

CALIFORNIA HIGH-SPEED RAIL AUTHORITY

BOARD MEETING

TRANSCRIPT OF PROCEEDINGS

DEPARTMENT OF FOOD AND AGRICULTURE AUDITORIUM

1220 N. STREET

SACRAMENTO, CA 95814

HYBRID VIA IN-PERSON AND REMOTE

THURSDAY, JULY 10, 2025

9:30 A.M.

Reported by:

Martha Nelson

APPEARANCESBOARD MEMBERS

Tom Richards, Chair

Lynn Schenk

Ernie Camacho

Henry Perea

Anthony Williams

Emily Cohen

James C. Ghielmetti

Martha Escutia

Assemblymember Juan Carrillo, Ex Officio Board Member

STAFF

Ian Choudri, Chief Executive Officer

Alice Rodriguez, Board Secretary

Jamey Matalka, Chief Financial Officer

Mark Tollefson, Chief of Staff

Jane Brown, Chief of Legislation

Peter Whippy, Chief of External Affairs

Emily Morrison, Chief of Contract Administration

Edward Fenn, Chief of Construction

Soon-Sik Lee, Chief of Planning and Engineering

APPEARANCES

STAFF (cont'd.)

Ramank Bharti, Director for Risk Management and Project Controls

Basem Muallem, Statewide Regional Director

Tom Fellenz, Acting Chief Counsel

Patty Nisonger, Chief Information Officer

ADDITIONAL SPEAKERS

Brent Butzin, Nossaman

PUBLIC COMMENT

David Schweigel

Rob Davidoff

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P R O C E E D I N G S

9:35 a.m.

THURSDAY, JULY 10, 2025

CHAIR RICHARDS: Welcome to the Board meeting for the California High Speed Rail Authority for July the 10th.

Welcome to the Board meeting for the California High Speed Rail Authority for July the 10th. We're going to call the meeting to order.

And before we ask the secretary to call the roll, I want to welcome Assemblymember Juan Carrillo. Welcome to the Board. He joins us as an ad hoc member appointed by the speaker, and we're very happy to have you here. and I think those of you who have followed this project for a number of years are very familiar with Mr. Carrillo and his past life in Palmdale, a planning director for the City of Palmdale, a strong supporter for this project forever, and somebody we could always talk to in Palmdale and rely upon for whatever assistance and information and knowledge.

So, welcome. We couldn't be happier.

ASSEMBLYMEMBER CARRILLO: Thank you, Mr. Chair and Board members. Really excited to be here, be a partner with you, and move forward with what the challenge ahead of us and looking forward to working with you and everybody.

And thank you for the introduction, sir.

CHAIR RICHARDS: Thank you. You're welcome.

1 Alice, please call the roll.
2 SECRETARY RODRIGUEZ: Director Schenk?
3 BOARD MEMBER SCHENK: Here.
4 SECRETARY RODRIGUEZ: Chair Richards?
5 CHAIR RICHARDS: Here.
6 SECRETARY RODRIGUEZ: Director Camacho?
7 BOARD MEMBER CAMACHO: Here.
8 SECRETARY RODRIGUEZ: Vice Chair Miller?
9 VICE CHAIR MILLER: Here.
10 SECRETARY RODRIGUEZ: Director Perea?
11 BOARD MEMBER PEREA: Here.
12 SECRETARY RODRIGUEZ: Director Ghielmetti?
13 BOARD MEMBER GHIELMETTI: Present.
14 SECRETARY RODRIGUEZ: Director Escutia?
15 Director Escutia?
16 Director Williams?
17 VICE CHAIR MILLER: He's not here.
18 SECRETARY RODRIGUEZ: Director Cohen?
19 BOARD MEMBER COHEN: Here.
20 SECRETARY RODRIGUEZ: Assemblymember Carrillo?
21 Senator Gonzalez?
22 Mr. Chair, we have a quorum.
23 CHAIR RICHARDS: Thank you.
24 If we can now stand and take the pledge. And if
25 I can ask Assemblymember Carrillo, if you could lead us in

1 the pledge we would appreciate it, sir.

2 (The Pledge of Allegiance is recited.)

