

CALIFORNIA HIGH-SPEED RAIL AUTHORITY

Finance and Audit Committee

TRANSCRIPT OF PROCEEDINGS

CALIFORNIA BOARD OF ACCOUNTANCY BUILDING

2450 VENTURE OAKS WAY STE 300

4TH FLOOR CONFERENCE ROOM (SUITE 420)

SACRAMENTO, CA 95833

TUESDAY, MAY 21, 2019

8:30 A.M.

Reported by:
Peter Petty

APPEARANCESCOMMITTEE MEMBERS

Tom Richards, Committee Chair

Nancy Miller, Committee Member

Ernest Camacho, Committee Member

BOARD MEMBERS

Lenny Mendonca, Board Chair

STAFF

Brian Kelly, Chief Executive Officer

Tom Fellenz, Chief Counsel

Joseph Hedges, Chief Operating Officer

Roy Hill, Deputy Chief Operating Officer

Russell Fong, Chief Financial Officer

Pam Mizukami, Chief Deputy Director

Scott Jarvis, Chief Engineer

Patty Nisonger, Chief Information Officer

Paula Rivera, Chief Audit Executive

PUBLIC COMMENT:

Roland Lebrun, Self

INDEXPAGE

<u>Public Comment</u>	7
1. Consider Approving the April 16, 2019 Finance and Audit Committee Meeting Minutes	8
2. Action Items from previous Finance and Audit Committee Meeting	8
3. Executive Summary by Chief Financial Officer	14
o Executive Summary	
o Accounts Payable Aging and Disputes Report	
o Cash Management Report	
o Administrative Budget & Expenditures Summary by Program	
o Administrative Budget and Expenditures Report	
o Capital Outlay Budget and Expenditures Report	
o Total Project Expenditures with Forecasts	
o Contracts & Expenditures Report	
o Projects & Initiatives Report	
o Summary of Financial Reports	
4. Operations and Project Update by Chief Operating Officer	12
o Operations Report	
o CP 1 Monthly Status Highlight Report	
o CP 1 Performance Metrics	
o CP 2-3 Monthly Status Highlight Report	
o CP 2-3 Performance Metrics	
o Caltrans SR-99 Monthly Status Highlight Report	
o Caltrans SR-99 Performance Metrics	
o CP 4 Monthly Status Highlight Report o CP 4 Performance Metrics	

INDEX (Cont.)

	<u>PAGE</u>
5. Central Valley Update by Chief Operating Officer	30
6. Closed Session Pertaining to Litigation	--
Adjourned	49

1 an interim service request.

2 "In part, drawing upon the work and analysis
3 completed by CEO Kelly's team to include the Authority's
4 Early Train Operator and Rail Delivery Partner, the Finance
5 and Audit Committee is directing the Authority's Financial
6 Consultant, KPMG led by Thierry Prate, to propose or excuse
7 me, to prepare a report on the business case for interim
8 service between Bakersfield and Merced. Additionally,
9 tasks may be added to this directive at the Finance and
10 Audit's next scheduled meeting.

11 "In any event, KPMG is encouraged to employ its
12 resources as well as the Early Train Operator and Rail
13 Delivery Partner as it sees fit to prepare its independent
14 assessment and report to the Authority's Board of
15 Directors. The business case as a minimum should
16 incorporate sections on context and methodology, funding
17 and affordability, legal and regulatory authority, business
18 model and commercial vision, risk management and
19 operational considerations.

20 "KPMG will provide the CEO with biweekly update
21 reports with copies to this committee, and we're directing
22 KPMG to provide its schedule and report outline to the CEO
23 and this committee not later than May, 31st. This by the
24 way is consistent with some of the recommendations in the
25 Project Update Report presented by the Early Train

1 Operator."

2 So with that statement, we will now move into the
3 regularly scheduled agenda today and as usual we will start
4 with public comments.

5 We have one and we will ask you to hold your
6 comments to two minutes. And Roland Lebrun, please. Good
7 morning, Mr. Lebrun.

8 MR. LEBRUN: Hi. Good morning and thank you for
9 the opportunity.

10 I would like to start by commending the ETO for
11 the quality of their review of current capital cost
12 projections, including the \$11 billion between Gilroy and
13 Madera. But I believe that the scope of this review was
14 too restrictive.

15 Specifically, the ETO was not asked to review the
16 1999 Parsons Brinckerhoff Report, and the subsequent 2002
17 Alternatives Analysis, which recommended Pacheco over
18 Panoche Pass, because Pacheco provided a shorter route
19 between Sacramento and San Francisco via Merced and Gilroy.
20 I will repeat this. A shorter route between Sacramento and
21 San Francisco via Merced and Gilroy and no, I'm not making
22 this up.

23 The ETO also did not review a 1999 SPUR Report
24 which commented that Parsons Brinckerhoff had selected the
25 slowest and most expensive route between LA and San

1 Francisco.

2 In closing, my recommendation is that you
3 leverage Deutsche Bahn's extensive expertise designing cost
4 effective high-speed lines through mountainous terrain and
5 direct them to initiate a study of the Panoche Pass
6 Alignment at the earliest opportunity. Thank you.

7 COMMITTEE CHAIR RICHARDS: Okay. Thank you, Mr.
8 Lebrun. And that is the last, and our only public comment
9 we've got today.

10 We'll now move on to the agenda items, Item
11 Number One is the approval of the April 16th Committee
12 meeting minutes. Do we have a motion?

13 COMMITTEE MEMBER CAMACHO: So moved.

14 COMMITTEE CHAIR RICHARDS: By Director -- Ernie.
15 And a second please.

16 COMMITTEE MEMBER MILLER: Second.

17 COMMITTEE CHAIR RICHARDS: Thank you, Nancy. All
18 in favor?

19 (Ayes.)

20 COMMITTEE CHAIR RICHARDS: Thank you, passed
21 unanimously.

22 Moving on to Item Two, we'll go through the
23 reports as prepared by our Chief Financial Officer, Russ
24 Fong. So Russ, as usual if you would go through Executive
25 Summary I would appreciate that and then any questions we

1 may have after that along with any further comments or
2 questions by committee members on the detail behind your
3 Executive Summary.

4 MR. FONG: Be glad to, good morning. Let's go
5 over the May financial performance and health of our
6 organization and I want to start off with our Accounts
7 Aging Report. I'm happy to report that we're now on 26
8 straight months of no aged penalty payments for any of our
9 invoices. We're still at the \$8 mark for disputes, which
10 is consistent with last month. But I've got \$8 million, \$7
11 million and within four entities. Those entities are
12 Department of Fish and Wildlife, Caltrans, City of Fresno
13 and WSP. We anticipate resolution on that 8 million fairly
14 soon.

