

**California High-Speed Rail
Authority Board meeting minutes
September 23, 2021**

Webcast

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The meeting of the California High-Speed Rail Authority (Authority) Board convened on September 23, 2021, via webinar due to Governor Newsom's State of Emergency declaration regarding the COVID-19 outbreak and in accordance with Executive Order N-25-20 and the Guidance for Gatherings issued by the California Department of Public Health. The minutes were prepared in the order items were presented during the meeting.

Members Present:

- Mr. Tom Richards, Chair
- Ms. Nancy Miller, Vice-Chair
- Mr. Ernest Camacho
- Mr. Henry Perea
- Ms. Lynn Schenk
- Ms. Martha Escutia
- Mr. James Ghielmetti
- Ms. Margaret Pena
- Mr. Anthony Williams

Members Absent:

- The Honorable Dr. Joaquin Arambula, Ex Officio Member

Public Comment

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

Agenda Item #1 – Election of the Board Chair and Vice Chair

Motion to vote Director Richards as Chair of the California High-Speed Rail Authority Board of Directors was moved for approval by Director Schenk, seconded by Director Williams and approved (8-0).

Motion to vote Director Miller as Vice Chair of the California High-Speed Rail Authority Board of Directors was moved for approval by Director Schenk, seconded by Director Williams and approved (8-0).

Agenda Item #2 – Consider Approving the August 18-19, 2021, Board Meeting Minutes

The August 18-19, 2021, meeting minutes were moved for approval by Director Perea, seconded by Director Camacho and approved (9-0).

Agenda Item #3 – Consider Adopting the Fiscal Year 2021/2022 Budget

Chief Financial Officer for the Authority, Brian Annis, provided a report on the California High-Speed Rail Fiscal Year 2021/2022 Budget to the Board. Motion to adopt the Fiscal year 2021/2022 Budget was moved for approval by Director Miller, seconded by Director Schenk and approved (9-0). The Following questions were asked by the Board.

Director Schenk asked what the impact of a delay will be if the legislature does not act as we ask them to.

Mr. Annis: New contracts may be delayed which will add to our timeline. On-going construction may be slowed down and we may have to shut down existing construction sites.

Director Ghielmetti asked if we are slowing contracts down or did we optimistically over estimate how much money we would spend during our FY year? Do our project managers think we will need to slow the contractors down or can we maintain schedule?

Mr. Annis: Typically, we do budget conservatively and look at the maximum we could need when setting the budget. At this point we are going to go forward and try to maintain the schedule and not slow the contractors down.

Director Williams: What is the timing for the legislature to come back with the authorization?

Mr. Annis: We are hoping earlier than the normal process. The Governors office and legislature when no deal was reached characterized this as being deferred until January 2022.

Agenda Item #4– Presentation of the revised Change Order Process and Suggested Modifications to the Delegation of Authority

Chief Counsel for the Authority, Alicia Fowler, provided a presentation to the Board on the Proposed Revisions to the CEO Delegation (related to contracts and contract management) minutes were moved for approval by Director Schenk, seconded by Director Williams and approved (9-0).

Director Escutia asked who the Change Control Committee would report to.

CEO Kelly: This will be an earlier look at all changes orders of a million dollars or more from not just the field level of folks but also our legal unit and commercial team are looking at it for contract consistency, also our project risk committee to help with the merit determination.

Director Escutia asked at what dollar amount does a change order go to the Business Oversight Committee for approval and when is it reported to the Board.

CEO Kelly: As a change order gets to \$15 million or above. After it goes to \$25 million or more it is then reported to the Board.

Director Pena asked what's the process if a change order is not approved.

CEO Kelly: Change orders are reviewed at each step of the way. If a change order goes all the way through the process and it is denied because there is no merit the contractor can appeal this through the dispute resolution Board or arbitration.

Agenda Item #5– Consider Approving the Fiscal Year 2021/2022 Internal Audit Plan and acknowledging the Internal Quality Assurance Self-Assessment for Fiscal Year 2020/2021

Chief Auditor for the Authority, Paula Rivera, provided a presentation on the California High-Speed Rail Authority's Fiscal Year 2021-22 Audit Plan and Acknowledging the Internal Quality Assurance Self-Assessment, Fiscal Year 2020-21 Motion was moved for approval by Director Williams, seconded by Director Escutia and approved (9-0).

Director Escutia asked if there should be an external audit done more often than every 3 years.

Ms. Rivera explained that we follow the audit guidelines.

Director Escutia asked if it was possible to reveal preliminary findings on several audits' midway through the audit and not wait until the end of the year?

Ms. Rivera: The audit standards require the auditee have an opportunity to respond so that our audit findings are balanced. We would not want to provide a one-sided finding.

Director Escutia: Would you consider auditing for ESG?

Ms. Rivera: We have considered it is something that is emerging as an audit topic, but we are waiting a little time for it to become more prevalent. We would like to gain more experience on this topic.

Agenda Item #6– Sustainability Report

Director of Planning and Sustainability for the Authority, Margaret Cederoth, provided a presentation on the California High-Speed Rail Authority's 2021 Sustainability Report to the Board. There were no questions asked by the Board.

Agenda Item #7 – CEO Report

Chief Executive Officer for the Authority, Brian Kelly, presented a project update to the Board. No questions were asked by the Board.

Agenda Item #8– Finance and Audit Committee Report

Finance & Audit Committee Chairman Tom Richards provided a brief status report on the Committee's work.

Agenda Item #9– Closed Session

The Authority will meet in closed session pursuant to Government Code section 11126(e)(1)&(2)(C) to confer with counsel about a potential decision to initiate arbitration in the matter of HSR 13-57- Construction Package(CP) 2-3 Dragados/Flatiron Joint Venture.

Meeting Adjourned

Chair Richards announced at 2:30 p.m. that the Board would adjourn.