3 CHAIR RICHARDS: Thank you.

4 For those of you who suffered through the F&A
5 meeting this morning, and I forgot to give you an
6 opportunity to address the Committee, hopefully you are
7 here and you can address us through the Board.

8 So with that, if I can ask our Secretary to let
9 the people here in the room and those around the state know
10 how they can address the Board this morning.

11 SECRETARY RODRIGUEZ: Thank you, Mr. Chairman.

12 Good morning, everyone. Before we begin public
13 comment for the California High Speed Rail Board of
14 Directors meeting, I would like to review some important
15 information.

16 For members of the public who have joined us in
17 person and wish to provide public comment, you will be
18 called on in the order we received your card. If you are
19 joining the meeting via Zoom and wish to provide public
20 comment, please use the raise your hand feature located at
21 the bottom of the app. If you are dialing in by phone,
22 pressing the number two will raise your hand and put you
23 into the queue. Speakers will be called on in the order
24 their hands are raised. Once you are in the queue and your
25 name is called, please click the prompt on your screen to

1 allow your microphone to be unmuted.

2 If you are joining by phone, we will call on you
3 by your last four digits of your phone number. At that
4 point, you will hear a message that your phone is being
5 unmuted.

6 Each speaker will be given two minutes to speak.
7 I will remind you when we have 15 seconds remaining. When
8 it is your turn to speak, please slowly and clearly say
9 your first and last name, and if applicable, state the
10 organization you are representing.

11 We'll begin with in person, and our person only
12 card right now is Mr. David Schwegel.

13 BOARD MEMBER ESCUTIA: Excuse me, this is Martha
14 Escutia. Hello, I just wanted to make sure that you were
15 aware that I was here for purposes of making the quorum.

16 CHAIR RICHARDS: Thank you, Martha. We've got
17 you down as being present.

18 BOARD MEMBER ESCUTIA: Thank you so much, Mr.
19 Chairman. Sorry for the interruption.

20 CHAIR RICHARDS: Not at all.

21 MR. SCHWEGEL: We ready?

22 Good morning, HSR Board. David Schwegel with
23 five items.

24 Number one, Precision Civil Engineering delivered
25 more value to the taxpayers of California than any other

1 consultant on the history of the project through their
2 regional consulting work on Merced to Sacramento. Project
3 Manager Ken Vang has gone on to start his own company, Vang
4 Incorporated Consulting Engineers, or VICE.

5 Number two, I'm in negotiations with Brightline
6 to build Merced to Sacramento. Looping Sacramento into the
7 IOS changes everything. Capital city of the world's fourth
8 economy, nation's largest urban infield project, world's
9 first lead platinum arena, the most overlooked city in the
10 nation, the most underrated city in California,
11 fastest-growing city in California.

12 Additionally, Sacramento has the second busiest
13 Amtrak station in the state of California behind Los
14 Angeles. It has the most customer service friendly airport
15 in the nation.

16 Here's what this means to investors. The IOS now
17 loops in the capital city of the world's fourth largest
18 economy, goes all the way down to Bakersfield, and the next
19 thing you know, you have bumper-to-bumper Amtrak thruway
20 bus traffic over the grapevine. Investors say, hey, you
21 have made a good faith effort to get all the way down to
22 Los Angeles, you have stopped short, but we're going to
23 help you get over the mountains and into the LA basin
24 because that means a whole lot for us.

25 Item number three, call D. Lee Shoemaker of

1 Microsoft and ask her why Microsoft is investing so much
2 money in Cascadia high-speed rail.

3 Four, I have a request into the attorney general
4 to revoke the business licenses of all of the design
5 builders for starting construction before full right-of-way
6 acquisition, costing the taxpayers \$9 billion, and finally,
7 I have not received responses to my voicemails, so you'll
8 get to hear from the office of Joe Patterson as to why no
9 response, and you'll get a second opportunity to provide
10 responses to my voicemails.

