



DRAFT

FINANCE AND AUDIT COMMITTEE MEETING MINUTES

April 11, 2024

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 April 11th at 8:30 A.M. at 1220 N Street, Sacramento, CA and by Zoom. 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. Ernie Camacho, Committee Member

Mr. James Ghielmetti, Committee Member

Staff Present:

Mr. Brian Annis, Chief Financial Officer

Mr. Brian Kelly, Chief Executive Officer

Ms. Alicia Fowler, Chief Counsel

Mr. Daniel Horgan, Deputy Chief Operating Officer

Ms. Chaise Moore, Board Secretary

Public Comment

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

Item #1 – January 18th Meeting Minutes

The January 18th, 2024, Meeting Minutes were moved for approval by Committee Member James Ghielmetti and seconded by Committee Member Ernest Camacho. The meeting minutes were approved by all committee members present.

Item #2 – Executive Summary by Chief Financial Officer

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

Question (RAISE Grant):

Chair Richards asked will we expect [more grant money] in the future?

Response:

Mr. Annis responded that particular grant was an award of \$25 million for the Merced design up to that configuration level. The total cost is around \$41 million. A lot of that is finishing this calendar year so we should draw most of that \$25 million Federal award by the end of the calendar year.

Question (Cash Management Report):

Chair Richards noted that the Office of Inspector General January 2024 comment letter on the 2023 Project Update Report is included in the back of the Draft 2024 Business Plan.

Question (AP Aging and Disputes Report):

Chair Richards asked can you talk a little bit about the dispute resolution? Obviously, if there is a dispute then the clock is not running on payment at that point, but what is the process on the dispute resolution in terms of time and that sort of thing?

Response:

Mr. Annis responded to be clear, we pay promptly any undisputed amounts in invoice submittal, so there is no late payment in that case, what is appropriately documented and appropriate to pay. For those disputed items, it depends on the contract and the issue. Most of these disputes in terms of dollar, I think it is 98% or 99%, are related to the Dragados invoicing. This is a long-standing issue where they will invoice issues that have Change Orders under negotiation, so we are unable to pay them until those issues are resolved formally through a Change Order. In some cases, they have performed some work and incurred some cost on the work, pending the resolution of the Change Order, so the vast majority of these disputes are that single contract. There is a list of course in the detail on the specific contracts that are subject to disputes and that is in the detail that is reported. In those cases, the Contract Manager will continue to work with the contractor if they choose to continue to advocate that it is an appropriate charge.

Question (Contracts and Expenditures Report):

Chair Richards asked would you put a column back on there so we can also take a look at what it was last year, year-to-date, and the previous month like we have had in the past?

Response:

Mr. Annis responded we do have that as the cumulative, or the total, in the top chart.

Item #3 – 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):

Member Ghielmetti asked under Construction Progress, Structures and Guideways, do we have dates when all of those are going to be completed? Can you share them with us?

Response:

Mr. Horgan responded yes, we do. We have certainly got projections of the new structures that we are going to complete this year and we have got projections of the structures we are going to start as well, so I can add those to the next meeting.

Question:

Member Ghielmetti asked is everything started on Structures and Guideways?

Response:

Mr. Horgan responded no, not everything. There is still some guideway that we have not opened up, especially in the City of Fresno, and there are still five structures in CP1 that are not in construction.

Question:

Member Ghielmetti asked will they all be started this year, 2024?

Response:

Mr. Horgan responded no, they will not all be started this year, but we will be advancing at least five new structures this year and we should be opening another additional five miles of guideway.

Comment:

Member Ghielmetti commented whether they are started or not, I would like to see what your schedule tells us, when they will be started and when they will be completed.

Mr. Kelly commented as Mr. Horgan said, we can certainly bring to the Committee in the future the start dates for each of them, but I just wanted to flag in the Business Plan on pages 20 through 23 there is a breakdown of structure by structure for each of the CPs and which element of those, between Right-of-Way, Utility, and Construction status, where they are, green, yellow, or red, and you can see it right in those pages on the Business Plan.

Chair Richards commented that would be helpful if we would just start to include that in all future F&A Meetings. Those schedules would be valuable both to us and to the public.

Question:

Member Ghielmetti asked as we design these extensions to Merced and Bakersfield, will you assure me we are not going to do this as a Design-Build?

Response:

Mr. Horgan responded yes, they are going to be Design-Bid-Build contracts, or maybe in one case we might do a Construction Manager/General Contractor contract.

Question:

Member Camacho asked for those extensions, are we extending the existing contract or are we going to put those out to bid?

Response:

Mr. Horgan responded no, they will be out to bid as entirely new contracts. We have an industry update on May 7th where we will be talking about all of the contracts that are coming out in the next two or three years.

Having no further business, the meeting was adjourned at 9:07 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.