

**DRAFT**

**FINANCE AND AUDIT COMMITTEE MEETING MINUTES**

**January 19, 2022**

**Webcast at:**

[www.hsr.ca.gov](http://www.hsr.ca.gov)

The meeting of the California High-Speed Rail Authority (Authority) Finance and Audit Committee Meeting was called to order on January 19<sup>th</sup> at 8:30 A.M. 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 Meeting Minutes were prepared in the order items were presented during the meeting.

**Committee Members Present:**

Mr. Tom Richards, Committee Chair  
Ms. Nancy Miller, Vice Committee Chair  
Mr. Ernest Camacho, Committee Member  
Mr. Jim Ghielmetti, Committee Member

**Staff Present:**

Mr. Brian Kelly, Chief Executive Officer  
Mr. Brian Annis, Chief Financial Officer  
Mr. Daniel Horgan, Deputy Chief Operating Officer  
Mr. Moamen Ramadan, Board Secretary

**Public Comment**

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

**Item #1 – December Meeting Minutes**

The December 16, 2021 Meeting Minutes were moved for approval by F&A Committee Member Camacho and seconded by both Committee Member Ghielmetti and approved unanimously by all members.

**Item #2 – F&A Committee Chairman's Remarks, Initiatives, and Updates**

Committee Chair Richards advised Member Camacho that an update will be presented in today's meeting regarding his question on percentage of construction completion against contract dollars spent.

**Item #3 – Financial Reports Executive Summary**

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

Question:

Chair Richards asked what the impact to the state would have been if the Authority did not complete the state match to ARRA by the deadline?

Response:

Mr. Annis responded that we would have worked with the Federal Government to have the deadline extended.

Question:

Chair Richards asked why construction expenditures are decreasing in recent months?

Response:

Mr. Horgan replied that the Authority is working through some significant change order settlements that will increase the contractor's invoices. There is a settlement for an intrusion protection barrier in CP 4 for \$13 million and a similar settlement for CP 2-3 for \$7 million.

Question:

Mr. Camacho asked if we noted the percentage of completion for each construction package?

Response:

Mr. Annis responded that we report the percentage of dollars spent for the current contract value on page 5 of the Executive Summary Report. He also advised Mr. Horgan will be presenting some earned value metrics in the Central Valley Update presentation.

**Item #4 – Central Valley Update**

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

Question:

Mr. Camacho asked when the Committee will receive an analysis of earned value and cost trends for CP 1 and CP 2-3?

Response:

Mr. Horgan responded that our intention is to provide these metrics for all CP's, however, it is not easy to apply earned value when all the scope is not in the contract and the scope is not well known. In CP 4, we have a stable budget, schedule, and scope. Once we get all the scope into CP 1 and CP 2-3, we will be in a much better position to produce earned value and cost trend curves.

Chief Executive Officer Brian Kelly added that CP 4 is about 75% through construction, while CP 1 and CP 2-3 are a bit beyond 50% through construction. We would like to get all the commercial settlements done so we can finalize the entire scope and define the project completely. This will allow us to produce these types of charts for all CP's. The Authority has moved forward several outstanding change orders in CP 1 along with settlement issues with CP 2-3. We are advancing and hoping to settle those schedules this spring.

Question:

Member Ghielmetti asked how the earned value metrics in CP 4 are reviewed internally? Are staff reviews completed on these monthly and adjustments made based on the review?

Response:

Mr. Horgan responded that there are weekly meetings on site and an executive meeting held monthly. We are actively managing and interacting with the contractor on a daily basis. It's a very thorough process and there is a weekly meeting chaired by Brian Kelly to ensure we are driving construction progress.

Having no further business, the meeting was adjourned at 9:25 AM.

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.