11 Thank you.

12 SECRETARY RODRIGUEZ: Okay. We will now move to
13 online.

14 Oh, yeah. I'd like the record to recognize that
15 Director Williams has joined us.

16 CHAIR RICHARDS: Thank you.

17 SECRETARY RODRIGUEZ: Our first up is Rob
18 Davidoff.

19 Your microphone has been unmuted.

20 MR. DAVIDOFF: Thank you. Good morning.

21 CHAIR RICHARDS: Good morning. Welcome.

22 MR. DAVIDOFF: As mentioned, my name is Rob
23 Davidoff. I was curious if there was an update coming on
24 the progress of the train set contract issuance. I believe
25 that's been expected, and as I recall, it was discussed in

1 some of the FRA funding letters and the Authority's
2 responses to them, and I think a lot of us following the
3 project as armchair engineers at home are very eager to see
4 those trains contracted, as I'm sure you no doubt are.
5 We're all eagerly anticipating hearing when there's going
6 to be a decision and what that decision is.

7 So I was just I guess unmuting and taking my
8 opportunity to say we're all very eager to hear what comes
9 out of it.

10 Thank you for your time.

11 CHAIR RICHARDS: Thank you, sir.

12 SECRETARY RODRIGUEZ: We have no others in the
13 queue.

14 CHAIR RICHARDS: And thank you for the comments.

15 Just for those of you who are here and around, we
16 will be having a closed session after this open section,
17 and I will come back after the closed session to report
18 anything -- any actions taken by the Board. Moving on to
19 today's agenda, we have -- item number one is the approval
20 of the May 1st 20 minutes. Do we have a move?

21 BOARD MEMBER GHIELMETTI: Move approval.

22 CHAIR RICHARDS: We have a motion and a second.

23 Please call the roll.

24 SECRETARY RODRIGUEZ: Director Schenk?

25 BOARD MEMBER SCHENK: Yes.

1 SECRETARY RODRIGUEZ: Chair Richards?

2 CHAIR RICHARDS: Yes.

3 SECRETARY RODRIGUEZ: Director Camacho?

4 BOARD MEMBER CAMACHO: One comment before I
5 approval.

6 I think I was there for the May Board meeting,
7 and they have me absent.

8 CHAIR RICHARDS: All right. Thank you.

9 And thank you, Ernie. If we'll make that change,
10 please.

11 SECRETARY RODRIGUEZ: Director Camacho, do you
12 want to --

13 BOARD MEMBER CAMACHO: Yes.

14 SECRETARY RODRIGUEZ: Vice Chair Miller?

15 VICE CHAIR MILLER: (Indiscernible.)

16 SECRETARY RODRIGUEZ: Director Perea?

17 BOARD MEMBER PEREA: (Indiscernible.)

18 SECRETARY RODRIGUEZ: Director Ghielmetti?
19 (Indiscernible.)

20 SECRETARY RODRIGUEZ: Director Escutia?

21 She looks absent.

22 Director Williams?

23 BOARD MEMBER WILLIAMS: Same, absent.

24 SECRETARY RODRIGUEZ: Director Cohen?

25 BOARD MEMBER COHEN: Yes.

1 SECRETARY RODRIGUEZ: The motion carries, Mr.
2 Chairman.

3 CHAIR RICHARDS: Thank you. Item number two is
4 the Internal Audit Plan for fiscal year 25-26.

5 Ms. Rivera?

6 CHIEF AUDITOR RIVERA: Good morning.

7 CHAIR RICHARDS: Good morning.

8 CHIEF AUDITOR RIVERA: I'm Paula Rivera, Chief
9 Auditor for the Authority, and I bring to you today our
10 fiscal year 25-26 Audit Plan for approval, and related item
11 numbers three is the results of our internal assessment of
12 our Quality Assurance and Improvement Program. The
13 presentation covers both agenda items.

14 Approval is for the Audit Plan, and the audit
15 standards require that I communicate the results of our
16 internal assessments to the Board, and so that is merely an
17 acknowledgement.

18 Next slide, please. I wanted to kind of give you
19 a little bit of background about the audit office. We are
20 a team of 13. We report to the Board of Directors
21 functionally and administratively. Within the Authority,
22 we report to the Chief Executive Officer. We are three
23 teams. Each team is a manager, a lead, an associate, and
24 an entry-level auditor.