15 Moving over to our cash, in Prop 1A, we have
16 about \$441 million in cash today. Cap and Trade is about
17 1.83 billion, totaling about \$2.3 billion in cash. I would
18 like to report that our last Cap and Trade auction we will
19 have another update tomorrow. But the last Cap and Trade
20 auction, the last four quarters, actually gave us about
21 \$768 million in Cap and Trade, which is higher than our
22 estimate in our Business Plan of \$750 million a year. So
23 we will continue to monitor that and in the next few days
24 we should have the latest auction numbers coming in.

25 Moving over to our Admin Budget, today at the

1 Board Meeting we'll ask you to take a look at our Admin
2 Budget. This is the state side, it pays for state payroll
3 and benefits and IT and support services. We've now spent
4 at 75 percent of the year completed, 58 percent of that.
5 The lower burn rate than normal is due to our vacancy rate,
6 although our vacancy rate has dropped from last month of 21
7 percent to today's 20 percent.

8 Moving over to our Capital Outlay Budget, this is
9 our construction budget, again at 75 percent of the year
10 completed we are at 37 percent spent. Last year at this
11 time we were at 51 percent spent.

12 Going over to our Total Projects and Expenditures
13 Report, I'm happy to report that as of today we're about 39
14 percent of the way through our ARRA match. Our state match
15 in that timeline is between September of 2017 and December
16 of 2022. We are, if you can count our approved by FRA,
17 what's sitting there pending FRA's approval and what we're
18 about to submit to the FRA we're about 53 percent of the
19 way through the match. So I believe we're on target for
20 that.

21 Finally, going over to our Contracts and
22 Expenditures Report, we have 199 active contracts that
23 total \$6.6 billion. Of that, our small business rate for
24 the month of May is at 20 percent. And we have exactly 500
25 small businesses working on this project.

1 Finally, our Projects and Initiative Report,
2 we're actually monitoring 24 projects. We have two
3 completed: one is an environment mitigation management and
4 assessment application and I just wanted to spend a few
5 seconds on acknowledging the second one, which is our
6 Ecosys system.

7 For those of you that have been with this project
8 for about four to five years, you know that we've been
9 working feverishly on trying to get a cost management
10 system up and running. A project this large should have a
11 cost management system. And I'm happy to report as of last
12 week, this system is now up and live and we're actually
13 using it. And I wanted to congratulate Patty, our Chief
14 Information Officer, as the last two years she's made
15 tremendous strides in making sure this happens.

16 So again, our Ecosys, our cost management system,
17 which actually give us a single source of data, which is so
18 critical in our reporting is again up and running. And I
19 want to thank Patty for that.

20 COMMITTEE CHAIR RICHARDS: Patty,
21 congratulations. We all know how important this and we can
22 thank the previous Secretary for making your talents
23 available to us, so -- no, that's you. Anyway that is
24 terrific news and thank you very much. We're glad you're
25 still at the table. All right.

1 MR. FONG: We all are.

2 That concludes my report. I'll be happy to
3 answer any questions.

4 COMMITTEE CHAIR RICHARDS: Do we have any
5 questions from the Committee Members or from Chair
6 Mendonca?

7 I'd only suggest -- I mean another way of looking
8 at the increase in our participation by small and minority
9 businesses as well, the percentage increase is meaningful,
10 but what it really amounts to also is a little over 30
11 percent increase from the time we started, we actually
12 moved in this direction and started tracking it. So that's
13 meaningful and still at the early stages of construction
14 where we really expect to move far closer to the 30 percent
15 aspirational goal that we have.

16 Ernie, did you have anything on that?

17 COMMITTEE MEMBER CAMACHO: No.

18 COMMITTEE CHAIR RICHARDS: Okay.

19 Joe -- we'll go ahead to the -- on that, but any
20 other questions on any of the supporting reports behind the
21 Executive Summary? If there are none, then Joe will move
22 on over to Operations.

23 MR. HEDGES: Good morning.

24 COMMITTEE CHAIR RICHARDS: Good morning.

25 MR. HEDGES: Let me start by answering the

1 questions from the last Board Meeting then I'll just flow
2 back into the status after that.

3 First question, I'm going to answer these out of
4 a little bit of sequence in order, so it has a little bit
5 flow. Provide full cost with a side-by-side basis between
6 Merced and Bakersfield and V-to-V to include the full cost
7 of operation. What you're looking here is for the O&M
8 cost.

9 The approximate O&M cost with regards to the
10 Valley-to-Valley Bakersfield to San Francisco is about \$255
11 million a year compared to a Merced to Bakersfield is 105.
12 Now, this kind of makes linear sense when you compare that
13 there in a Valley-to-Valley there's 305 miles of track to
14 175. And also too, with available to service with regards
15 to Valley-to-Valley we'll have about 16 trains associated
16 with it and Merced to Bakersfield is about 6. So again
17 it's all proportionate, all kind of aligns out.

18 This is what came from the 2018 Business Plan and
19 from an analysis that the ETO provided. Okay. Questions?

20 COMMITTEE CHAIR RICHARDS: Well, are you going
21 through the Executive Summary now?

22 MR. HEDGES: Sir, I was just going to answer your
23 questions and then go through it.

24 COMMITTEE CHAIR RICHARDS: Go through what --
25 yeah, let's go through the Executive Summary.

1 MR. HEDGES: Yes, sir. All right, let me go
2 through your Executive Summary. I was going to kind of
3 flow down to that, is to touch upon currently right now
4 with regards to we'll talk with -- let's talk overall here.

5 Last month, we had an uptick in progress in the
6 Valley by 21 percent. Total invoice of all -- just
7 remember this is the March data that I'm talking about,
8 ending March 31st -- is that total invoice amount of the
9 three CPs was at 19.3, compared to the previous month of 16
10 million. So an uptick of about 21 percent, which is a good
11 sign. You're gradually starting to see it grow and gain
12 momentum.

13 Also saw about the same association with number
14 of hours worked in the Valley. So again it's nice upswing.
15 Things are up progressing as we speak.

16 Now, with regards to looking at each of the CPs,
17 the best would be is to progress to --

18 COMMITTEE CHAIR RICHARDS: Well, let me ask you,
19 here's what we'd like to see. In the Executive Summary
20 we'd like you to follow the presentation. It makes it
21 easier for us to follow what you're talking about.

22 MR. HEDGES: Yes, sir.

23 ROW Acquisition, first off or basically straight
24 off ROW Acquisition, the total number of acquisitions with
25 regards to the overall number decreased by 10. Now, that's

1 associated with total partial count, increased by 22. This
2 is a good sign because what you're starting to see is what
3 I call the final answer with regards to --

4 (Colloquy re: audio/mic issues.)

