How is the State Match calculated?

Response:

Mr. Annis responded it is dependent on the amount the Federal government gives us. Generally, we have recently been applying for the maximum Federal proportion of any activity and the RAISE Program is 80% Federal, 20% State. The most recent grant award, the Fresno Depot, we did apply for \$25 million, and the Federal government called us, and they said they would like to give us \$20 million. That dropped the proportion on that one to a 60% Federal, 40% State split. The prior one, the Merced Extension Design, we asked for \$25 million and received \$25 million. The first one, State Route 46, we asked for \$25 million and got \$24 million. Generally, we have gone in asking for the 80/20% split in that program and in most cases got pretty close to that, but the most recent one we dropped to 60/40%.

Question:

Chair Richards asked are you aware of any Federal programs that we can apply for that would help with the renovation costs for historic buildings that are on the national register?

Response:

Mr. Annis responded not off the bat, but I am happy to look at that. Are you speaking of the Fresno Depot as well for that one?

Response:

Chair Richards responded yes; it is on the national register.

Comment:

Mr. Annis responded we will check on that and see if there is anything we can report to you offline or at the next meeting.

Question (Change Orders and HSR Governance Actions over \$25M):

Chair Richards asked are the cost changes for PG&E and AT&T completely related to the scope changes?

Response:

Mr. Annis responded those are multiple relocations in each case based on final design. In that sense, yes. It is based on the full knowledge of what exists and where it needs to move to and the cost of that.

Item #4 – Central Valley Update by Deputy Chief Operating Officer

Deputy Chief Operating Officer Daniel Horgan presented the Central Valley Status Report to the F&A Committee Members.

Question (CP Construction Progress):

Chair Richards asked can we break the under construction versus the completed into different numbers so that we can see how many are actually completed and how many are still under construction?

Response:

Mr. Horgan responded yes, and we do provide that information further on in the presentation.

Question (Utility Relocations):

Member Ghielmetti asked we still have not started 385 or 21% of the utility relocations. What is the status of those?

Response:

Mr. Horgan responded for a lot of those we are still going through the final design and some we are working through third-party agreements as well.

Question:

Member Ghielmetti asked will they start within the next 12 months?

Response:

Mr. Horgan responded the vast majority of them will start within the next 12 months, correct.

Question (CP4 – Earned Value):

Member Ghielmetti asked does the canal relocation involve semi-tropic?

Response:

Mr. Horgan responded that is correct.

Question:

Member Ghielmetti asked at the last meeting we discussed shutting that down at a certain time or waiting until the season is over. What is the final result there?

Response:

Mr. Horgan responded there is one canal that we need to drain fully. I will ask Dennis Kim to speak to this, he probably has more updated information than I do.

Response:

Mr. Kim's summarized response is as follows:

There is some cracking in the canal itself. We have been working with Semitropic, to allow us to move forward. A bypass has been planned. The bypass will allow 10-day shutdown of their facility and allow us to move forward. But we are waiting to time this for after the harvest. That is when the growers need the water. After that harvest, we will advance that work immediately. Semitropic is talking to their growers regarding the harvest schedule.

Question (Conclusion):

Vice Chair Miller asked, regarding parcels, do you have a critical pathway where the most critical parcels and utility right-of-ways are addressed first so that we do not lose time in construction?

Response:

Mr. Horgan responded absolutely. We are hyper-focused on the critical path and Mr. Kim is leading up a team that is completely focused on ensuring that we achieve the critical path for each one of the three contracts.

Having no further business, the meeting was adjourned at 9:08 A.M.

The Authority additionally posts on its website a link to a recording of the F&A meeting, which detail the discussion, questions, and answers from the meeting.