25 Next slide, please.

1 The types of audits that are the components of
2 our Audit Plan are pre-award reviews. Those are reviews of
3 cost proposals or rate sheets for contracts where the
4 contract was procured based on qualifications. The most
5 qualified team is identified, and then a cost sheet is
6 submitted. Our audit office goes and looks at the elements
7 of that cost sheet. We look at the pay rates. We verify
8 those to payroll. We look at the indirect cost rates and
9 compare those to the federal regulations and the terms of
10 the agreement, which in the case of architectural and
11 engineering contracts are actual cost, so we're looking to
12 verify that the indirect cost rates are based on actual
13 cost. And then we also look at the elements of the fee to
14 be sure it complies with what was in the request for
15 qualifications, and other direct costs to be sure that
16 those are in compliance with the state regulations.

17 We also include contract compliance audits as
18 part of our audit services, and those are also known as
19 incurred cost audits. We are looking at the costs that
20 have been billed to the Authority and reimbursed by the
21 Authority using state and federal funds, and we determine
22 whether or not those costs follow the federal regulations
23 and follow the terms of the agreement.

24 Performance audits are your typical internal
25 audits where we're looking at processes, procedures,

1 internal compliance, economy and efficiency, and those
2 types of internal functions.

3 Next slide, please.

4 We follow two kinds of audit standards. They're
5 called the yellow book and the red book, which unofficially
6 makes us an orange audit shop. Generally accepted
7 governmental auditing standards we use when we're auditing
8 federal funds, and those would be the contract compliance
9 audits. The global internal audit standards are used for
10 the performance audits and our pre-award reviews. Even
11 though the contracts that the pre-awards apply to contain
12 federal funds, the services we're providing are advisory to
13 the contract manager to assist in the negotiation of a fair
14 and reasonable price, which is what the state and federal
15 law requires.

16 Both sets of standards were revised in early
17 2024. The internal audit standards were effective in
18 January 24, and the yellow book standards are effective in
19 December. The primary changes were related to external
20 quality assessments and internal quality assessments, the
21 Audit Committee reporting, and additional documentation and
22 requirements.

23 Next slide, please.

24 I'd like to update you on the results of our
25 prior year Audit Plan. We issued a report on design-build-

1 change orders. That was part of the Finance and Audit
2 Committee presentation this morning. We completed two pre-
3 awards, which included evaluating the cost proposed for 14
4 separate architectural and engineering firms. When a
5 qualified firm is identified, we perform a pre-award of
6 each firm, and our goal is to cover 90 percent of the costs
7 proposed. So the amount of work in a pre-award depends on
8 the composition of the team.

9 We also performed three master resource pool
10 reviews, reviewing the billing rates proposed for the
11 current fiscal year, and the elements of that would be
12 labor and overhead for our architectural and engineering
13 contracts. Master resource pool is an identification of all
14 employees who've been approved to work on the project by
15 firm, and so this review was for the Bakersfield Extension,
16 the Merced to Medera Extension, and the Burbank to Anaheim
17 Project section, and so we looked at the current billing
18 rates to ensure that what is currently being paid is based
19 on actual costs.

20 Next slide please.

21 We have two contract compliance audits in
22 progress, and that's where we're looking at costs that have
23 been billed to the Authority and reimbursed by the
24 Authority. We've completed the Bakersfield to Palmdale
25 project section. We audited nine years of costs. We

1 brought that to the Finance and Audit Committee in January,
2 and we've completed the Bakersfield Extension section.
3 That was the first three years of the contract. We've
4 issued a draft report. The consultant is preparing a
5 corrective action plan, and we expect that to be issued
6 this month. The last element of last year's Audit Plan is
7 a civil work certification internal audit that we
8 performed, and we're working to issue the draft report this
9 month also.

10 Next slide please.

11 So this is agenda item three, our Internal
12 Quality Assurance Self-Assessment.

13 In accordance with the red book, the internal
14 audit standards, we have a quality system to ensure
15 compliance with the audit standards. That system is
16 documented in our audit manual, and elements that changed
17 in the audit standards were reflected in the audit charter
18 that we brought to the Board in January. The audit
19 standards require that we have an internal assessment of
20 our compliance with the audit standards on an annual basis,
21 and this year's assessment covered June of 24 through May
22 of 25. That gives us time to perform the assessment and
23 bring it to the Board at the end of the fiscal year.