5 MR. HEDGES: I take this to be a good sign,
6 because this is a coming to the reality of the grips of
7 what the final answer is with regards to the alignment. As
8 we're looking through the utilities, we're actually
9 starting now to get to that final footprint, which is very
10 critical and I'll talk to you about that in a minute.

11 Also too, what's also important is that ROW was
12 able to deliver 34 parcels during that month. So again,
13 you're seeing their production up. You're seeing this come
14 to a fixation on exactly what the numbers are.

15 The emphasis of ROW right now is to focus, as I
16 emphasized before, and that is on these design holds.
17 Currently there are 67 design holds, parcels that are on
18 hold. I want to get those off hold. And that's a
19 determination in design, what is the requirement? Is there
20 an exact need or not? Ask the agency either to put them
21 into the count and start the acquisition process on them or
22 to see if we can figure out a design solution around them.

23 All 67 are usually associated with third parties
24 type conflicts.

25 COMMITTEE CHAIR RICHARDS: Are those on hold

1 impacting progress?

2 MR. HEDGES: They are on hold right now. The
3 emphasis is right now to drive those off hold. I'll talk
4 to you in a minute about the third parties. That's where
5 the emphasis is right now, driving on the third parties as
6 in to figure out what is the final acquisition needs.

7 What's important to understand if you look back
8 as a holistic on ROW is this, is that during the initial --
9 the estimate at ROW would have been about 1250. That was
10 the original estimate for ROW. Now, you can see that it's
11 grown with primary, and what I call sequential takes. This
12 is where we took the primary parcel and have gone back
13 after that primary parcel was taken and taken sequential
14 parcels.

15 Also too, there's a series of parcels of what I
16 call impacted parcels where we had started the acquisition
17 process, marched our way through in some places narrowly to
18 completion and had to go back as that parcel was adjusted.
19 When you account for all of that, the whole number of ROW
20 actions is nearly double from the original estimate.

21 That is why this whole process has been laboring
22 for the last seven years, so it's a good study. And it
23 gives us an idea of focus on what we need to be doing. And
24 that is coming to that final answer, what is the alignment
25 that we need, right? And only take the next series of

1 right-of-way once. You know, be methodical about this, go
2 through the design process, establish that footprint and
3 take it once.

4 COMMITTEE MEMBER CAMACHO: The -- a question?

5 COMMITTEE CHAIR RICHARDS: Sure, please.

6 COMMITTEE MEMBER CAMACHO: The 34 parcels that
7 you're referring to, Joe, which areas are they impacted?
8 The CP1, 2-3?

9 MR. HEDGES: They're throughout the whole
10 alignment, but you'll see the majority of those is in CP2-
11 3, which has the biggest number, right now, of I think it's
12 228 parcels left on there. So again proportionally that's
13 where it's at right now.

14 COMMITTEE MEMBER CAMACHO: But does that reflect
15 their construction activity as well, since there's more
16 parcels been released? Is CP2-3 the one that is ticking
17 the highest in terms of more production, or is it 4?

18 MR. HEDGES: 4 is absolutely where it is, because
19 4 had -- you go through -- as I'll go through I'll walk you
20 through what I call the circles. You can see that 4 had
21 most of its ROW procured. That we're right now just doing
22 cleanup and basically these utility parcels as we speak.

23 So overall, what was holding 4 was an
24 environmental. We've been working systemically with CDFW
25 right now. We've revamped those processes. We have

1 initiated a series of partnering at the executive level. I
2 weekly, have contact with the Director of CDFW. We're
3 methodically putting these amendments and incidental take
4 (phonetic) permits through. So you're seeing that
5 alignment open up the fastest.

6 COMMITTEE MEMBER CAMACHO: We've talked about the
7 problems we've had in construction as being the right-of-
8 way, but we've also talked about the third-party agreements
9 also holding up the construction activity. Is the third-
10 party agreements making changes or are those wrapped up
11 into that 34 parcels?

12 MR. HEDGES: No, sir. Actually we've made
13 tremendous impact in being able to release what I call some
14 of the -- if you go back and you study what's been holding
15 this in place for seven years is there's been tremendous
16 progress by the staff in the last couple of months.

17 Let me cite examples: PG&E, all right? For the
18 first time in the seven years, we're having basically that
19 PG&E is starting to deliver the first parcels. We have the
20 first schedule of what we call pre-construction surveys
21 happening in the next two weeks, which is each of those --
22 each construction allows us to move utilities and then to
23 break sites free. So you're going to see, as we have
24 these, more sites broke free. And again as I can give you
25 the predictions, and to look forward with regards to again

1 this analysis of each CP, what's holding it.

2 You can see, if you look at the wheel charts,
3 that ROW is not the holding factor. What predominantly is
4 the holding factor is the utilities. It's the third
5 parties. Thus that's where the focus has been.

6 Now, again we've had tremendous success with
7 regards to AT&T. AT&Ts works under way, predominantly in
8 the southern half of CP1, making great progress there.
9 It's methodical since we're dealing with basically splicing
10 glass. It's tied to the number of work that you can do in
11 one manhole at a time.

12 Sempra's designs or Southern Cal Gas's designs
13 are well underway. PG&E and BNFS Master Agreement, as
14 reported two months ago was signed. That has allowed us to
15 start moving on right-of-way.

16 Again, if you look at -- predominantly you look
17 at CP1, the predominance of their 64 remaining parcels, I
18 think 48 of those are associated with BNSF. So those are
19 easily cleared.

20 So you can see that except for the CP2-3, the
21 right-of-way is diminishing down. Again, we're going to
22 add parcels, subtract parcels as we work our way through
23 these final adjustments to the utilities.

24 COMMITTEE CHAIR RICHARDS: Okay. All right,
25 let's continue.

1 COMMITTEE MEMBER CAMACHO: Thank you.

2 MR. HEDGES: Yes, sir.

3 So that then will take us to project development.
4 The best way to talk about project development is probably
5 is to switch over to here is to talk about the advancing
6 now. This relates to the presentation that was given to
7 the Board two months ago with regards to how the alignment
8 is advancing.

9 COMMITTEE CHAIR RICHARDS: Can we just take --
10 this is the next item on the agenda, on your Central Valley
11 Update; is that what you're talking about?

12 MR. HEDGES: Yes, sir.

13 COMMITTEE CHAIR RICHARDS: Okay. Can we --

14 MR. HEDGES: Let me talk specifically -- before I
15 do that I'll talk to the RODs and give you an update and
16 status with regards to the RODs and NODs. As we reported
17 is we're advancing a CEQA First Strategy. That CEQA First
18 Strategy is underway. It has impact though to our
19 schedule. Without having that we'll announce that
20 basically in series is sequential NEPA and CEQA reviews,
21 CEQA followed by NEPA if FRA does not come online. Now,
22 we're advancing all of the documents to FRA assuming that
23 they are participating and giving them the opportunity to
24 participate.

