

DRAFT

FINANCE AND AUDIT COMMITTEE MEETING MINUTES

December 10, 2019

Department of Healthcare Services

The Auditorium

1500 Capitol Avenue

Sacramento, CA 95814

The meeting of the California High-Speed Rail Authority (Authority) Finance and Audit Committee Meeting was called to order on December 10th at 8:30 A.M. at 1500 Capital Avenue, 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. Ernest Camacho, Committee Member
Ms. Nancy Miller, Committee Member

Board Members Present:

Mr. Lenny Mendonca, Board Chair

Staff Present:

Mr. Brian Kelly, Chief Executive Officer
Mr. Brian Annis, Chief Financial Officer
Mr. Joseph Hedges, Chief Operating Officer
Ms. Pam Mizukami, Chief Deputy Director
Ms. Alicia Fowler, Chief Counsel
Ms. Patti Nisonger, Chief Information Officer
Ms. Paula Rivera, Chief Auditor
Mr. Daniel Horgan, Deputy Chief Operating Officer

Public Comment

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

Question:

Brett Rowen (Civil Engineer from CP 2-3, and 4) asked if there was a way to get more transparency from the Authority of what has gotten paid to the contractors and if any downward pressure that we may be able to apply to the contractors to get the subcontractors paid quickly and accurately?

Response:

Committee Chair Richards thanked the public member for coming and advised we would look into the issue.

Item #1 – October Meeting Minutes

The November 19, 2019 Meeting Minutes were moved for approval by F&A Committee Member Ernest Camacho, seconded by Committee Member Nancy Miller, and approved unanimously.

Item #2 – Refined Business Case Status Update

Committee Chair Richards provided a brief update on the business case study for Merced to Bakersfield. No questions were asked by F&A Committee Members.

Item #3 – Financial Reports Executive Summary

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

Question:

Member Camacho asked if the capital expenditures for the month include any Time Impact Analysis (TIA) payments.

Response:

Mr. Hedges confirmed that all expenditures for the month were from actual construction and do not include any TIA payments. Mr. Annis also advised that next months report will include a TIA payment and we will include a note to make the amount clear.

Question:

Member Camacho asked if there was any delay in paying prime contractor invoices due to late submissions by subcontractors.

Response:

Mr. Hedges stated he does not think this is an issue. He advised he will need to investigate individual contractors and subcontractors to see what the issues are. He will do what is in his power to ensure paid invoices to the prime contractors are being pushed down to the subcontractors.

Question:

Member Richards requested that Authority staff add something to the report that clearly shows the specific areas we are underperforming in program spending.

Response:

Mr. Annis stated he understood what the committee is looking for and will add the information requested to the report.

Item #4 – Central Valley Update

Chief Operating Officer Joe Hedges presented the Central Valley Status Report to the F&A Committee Members.

Question:

Member Richards asked about the rate of monthly expenditures need to meet the forecasted schedule shown on the report.

Response:

Mr. Hedges confirmed the rate of expenditures needed and advised he would like to increase the rate to allow for more leeway towards the end of the schedule. He also stated the Authority has been working with the contractors to rebaseline schedules to ensure we meet the deadline.

Question:

Member Richards advised that a portion of track and systems contract is missing from the schedule shown on page 2 of the Central Valley Status Report. He would like to add the items on Notice to Proceed 1 that are required under the ARRA grant.

Response:

Mr. Hedges responded that we can achieve that and add that contract into the schedule. He would also like to expand the report to include his minimum of five-mile segment strategy for track and systems. The concept is to turn over increments of approximately five miles or greater to contractors to begin laying track in segments.

Question:

Member Richards stated that it would be beneficial for the Committee and Board to receive a presentation on what exactly occurs in construction of Track and Systems in terms of linearly what happens first and an understanding of our obligation to complete the portion regarding to the ARRA grant.

Response:

Mr. Hedges responded that there will be a Track and Systems presentation in the Board meeting later that will provide the context they are looking for.

Question:

Member Camacho asked if we will be laying track before the civil work is done and who assumes liability with the track on the civil work? Will overhead catenary systems be constructed while civil work is going on?

Response:

Mr. Hedges answered that the sooner we can lay track the better off we'll be and that we would be applying the concept of beneficial occupancy. The Authority will only put in the backbone infrastructure and catenary systems will come post ARRA as they are not a requirement of ARRA. The risk or liability is owned by the Authority.

Question:

Member Richards stated that we are behind schedule for structures and guideways and asked if we will see improvement in the next 3-4 months.

Response:

Mr. Hedges answered yes.

Question:

Member Richards asked if the goals for ROW are attainable.

Response:

Mr. Hedges answered yes. It's going to be close with not much room predicated on changing some of our processes and becoming results driven.

Question:

Member Richards asked when we will get a more completed presentation and understanding of excess properties. What are they costing us and what are they worth?

Response:

Mr. Hedges answered that he wants to take a deliberate approach in evaluating excess properties so we don't dispose of any excess property that we may need in the future. He will develop a master plan to identify what properties we need to keep. The remaining will be excess property that can be processed for disposal.

Question:

Member Richards asked that answers to questions from the F&A Meeting be added to the Meeting Minutes.

Response:

Mr. Hedges responded that we'll include them going forward, so that the public has transparency.

Having no further business, the meeting was adjourned at 9:38 AM.

The Authority additionally posts on its website transcripts from F&A meetings, which detail the discussion, questions, and answers from the meeting.