24 We had a team of two associate level auditors --
25 I take that back, that's a mistake. We had one associate

1 level auditor and one staff level auditor review four
2 completed assignments using the same process that the
3 external peer reviewers will be using, so we're holding
4 ourselves to the same standards. The internal peer review
5 is no less rigorous than the external peer review. There
6 were no instances of material non-compliance with the
7 standards, however they found two instances of partial
8 compliance with the standards for documenting that we were
9 and how we complied with the standards. We've updated our
10 processes and updated our procedures to address those two
11 issues.

12 Next slide, please.

13 All right. So this year's Audit Plan has us
14 completing our work in progress. The two interim audits
15 should be done this summer. The Bakersfield Extension,
16 we're waiting for a corrective action response as I
17 mentioned. The Merced to Madera Section, we hope to issue
18 a final report in August. Auditors are finishing up their
19 work and will be done by the end of next week. We have two
20 post-audits to evaluate costs reimbursed, and these are
21 contracts that are at least nine years' worth of audits.

22 We'll do a risk assessment to determine how many
23 of the sub consultants should be included in our audit.
24 We'll start the Burbank to Anaheim project section in
25 September and then we anticipate -- I'm sorry this slide

1 deck's not complete. We anticipate initiating the Palmdale
2 to Burbank project section in January.

3 We will issue the civil works certification
4 audit. As I mentioned in a draft, we anticipate issuing
5 this month.

6 There are four planned pre-award reviews, and the
7 actual number of pre-award reviews will be based on the
8 actual number of procurements. We follow the procurement
9 plan. Pre-award reviews are a short duration, and they're
10 performed in conjunction with the negotiation of the
11 agreement so that agreement isn't executed until the pre-
12 award is done. So the Audit Team stops what they're doing,
13 we do the pre-award, we aren't holding up the rest of the
14 Authority for an executed contract and then we continue on
15 with our audits.

16 And then the last element of this year's Audit
17 Plan is staff development for a team of auditors related to
18 time-related overhead for construction projects. This is
19 an area that we don't currently have expertise, and so
20 we're going to spend some time -- we found some training by
21 the National Highway Institute. We're going to work with
22 some staff from Caltrans who have experience in this, and
23 then we're going to work with the people who are currently
24 implementing the process to understand how that works.

25 Next slide, please.

1 Are there any questions for me?

2 CHAIR RICHARDS: Questions or comments for Ms.
3 Rivera?

4 Yes, Director Perea?

5 BOARD MEMBER PEREA: Yes. On your pre-award
6 reviews, what's the time frame of your work there before
7 then it moves on to award?

8 CHIEF AUDITOR RIVERA: Generally, we're scheduled
9 for three weeks, and our goal is to have a single auditor
10 work on a single sub-consultant. The lead manages the
11 assignment and takes care of the prime. On most contracts,
12 we can handle that one pre-award within three weeks.

13 If there are a lot of subs -- on the major
14 contracts where there's lots of subs, those sometimes take
15 us six weeks because each auditor will handle two. So it
16 all depends on how the team --

17 BOARD MEMBER PEREA: Our concern is getting these
18 contracts awarded and moving --

19 SECRETARY RODRIGUEZ: Yes.

20 BOARD MEMBER PEREA: -- so it's imperative that
21 your work be done.

22 SECRETARY RODRIGUEZ: Yes. Which is why the
23 other audits are timed to come to a good stopping point.
24 There's one for right-of-way engineering and surveying I
25 believe that's in progress. The pre-award is scheduled to

1 start I think September 9th, and it runs through October
2 11th, so the auditors will find a natural stopping point
3 for whatever their current assignment is. September 9th,
4 we get a cost proposal. They work on that for those three
5 to four weeks that they're scheduled and then they'll go
6 back to their assignments.

7 So we plan our workload around the pre-awards so
8 that we're not holding anything up.

9 BOARD MEMBER PEREA: Okay, so just for example,
10 if you had someone that was going to go on a two-week
11 vacation and they're assigned something that doesn't sit
12 there for those two dead weeks and then they -- it adds two
13 weeks at the back end?