25 Now with regards to those, we just basically --

1 we just advanced the Wye to them, so they just saw
2 basically Northern Merced. So that's advancing, CEQA is
3 advancing there. And then as you know that in the LGA we
4 have achieved CEQA predominantly last September. And with
5 regards to the state's reviews there is done and we're
6 advancing that. So it's sitting at -- the LGA right now is
7 sitting with FRA.

8 So again, is you're seeing with regards to the
9 advancement that will be presented with the schedule today,
10 that we're on that revised schedule. There's really no
11 issues. Everything is working very well. We're working
12 through the various sections. Everything is scheduled for
13 regards to a CEQA First Strategy with regards to a 2021
14 date of completion. No major issues.

15 COMMITTEE CHAIR RICHARDS: Okay.

16 MR. HEDGES: With regards to swapping over to the
17 CPs, currently right now --

18 COMMITTEE CHAIR RICHARDS: What about third
19 party?

20 MR. HEDGES: Third party right now is -- third
21 party is advancing as I reported to you is that with
22 regards to AT&T, is underway. We have, basically work
23 underway, all the agreements are in place.

24 Running through the list is that AT&T, PG&E's,
25 basically has a backlog of nearly 100 packages to them

1 right now that they're working their way through to achieve
2 the concept of our construction walk downs. So they have a
3 backlog.

4 We were just basically -- got as I reported
5 before -- the first of those walk downs or scheduled walk
6 downs are scheduled in the next couple of weeks, which will
7 free -- each one of those will free up a site. There is
8 another 10 plus standing in back of those. So again,
9 you'll see a flow coming out of PG&E for the first time in
10 several years.

11 COMMITTEE CHAIR RICHARDS: Okay, so we understand
12 the backlog. Have you got a schedule?

13 MR. HEDGES: We're having a schedule right now
14 produced. We're trying to work with PG&E as to clear this
15 backlog and get that out. Next week I'll have that
16 schedule.

17 COMMITTEE CHAIR RICHARDS: Okay. Could you
18 present it to us next month?

19 MR. HEDGES: Yes, sir.

20 COMMITTEE CHAIR RICHARDS: Thank you.

21 COMMITTEE MEMBER MILLER: Is that a schedule --
22 I'm sorry.

23 COMMITTEE CHAIR RICHARDS: No, go ahead.

24 COMMITTEE MEMBER MILLER: Is that a schedule for
25 all third parties, not just PG&E?

1 MR. HEDGES: It's now -- right now it's
2 predominantly I have a utility tracker list for all of it
3 where it is coming online with regards to the confidence
4 reports. So we will have -- I'll show all the major ones.
5 That'll be PG&E, UP, the remaining major ones, PG&E, UP and
6 Sempra.

7 COMMITTEE MEMBER MILLER: Okay.

8 MR. HEDGES: With regards to the IDs, there are
9 onesies, twosies that are pretty much.

10 COMMITTEE MEMBER MILLER: They're on that. Okay.

11 MR. HEDGES: Now all the issues with regards to
12 the individual irrigation districts seem to have been
13 resolved, right? And we're working through those issues.
14 Again, is their onesies and twosies tied to specific sites.
15 So there's nothing there. I don't see any issues holding
16 the irrigation districts. Southern Cal, Sempra Gas, those
17 designs are starting to advance forward. The one that we
18 worked on last month with vigor is UP. UP is predominantly
19 in CP1 and the northern part of CP2-3.

20 We're right now have started a focus group with
21 the contractor with TPZ and brought in some additional
22 consultants, asked them to be able provide quality control
23 and review, met with UP executives last month. I'm trying
24 to break that backlog and get that flow going.

25 Now with that, that allows us to do the work,

1 predominantly the critical work to opening up CP1, is in
2 tied associated with that agreement with regards to I'd
3 like to get the Shoofly, the Fresno Shoofly underway, then
4 start that southern portion of that viaduct.

5 COMMITTEE CHAIR RICHARDS: Okay.

6 MR. HEDGES: Those are -- that's the emphasis and
7 that's the drive there.

8 COMMITTEE MEMBER MILLER: Thank you.

9 MR. HEDGES: CPs. CPs, you can look here is that
10 with regards to our June predictions that there's 33
11 structures total.

12 COMMITTEE CHAIR RICHARDS: Joe, are you going to
13 talk about the Contract Management and also Finance and
14 Budget?

15 MR. HEDGES: Yes, sir. We can talk about Finance
16 and Budget.

17 COMMITTEE CHAIR RICHARDS: Just I'd like you to
18 just stay on the agenda and then we'll go to your report.

19 MR. HEDGES: Yes, sir. As you can see right now,
20 is that CP1 is at -- the project is approximately 93
21 percent of the contract duration and is about at 60 percent
22 of its contract value. To put that into terms here sir,
23 that is the current contract value is at 1.5 billion. As
24 of date they've expended 9 million and 935. The remaining
25 balance is approximately 629.

1 COMMITTEE CHAIR RICHARDS: Say that again?

2 MR. HEDGES: The current contract value is 1.56.
3 They've expended --

4 COMMITTEE CHAIR RICHARDS: Billion?

5 MR. HEDGES: -- billion. They've expended 935
6 million. The remaining balance is approximately 629. The
7 March invoice was 7.2 million, compared to last month of
8 6.4 million, which is an increase of 12 percent.

9 COMMITTEE MEMBER CAMACHO: Going forward, Joe,
10 what do you project that the revenue should be in order for
11 them to make schedule?

12 MR. HEDGES: Well to make schedule right now,
13 sir, with regards for them to coming up online as we clear,
14 right now they're currently working -- we have work
15 underway at every known site. I expect them to here is
16 probably to increase this amount probably to grow back up
17 to, in the interim as we march up to June, to about 10
18 million is what I expect.

19 Now if you want at full production, what should
20 they be at full production, their full production should be
21 probably between 35 and 40 million, once the whole
22 alignment is cleared.

23 COMMITTEE MEMBER CAMACHO: But in order to make
24 the original schedule they would have to be in excess of
25 more than 100 million?

1 MR. HEDGES: Sir, with the original schedule, I'm
2 a little bit confused by that terminology is where -- the
3 original schedule they should have been completed by now.
4 So with regards to at what rate should they be performing?
5 Yes, sir. The alignment should have been cleared by now
6 and their production should have been done, as we speak.

7 Now if you look at the original invoice amounts -
8 - I have to go back and do some analysis -- but my guess is
9 it was probably at an average probably about 30-32 million
10 a month.