14 SECRETARY RODRIGUEZ: Correct.

15 BOARD MEMBER PEREA: Somebody else will pick it
16 up and get it done?

17 SECRETARY RODRIGUEZ: Yes.

18 BOARD MEMBER PEREA: Okay. Thank you.

19 CHAIR RICHARDS: Any other questions or comments
20 for Mr. Rivera?

21 Yes, Director Schenk?

22 BOARD MEMBER SCHENK: Thank you, Paula. As
23 usual, very thorough.

24 I ask a question that I ask of you every year,
25 and that is your staffing and ability to get this work plan

1 in light of the limited financial resources.

2 Can you just talk a little bit more about the
3 staffing and maybe some needs that you might have in
4 staffing going forward?

5 SECRETARY RODRIGUEZ: Sure. This year our Audit
6 Plan is built around our current staff of the three teams.
7 We believe we have estimated the number of sub consultants
8 for the incurred cost audits accurately, but it'll depend
9 on the risk assessment that we'll do specifically, but
10 we've built our plan around our existing staff.

11 BOARD MEMBER SCHENK: So you feel you have
12 adequate staff?

13 SECRETARY RODRIGUEZ: So our resources are
14 adequate for this year.

15 BOARD MEMBER SCHENK: Thank you.

16 CHAIR RICHARDS: Thank you, Director Schenk.

17 Any other questions or comments?

18 All right, members, this is an action item, so if
19 we can have a motion to approve this.

20 BOARD MEMBER CAMACHO: Move to approve.

21 CHAIR RICHARDS: Yes, go ahead.

22 VICE CHAIR MILLER: We approve the resolution on
23 agenda item two and we acknowledge -- can we do it at the
24 same time? We acknowledge the receipt --

25 CHAIR RICHARDS: I'm just going to acknowledge it

1 on behalf of the Board.

2 Okay. So we have a motion and was there a

3 second?

4 BOARD MEMBER GHIELMETTI: Second.

5 CHAIR RICHARDS: Okay. Motion and second.

6 Please call the roll.

7 SECRETARY RODRIGUEZ: Director Schenk?

8 BOARD MEMBER SCHENK: Yes.

9 SECRETARY RODRIGUEZ: Chair Richards?

10 CHAIR RICHARDS: Yes.

11 SECRETARY RODRIGUEZ: Director Camacho?

12 BOARD MEMBER CAMACHO: Yes.

13 SECRETARY RODRIGUEZ: Vice Chair Miller?

14 VICE CHAIR MILLER: Yes.

15 SECRETARY RODRIGUEZ: Director Perea?

16 BOARD MEMBER PEREA: (Indiscernible.)

17 Director Ghielmetti?

18 BOARD MEMBER GHIELMETTI: (Indiscernible.)

19 SECRETARY RODRIGUEZ: Director Escutia?

20 SECRETARY RODRIGUEZ: Director Williams?

21 BOARD MEMBER WILLIAMS: Aye.

22 SECRETARY RODRIGUEZ: Director Cohen?

23 BOARD MEMBER COHEN: Aye.

24 SECRETARY RODRIGUEZ: Mr. Chairman, the motion

25 carries.

1 CHAIR RICHARDS: Thank you.

2 Item number three requires an acknowledgement of
3 the Board. So on behalf of the Board, we acknowledge the
4 receipt of the Quality Assurance and Improvement Program
5 Assessment. So with that, thank you very much, Ms. Rivera.

6 SECRETARY RODRIGUEZ: Thank you.

7 CHAIR RICHARDS: Good job.

8 We are now ready for item number four, our CEO
9 report.

10 CHIEF EXECUTIVE OFFICER CHOUDRI: Good morning.

11 CHAIR RICHARDS: Good morning.

12 CHIEF EXECUTIVE OFFICER CHOUDRI: It has been
13 about, what, ten months that I've been on this project.

14 CHAIR RICHARDS: Ten and a half.

15 CHIEF EXECUTIVE OFFICER CHOUDRI: Ten and a half.
16 All right. It feels like ten years.

17 CHAIR RICHARDS: You've held out well.

18 CHIEF EXECUTIVE OFFICER CHOUDRI: Yes.

19 So there was, back when I discussed with you at
20 the previous Board meeting, we were talking about several
21 work extremes that we are working on in parallel on all
22 aspects of the project. That included several things
23 ranging from stabilizing the funding all the way to
24 reorganizing the program so that we can build faster and
25 get to the population centers sooner.

1 One of the big items we had at that time when we
2 discussed that is to reorganize the Authority at the top
3 executive level. I'm very, very pleased to report that
4 that activity is mostly complete with the exception of one
5 or two positions and the new leadership that we have now at
6 the Authority, the executive leadership, is coming from
7 both public service sector and private sector and they're
8 all here in the room.

9 So, Chair, if it's okay, I would like them to
10 come and introduce themselves.

11 CHAIR RICHARDS: Please.

12 CHIEF EXECUTIVE OFFICER CHOUDRI: All right.

13 We'll start with Mark Tollefson and then you guys
14 introduce yourselves one by one. Thanks, Ian.

15 MR. TOLLEFSEN: Good morning, Chair Richards and
16 members of the Board. Good to see you all.

17 So I'm Mark Tollefson. I'm the Chief of Staff
18 here at the Authority. I've now been here about four
19 months. I have a really extensive history of state
20 government, as you'll see on the screen. I previously
21 served as undersecretary -- undersecretary, it was shocking
22 -- at the State Transportation Agency. Worked for the
23 Newsom administration as a Senior Counselor on
24 Infrastructure and Fiscal Affairs, as well as a Deputy
25 Cabinet Secretary. Then spent the previous 11 and a half

1 years before that at our State Department of Finance.

2 So I am here. I am responsible for leading up
3 our executive operations office. My role is really to
4 implement the vision of our CEO as well as the Board across
5 all of our offices in the Authority. So I will turn it
6 over to the rest of our team to introduce themselves.

7 BOARD MEMBER WILLIAMS: I have a question for Mr.
8 Tollefson.

9 CHAIR RICHARDS: Yes, please go ahead.

10 BOARD MEMBER WILLIAMS: Mr. Tollefson, during
11 your distinguished career in the governor's office for
12 Governor Newsom, who was your favorite colleague to work
13 with?

14 MR. TOLLEFSEN: Mr. Williams, of course.

15 BOARD MEMBER WILLIAMS: Thank you. Okay.

16 BOARD MEMBER ESCUTIA: You don't have to answer
17 that question, sir.

18 CHIEF FINANCIAL OFFICER MATALKA: I was hoping
19 you were going to mention me since we started together at
20 department of finance.

21 Good morning, Board.

22 My name is Jamey Matalka. I'm the Chief
23 Financial Officer for the High-Speed Rail Authority. Prior
24 to this role, I was the director of risk management project
25 controls for about four years. And prior to that, I was

1 the assistant CFO for about four years.

2 I have served in multiple positions at the
3 California Department of Finance. I worked in
4 Transportation, I worked in Public Health, and I worked in
5 the Department of Managed Health Care as well. I started
6 my career out as a corporation's examiner doing auditing,
7 just like Paula was doing. Worked my way up through
8 finance, accounting, risk, and now to this level.

9 Happy to be here.

10 CHAIR RICHARDS: Thank you, Jamey.

11 MS. BROWN: Good morning, Chair Richards, members
12 of the Board. My name is Jane Brown. I am Chief of
13 Legislation. I've been with the Authority for five years
14 now.

15 Prior to that service, I was with the legislature
16 for a number of years, over 20 years. The last 11 years, I
17 served as the Senate Rules Committee staff. It was a
18 pleasure to serve that role. Prior to that, I actually
19 served in the Maine state legislature -- the state of Maine
20 -- and had four years of service with the state of Maine.

21 So very happy to be here, love my job, and if I
22 can be of any help to any of you, please let me know.

23 Thank you.

24 CHAIR RICHARDS: Thank you, Jane.

25 Good morning, Peter.

1 MR. WHIPPY: Good morning, members of the Board.
2 I'm Peter Whippy. I'm the Chief of External Affairs for
3 the Authority.