11 COMMITTEE MEMBER CAMACHO: We've accelerated.
12 We've asked them to accelerate I guess, each of the CPs?

13 MR. HEDGES: No, sir. I have not asked for any
14 acceleration right, because I do not want to invoke
15 acceleration until we are able to define what acceleration
16 is. I want to buy specific. If we have to buy
17 acceleration, I want to be very careful. I want to define
18 the terms of this acceleration, ensure that there is
19 parameters that verify that acceleration has been achieved.

20 The only contractor that's been as of to date has
21 been asked to accelerate and that was basically CP1, where
22 approximately years ago that they were presented a \$13
23 million mod for acceleration.

24 COMMITTEE MEMBER CAMACHO: Okay. Thank you.

25 MR. HEDGES: With the others, until the revised

1 baseline schedules are complete I have no intent of asking
2 or coming up with acceleration strategies. I want to,
3 again is I want to make sure that if they achieve
4 acceleration right, the parameters of acceleration, they
5 receive the risk reward for that. If they don't then those
6 should remain with the Authority.

7 COMMITTEE MEMBER CAMACHO: But that's only the
8 mechanism we have to close the gap to get them to complete
9 sooner. Then acceleration is generally the accepted method
10 for doing that.

11 MR. HEDGES: Again, sir, with regards to
12 achieving the goal with regards to CPI through 4 is
13 achieving the 12-22 date associated with ARRA. So with
14 regards to that, we'll look for opportunities if it is
15 necessitated and that there is a rate of return on that
16 acceleration to take those opportunities.

17 COMMITTEE MEMBER CAMACHO: Well, I don't want to
18 belabor the subject, but yeah just one last question.

19 COMMITTEE CHAIR RICHARDS: Sure.

20 COMMITTEE MEMBER CAMACHO: In order for us to
21 achieve ARRA, we're going to have to do better than 10 or
22 12 or 15 or 20 million a month. So at some point they have
23 to accelerate in order to achieve ARRA.

24 MR. HEDGES: At some point.

25 COMMITTEE MEMBER CAMACHO: Thank you, Joe.

1 associated with that except for eight major issues that are
2 currently in the process, so all the issues were resolved.
3 The backlog of claims were rolled into this, into kind of a
4 clear-all mod, so it was a very good strategic move.

5 Now, we're also doing the same thing right now
6 regards to CP1. The last time that its time was brought
7 current was December of '15. That's underway. And then we
8 also are doing the same thing with CP2-3. The last time it
9 was brought current was August of '17. These two --
10 bringing these schedules current is critical in
11 establishing -- which are alluding to earning is
12 establishing what is the contract completion dates, so that
13 bring them current, so that you can then apply the
14 principles of construction management to determine what are
15 the opportunities for acceleration.

16 COMMITTEE CHAIR RICHARDS: Okay.

17 MR. HEDGES: That simultaneously working with
18 bringing on revised baseline schedules, is key and
19 essential to doing this.

20 COMMITTEE CHAIR RICHARDS: All right. Do you
21 have anything on the specific CP Project Update reports?

22 MR. HEDGES: With regard to each of the CPs?

23 COMMITTEE CHAIR RICHARDS: Yes.

24 MR. HEDGES: Yes, sir. I can talk to you --

25 COMMITTEE CHAIR RICHARDS: No. I'm just asking

1 do you have anything for us that you want to point out?
2 This would start in tab 14?

3 MR. HEDGES: No, sir. I think unless there's
4 questions, specific questions?

5 COMMITTEE CHAIR RICHARDS: Any questions from the
6 Committee?

7 COMMITTEE MEMBER MILLER: I don't, no.

8 COMMITTEE CHAIR RICHARDS: All right. Ernie, any
9 questions?

10 COMMITTEE MEMBER CAMACHO: No.

11 COMMITTEE CHAIR RICHARDS: Okay. All right, Joe.
12 Thank you. Let's move on to Item Number Five, the Central
13 Valley Update.

14 MR. HEDGES: Central Valley Update, sir, it's all
15 kind of linked together. Let's just kind of --

16 COMMITTEE CHAIR RICHARDS: Do we have another
17 copy of the Central Valley Update? Thank you. Here you
18 go.

19 COMMITTEE MEMBER MILLER: We're looking at the
20 one dated 5-20?

21 MR. HEDGES: Yes, ma'am.

22 COMMITTEE CHAIR RICHARDS: 5-21.

23 MR. HEDGES: What I call the wheel charts.

24 (Off mic colloquy.)

25 COMMITTEE CHAIR RICHARDS: All right, Joe. Go

1 ahead.

2 MR. HEDGES: Yes, sir. Let me explain to you,
3 again, for a quick kind of what you're looking at.

4 COMMITTEE CHAIR RICHARDS: Okay.

5 MR. HEDGES: These three up here with January was
6 the Baseline that was briefed against to the Board.
7 There's two interim goals, right. The interim goals are
8 currently is to achieve what I report to the Board in June.
9 And then below is basically it's this month and last month,
10 so that you can have a visual of how things are advancing.

11 It is broken down into two sections. One is
12 structures, which is number of structures. And the other
13 is in miles of alignment.

14 CP1. Let's talk about guideway alignment. There
15 is approximately 29.2 miles of current guideway in the
16 alignment as we speak. In February, there was 26 percent
17 clear, 7.75 miles. Currently there is the same amount. We
18 have made no progress with regard to the Claremont
19 (phonetic) Alignment.

20 You can see though what's important here is this
21 understanding. Again, I talked to you about ROW. If you
22 look at the inner circle you can see that ROW not holding
23 that. That is not the issue. The issue is out in the
24 outer circle with regards to the aspect of that's really
25 just three things. Utilities, which I would say is the

1 highest and most critical. And design, design and
2 utilities are currently linked together with regards to
3 advancing those utility designs as into to move those
4 utilities forward. Utilities is a follow item of design,
5 okay? So again, it's focus on design, advance of the
6 designs forward as to move the utilities as to close out
7 the last of the ROW.

8 Environmental, all of the environmental is
9 underway. As we speak right now we have a success with
10 CDFW last month. There was a piece of the northern, about
11 two-and-a-half miles that was associated with the Hairy
12 Orcutt Grass Preserve that we established. That's been
13 established. CDFW is going to give us the permit amendment
14 that will allow us then to start work in that alignment, so
15 good news for you. Compliments to Mark and crew.

16 Now, with regards to --

17 COMMITTEE CHAIR RICHARDS: Could you keep telling
18 us what page you're on?

19 MR. HEDGES: Yes, sir.

20 COMMITTEE CHAIR RICHARDS: Two things I'd like to
21 ask.

22 MR. HEDGES: I'm sorry, I jumped over the page.

23 COMMITTEE CHAIR RICHARDS: That's okay. Just
24 wait a second, Joe.

25 MR. HEDGES: I jumped over page two.

1 COMMITTEE CHAIR RICHARDS: Joe? Just one moment,
2 the two things I know I mentioned to you. It would be very
3 helpful to the Committee that we get this in advance of the
4 meeting, so I know that that's going to get rectified next
5 month.

6 Secondly, we've got people sitting in the
7 audience and we're sitting and going through things. I
8 don't know if they have a clue what we're talking about.
9 Are copies -- enough copies made of this that we've handed
10 out to people in the audience who want to see what we're
11 reviewing?

12 UNIDENTIFIED SPEAKER: Yes. (Indecipherable.)

13 COMMITTEE CHAIR RICHARDS: Okay, fine. So
14 everybody does have those? Okay. Thank you. Okay.
15 Appreciate that.

16 All right, Joe, just keep telling us what page
17 you're on, so we --

18 MR. HEDGES: You're on page two right now, sir.
19 I jumped over to page three.

20 COMMITTEE CHAIR RICHARDS: All right. Thank you.

21 MR. HEDGES: Page two talks to CP1 to the
22 structures. There're 33 structures basically on schedule.
23 As you can see currently, 14 structures have been cleared.
24 Out of those, 4 completed, 10 are underway, so good
25 progress.

1 Now, this is also with regards to we're going to
2 have a windfall. Two more structures will be cleared next
3 month. As we open two of the bridges in the north with
4 regards to -- we're going to open Avenues 8 and 11.

5 Senator Beall was involved in the ribbon cutting
6 there, so we're opening those two bridges and turning them
7 over. And then because they're adjacent bridges, the issue
8 with regards to the bridges is that you cannot close two
9 adjacent streets. And with regards to the opening the one
10 street, this allows us then to close the adjacent and then
11 allow us to begin work. So you have two new structures up
12 in the north open, so which is another good success story.

13 COMMITTEE CHAIR RICHARDS: Good.

14 MR. HEDGES: Again, you can see here that ROW is
15 in advance of the structures. ROW currently is not holding
16 those structures right now. What's in question right now
17 again is holding predominantly those structures -- again
18 goes back to the utilities. You can see that is 14, 4
19 complete, 10 underway that's currently being held right now
20 by the number of utilities.

21 I've already spoke to page three. Page four is,
22 if what you're looking at basically here is at the rates
23 these are anticipated to actual. You can see that we're a
24 little bit behind on the number of structures as we speak.
25 But you can see that with the opening of the two bridges

1 that will close that next month.

2 Guideway is predominantly, like I said before, is
3 being held tight by the utilities. So hopefully we can
4 break UP free. And then you'll see it coming up in advance
5 of its projection of being in July.

6 Again this is consistent to what was originally
7 presented to the Board.

8 Going to page five this talks to ROW, by the
9 numbers. You can see that the number of parcels, overall
10 parcels with regards to the take was diminished by two.
11 This was basically by focusing on the utilities. This
12 right here is where you should be looking at, is that the
13 number of parcels has diminished by two with regards to
14 establishing a solution to via design by acquisition.
15 Number of parcels is -- number of take -- the parcels
16 delivered has not increased in CP1. But again of the
17 remaining 61 parcels, you can see that 49 of those are
18 associated with rail road that are easily rectified once
19 those agreements are put in place in those needs. It does
20 not require the lengthy ROW process.

21 With regards to the signing of the BNSF
22 agreement, so everything here you can see is predominantly
23 ready to. You're down to a very small minority of road
24 takes -- approximately about a dozen.

25 Going to page six of getting to construction, the

1 critical actions with regards to environmental CDFW, the
2 intrusion barrier protection system on the re-exam is
3 underway. No issues associated with that. That document
4 has been prepared.

5 Hairy Orcutt, as I reported, is broke free. We
6 should have that agreement in place this month to allow us
7 to start work.

8 PG&E is advancing. Currently right now, the
9 emphasis is on reviewing the designs that are older than
10 six months, RFC designs that are older than six months and
11 that are stale. We review those and get those into the
12 process as they'll allow, basically those RFC designs and
13 the land documentation to be compiled into a
14 preconstruction survey as in to advance those utilities for
15 CP1.

16 Irrigation districts again a little bit of issue
17 with FID, but that should be resolved this week. AT&T, the
18 cutovers are in progress and on schedule. UPR, again as
19 I've alluded to is our focus issue of the month. Hopefully
20 we'll get that done.

21 With regards to underway right not is to bring
22 this contract current on this last date was basically tied
23 back to December of '15. We're doing the time impact
24 analysis as we speak. I want to bring that up to within a
25 month or two of where we're at right now.

1 The intrusion barrier protection system, those
2 requirements, we've gone back to UP. We're redefining
3 those requirements and making sure that we got them right.
4 It is in the process of a redesign, as in to reduce the
5 cost to get to the exact requirement as we speak and then
6 that will allow a negotiation.

7 MSE walls, that agreement is close to being
8 finalized or actually that is finalized, that is what I
9 asked for money last month for.

10 The northern extension with regards to -- we went
11 through the north extension as you're aware of. We went
12 through three different alignments. We're in the process
13 right now.

14 The best way that I can think of this is the most
15 fair and equitable way for both the Authority and the
16 contractor was we are preparing basically estimates
17 associated with the final alignment, the cost associated
18 with the final alignment. We will negotiate that. We will
19 apply then the funds of the previous awarded mods to
20 Alignment Number 1 to that and to come to a reckoning to
21 with regards to settling to a delta. (phonetic) Either the
22 contractor will owe us money or we'll owe the contractor
23 money as we go through those three estimates.

24 It is going to be in this third alignment that
25 we're on, which is the final alignment, it allows us then

1 right now to adjust to the utilities and to achieve the
2 right-of-way that we need and then to account for the
3 contractor's means and methods, which is precast beams,
4 vice cast in place construction, which is to the benefit of
5 the state. It's a lesser construction.

6 Herndon Avenue is -- I came to the Board last
7 month with regards to funding for that. So again as you
8 can see that we're focusing predominantly in engaging with
9 the third parties into UP and to driving those UP designs,
10 design variances, and trying to get our hands around those.

11 Utility provisional sums, currently with regards
12 to the Board action today we'll replenish the provisional
13 sum money. We're in predominantly with PG&E is finalizing
14 the last designs and going back refreshing the RFC
15 completed packages that are over six months old.

16 ROW, the focus of ROW with regards to CP1 is in a
17 lead follow, they're being the follow activity. As the
18 utility designs are finalized is then to establish the
19 final footprints as to determine what if any if there's
20 going to be additional ROW requirements.

21 And again is remember March, February, were
22 extremely wet months.

23 COMMITTEE CHAIR RICHARDS: Okay, let me, let me
24 just suggest something, Joe. Through the course of this
25 presentation on this CP1 page that you've just completed,

1 so what we're hearing is we're hearing a lot of underways,
2 on schedule, bring it up, in process. And I'm sure that
3 you've got dates associated with those things. It makes it
4 harder for us to assess whether or not we are losing
5 schedule, on schedule, ahead of schedule. So in the areas
6 that you're presenting, as appropriate on this report,
7 would you please put what this means in terms of where are
8 we, the date that we're expecting some level of
9 performance, because we don't know how to follow it.

10 And so we don't know how to either be critical or
11 to pat you on the back and suggest great job, because we
12 don't know what the expectation is as to when this is going
13 to be done --

14 MR. HEDGES: Understood, sir.

15 COMMITTEE CHAIR RICHARDS: -- in line with
16 everything else. And the big game here -- it's not a game,
17 but the big test here is December 31, 2022. Okay. So we've
18 got to feel comfortable up here how we're moving towards
19 meeting the date. We realize the challenge you've got and
20 the unknowns. But we've got to have the appropriate amount
21 of information, so we know how to asses where we think we
22 are from what you're saying.

23 MR. HEDGES: Yes, sir. And again is hopefully
24 the key there is what I'm trying to drive at -- is it's
25 quintessential to be up to that. This is these revised

1 baseline schedules and establishing what is the contract
2 completion dates, bringing them basically, cleaning these
3 contracts up. There are multiple years stale, as in to be
4 able to establish what is the contract completion date, as
5 to hold the contractors accountable too. That's all
6 underway as we speak.

7 COMMITTEE CHAIR RICHARDS: Okay. And when will
8 we expect to see that then Joe?

9 MR. HEDGES: Sir, my guess is right now, final
10 stages of CP1 is being done right now. CP2-3 is underway,
11 probably another month, month and a half. CP4, with
12 regards to, as I alluded to with the mod that was cut --
13 the broader current, (phonetic) we're in the final reviews
14 of the RBS schedule. So CP4 will definitely be out next
15 month.

16 COMMITTEE CHAIR RICHARDS: Okay, so in other
17 words what you're -- we're not tasking you with anything
18 beyond what you're already doing. So you can be reporting
19 to the committee where we are with regards to those
20 schedules, which all tie into our performance in 2022.

21 MR. HEDGES: Yes, sir. And again it's linking.
22 One of the things that we're doing in this schedules is
23 we're going through each of the schedules basically. If I
24 were to draw circles, I would draw the circles as and to
25 the construction circle is not a complex circle. This

1 construction is very straightforward. It's building
2 basically a two-lane highway with a bunch of established
3 pre-cast structures with abutments. Not complex.

4 If I were to put the level of effort that we've
5 been struggling with, the larger circle is in the upfront
6 pieces of this. It's clearly no alignment. What I hope to
7 have in the next month, month-and-a-half is what I call the
8 play book of state actions tied back to that schedule. It
9 lists the critical dates associated with state actions,
10 i.e. a piece of right-of way-delivery. This date has to
11 ensure that we are hitting it and to establish with regards
12 to future schedule updates if it is excusable delay or
13 compensable delay. And that's what we're in the process
14 right now of building, complex, detailed to do since we're
15 in the nuances of each of the processes associated with
16 each of the third parties.

17 COMMITTEE CHAIR RICHARDS: Yeah. At what meeting
18 then are you confident that you can make that presentation?

19 MR. HEDGES: I'll have that, sir, probably in
20 June.

21 COMMITTEE CHAIR RICHARDS: Okay. That's next
22 month. You'll have all of this next month?

23 MR. HEDGES: Well, June, July. I forgot it was
24 (indiscernible) it'll be July, sir. Time flies when you're
25 working so hard.

1 COMMITTEE CHAIR RICHARDS: All right. Then it'll
2 be agenda-ized for the July meeting.

3 MR. HEDGES: Yes, sir.

4 COMMITTEE CHAIR RICHARDS: Tom? Tom? So I just
5 want to make sure that's -- or Russ you have guys have a
6 July meeting?

7 MR. FONG: Yeah, we do.

8 COMMITTEE CHAIR RICHARDS: All right. Okay.

9 COMMITTEE MEMBER MILLER: So can I just add a
10 follow-up?

11 COMMITTEE CHAIR RICHARDS: Sure.

12 COMMITTEE MEMBER MILLER: I'm reading your charts
13 as showing progress monthly and these are your forecasts on
14 the top.

15 MR. HEDGES: Yes, ma'am.

16 COMMITTEE MEMBER MILLER: Is there anything that
17 you're telling us today that would change your forecasts on
18 the top?

19 MR. HEDGES: No. Right now we're pressing hard,
20 things are changing in the force daily as we're working
21 with these third parties. But everything looks to be on
22 projection or slightly above projections.

23 COMMITTEE MEMBER MILLER: Okay, so that's good
24 news.

25 MR. HEDGES: It is good news and that's kind of

1 linking it back to what I reported to the Board. That's
2 what all this ties to, the Board presentation. So we are
3 advancing on what we say is to a schedule to if you look at
4 those June projections, and that's why I put June and
5 December. The key though, is to see if we can force and
6 move -- the objective here is to force and move as much as
7 is cleared that we can get upfront and avoid some of this
8 long delay, which is associated with ROW.

9 What I'm looking to do with ROW right now is
10 figure out if there's a design solution, device acquisition
11 solutions to solving the problem. Because in ROW
12 acquisition, if the parcel is not underway, if we have to
13 go through a combination, it could be a year process as in
14 to clear that right-of-way.

15 So optimum to accelerate is to look for these
16 opportunities as in to seek a design solution like a
17 retaining wall that might have associated a cost to the
18 state for a contract to move and to relocate those
19 utilities for a more optimum way --

20 UNIDENTIFIED SPEAKER: Sorry, Joe. You're
21 cutting out on the mic there.

22 MR. HEDGES: Is that better?

23 UNIDENTIFIED SPEAKER: Yes, sir.

24 MR. HEDGES: Okay. So again that process is
25 underway. And again it is literally, to use an analogy

1 here, it's a bowl of spaghetti where we've had to take the
2 bowl, dump it on the table and sort out each noodle one-by-
3 one going through the hundred plus 61 miles of alignment
4 right now, site-by-site, mile-by-mile as in to determine
5 what is holding each site, each mile held.

6 COMMITTEE MEMBER MILLER: Great. Let's go onto
7 CP2-3.

8 MR. HEDGES: Yeah. Everything is underway as we
9 speak right now.

10 COMMITTEE CHAIR RICHARDS: All right. Just pick
11 out the main points that you want to highlight on your
12 reports on CP2-3 and 4.

13 MR. HEDGES: Yes, sir. CP2-3 here's the good
14 news is page eight, out of the 65 miles of guideway 55
15 miles of it are now cleared, made substantial progress
16 there.

17 COMMITTEE MEMBER MILLER: Ahead of schedule.

18 MR. HEDGES: Yeah. It's good, however the
19 contrast against what is bad -- okay. You need to go back
20 to page seven. This is what's bad with CP2-3. The sites,
21 the infrastructure sites, right? And then understand there
22 are 50 infrastructure sites. As we speak, only four of
23 those are cleared. Now, you're going to see these sites,
24 moving quickly, being cleared. Most of them are held down
25 by one or two utilities. As we're working our way through

1 those, those are going to be clearing.

2 Just as into the sites, my guess is that by next
3 month we'll have three to four more sites cleared here, so
4 you'll see s doubling with regards to the number of sites
5 cleared.

6 But this is the focus right now. This is what
7 I'm driving at is to clear these sites, because you can see
8 with the completion of the project that it is linked to
9 these sites. Now, understanding that with regards to
10 achieving a 12 or a 12-22 date, okay? That there are two
11 types of structures. There's Type 1 structures, Type 2
12 structures. Type 1 Structure, something that the railroad
13 goes over, uses. Type 2 Structure is something that
14 conveys over an overpass.

15 Now, coming up with an acceleration strategy that
16 makes sense, the emphasis right now is to complete the Type
17 1 structures as to be able to lay track. We might be
18 completing some of the Type 2 structures as track passes
19 us. So we're looking at all of those battle strategies as
20 we advance the read baseline schedule forward.

21 COMMITTEE CHAIR RICHARDS: Okay. Go ahead.

22 MR. HEDGES: Again, as if you look at page nine,
23 you can see with regards to the huge step up with regards
24 to the alignment. This is associated predominantly being
25 driven by environmental clearances.

1 Now, if you look at page 10, it is the ROW
2 status. You can see that the ROW is progressing. But
3 again the issue right now is the 66 that are on hold,
4 parcels that are on hold. We need to drive these off hold
5 and either do two things. Either eliminate the necessity
6 of these parcels and drive the total count down or initiate
7 their acquisition in the ROW. Okay. That's the drive
8 right now with CP2-3.

9 CP4. If you go to page 12, you can see that
10 there is 11 structures there, a small minority compared to
11 2-3. Right now, 3 are underway, we've cleared basically 4
12 for utilities. But what's interesting to understand is
13 that there are not one-to-one clearances. The good news is
14 this. As we speak the longest structure, the most complex
15 structure in CP4, the Wasco Viaduct has started
16 construction. So we're very excited about that. Starting
17 basically the test piles on that, that southern, which is
18 going to have a huge uptick with regards to revenue.
19 That's where you gain a lot of revenue is work focus on the
20 structures.

21 COMMITTEE CHAIR RICHARDS: Okay.

22 MR. HEDGES: You can see with regards to the
23 alignment, the guideway that currently right now there is
24 10.5 miles cleared of the 21, so we're over half. And this
25 alignment is coming online, which predominantly holding

1 this alignment here is environmental. So
2 as this is coming online, we're clearing this and then
3 you're going to see this basic limit.

4 It is very impressive right now. If you go down
5 to CP4, you saw that they had a huge uptick with their 26
6 percent.

7 UNIDENTIFIED SPEAKER: I'm sorry, your mic isn't
8 picking up for whatever reason.

9 MR. HEDGES: Test, one two. We had a 26 percent
10 uptick in the revenue last month predominantly associated
11 with work on the guideway, on the alignment.

12 If you focus back to CP4 you can see again is
13 that right now on slide 19 --

14 UNIDENTIFIED SPEAKER: Your mic cut out again.

15 MR. HEDGES: I think the batteries are out on
16 that one. Is right here is that -- you can see right now
17 is that there's a total (indecipherable) currently at 190
18 parcels, 163 of those have been delivered. Now that is
19 right-of-way delivered, 16 parcels during the month of
20 March, 8 of those parcels are associated with regards to
21 the remaining 26 who are associated with the railroad. So
22 again you can see that you're down to literally 16 parcels.

23 Now, some of those parcels to answer Ernie's
24 question with regards to the critical path, if I was to say
25 if there's any parcels on the critical path there are two

1 key critical parcels that are on the critical path in that
2 alignment that are being resolved as we speak.

3 COMMITTEE MEMBER CAMACHO: So we still have a
4 listing of those that are critical, that need attending
5 first?

6 MR. HEDGES: Yes, we do. The most needed to get
7 to open up that guideway right now. Now, I can tell you
8 this is kind of the paratrooper analogy with regards to
9 they're all around us. Almost every piece of right-of-way
10 is critical now. Because with each piece of right-of-way,
11 it allows us either to open up a site that we are moving to
12 and starting construction or opening up another piece of a
13 mile of alignment. So any place that we can create an
14 opening to work, that is what we're pursuing right now.

15 And our approach is methodically going through
16 trying to eliminate the need for future right-of-way
17 through design and then getting these third parties
18 underway.

19 COMMITTEE MEMBER CAMACHO: Okay.

20 MR. HEDGES: That sums it up, sir.

21 COMMITTEE CHAIR RICHARDS: All right. Thank you.

22 MR. HEDGES: Unless there are questions.

23 COMMITTEE CHAIR RICHARDS: Any other questions
24 for Joe?

25 (No audible response.)

1 All right, Joe. Thank you.

2 I have no current issues. Do you Mr. Chair.

3 CHAIR MENDONCA: Just that to summarize the next
4 steps from what you said at the start of the meeting would
5 be great.

6 COMMITTEE CHAIR RICHARDS: Okay.

7 (Off mic colloquy.)

8 CHAIR MENDONCA: Yeah, no I don't any other
9 issues.

10 COMMITTEE CHAIR RICHARDS: Okay. Do you want me
11 to summarize it?

12 CHAIR MENDONCA: Okay. All right, thank you.

13 Then Mr. CEO, if you've got anything you'd like
14 to write for us? You sure? Okay.

15 COMMITTEE MEMBER CAMACHO: No blackboard.

16 (Laughter.)

17 COMMITTEE CHAIR RICHARDS: All right. Ernie?
18 Nancy?

19 COMMITTEE MEMBER CAMACHO: No.

20 COMMITTEE CHAIR RICHARDS: All right. The
21 meeting is adjourned. Thank you. We'll start in just a
22 few minutes with the board meeting.

23 (The California High-Speed Rail Authority Finance and
24 Audit Committee Meeting was adjourned at 9:41 a.m.)