4 CHAIR RICHARDS: Can you get a little closer?

5 MR. WHIPPY: Sure. Yes, sorry. Raise it up a
6 little bit.

7 Chief of External Affairs for the Authority. I
8 joined the project in January. I'm born and raised in
9 California, but come here via Washington, D.C., where I
10 spent over a decade in the House of Representatives,
11 working for several members of Congress, George Miller, Zoe
12 Lofgren, and committees, primarily the Committee on House
13 Administration, where I led messaging, communications,
14 outreach, and media relations for various issue areas
15 within the committee's jurisdiction.

16 Very excited to be here. Thank you.

17 CHAIR RICHARDS: Thank you, Peter.

18 MS. MORRISON: Good morning. How is everyone
19 doing? Emily Morrison. I had the pleasure of meeting
20 several of you at the last Board. I'm new here at High-
21 Speed Rail, Chief of Contract Administration.

22 I started my contract management career in the
23 healthcare sector and then ended up moving over into the
24 Department of the Air Force, where I worked at Mountain
25 Home Air Force Base doing their base-wide infrastructure

1 contracts, large IDIQ-type contracts, architecture and
2 engineer, and so on.

3 I then eventually transitioned to Kirtland Air
4 Force Base, where I was the contract manager for the
5 nuclear weapons maintenance contract, along with the base-
6 wide IT support base supply.

7 I then transitioned over to the Department of
8 Veterans Affairs, where I managed their infrastructure,
9 large-scale infrastructure contracts for California,
10 Nevada, and the Pack Islands and Philippines, and now I'm
11 here at the High-Speed Rail.

12 So I appreciate being here. Thank you.

13 CHAIR RICHARDS: Thank you, Emily.

14 Good morning.

15 MR. FENN: Hi. Good morning. My name is Ed
16 Fenn. I'm the Chief of Construction. Started June 30th,
17 so fresh to the team.

18 I'm an engineer by training. Initially, the last
19 18 years or so, I've been involved in the rail industry,
20 including a few startup projects, SunRail, notably in
21 Florida. Also Brightline initial operating segment. Spent
22 some time up in Sound Transit, as well as GO Transit. So,
23 I've done it both on the contractor side and the agency
24 side. So I've come here. I'm pleased to be here to help
25 this program.

1 Most notably, I worked on the Brightline West
2 project, developing that project, so hopefully we can take
3 some lessons learned from there and bring it here.

4 Thank you.

5 CHAIR RICHARDS: Thank you, Ed.

6 MR. LIK: Good morning. My name is Soon-Sik Lee.
7 I was recently appointed as the Chief of Planning and
8 Engineering.

9 BOARD MEMBER WILLIAMS: How many days ago?

10 MR. LIK: About 10 days. So, I bring 29 years of
11 experience in planning and engineering and the strategic
12 delivery of complex transportation mega-programs.
13 Throughout my career, I have led and delivered large-scale
14 rail initiatives, both in California and internationally,
15 including LA Metro Expo Line, Caltrain Modernization
16 Program, Etihad Rail High-Speed Rail Program, and the
17 California High-Speed Rail, as a consultant for the last 25
18 years.

19 I look forward to contributing my experience to
20 support the success of this program. Thank you so much.

21 CHAIR RICHARDS: Thank you. Welcome.

22 MR. BHARTI: Hi. Good morning, everyone.

23 My name is Ramank Bharti. I'm the new Director
24 for Risk Management and Project Controls. I feel quite
25 senior, given that I have spent five weeks with the

1 Authority.

2 Hello? Yeah. There we go.

3 I'm a rail veteran. I spent all my life working
4 in railways, so 32 plus years of rail industry experience.
5 I started as a mechanical engineer managing train
6 operations, new rail lines, rolling stock, new build,
7 maintenance. Then I spent another 12 years leading project
8 control on major multi-billion dollar rolling stock and
9 signaling contracts on the East Coast. For the last eight
10 years, I've been managing rail programs on the West Coast.

11 Happy to be here.

12 MR. MUALLEM: Good morning. Basem Muallem. I'm
13 the Statewide Regional Director here at High-Speed Rail. I
14 think last month, I just finished my five-month period with
15 High-Speed Rail.

16 Background, 32 years with Caltrans. Started as a
17 junior civil. Ended up ending my career with Caltrans as
18 the District 8 director. District 8 encompasses both
19 Riverside and San Bernardino County. And I was fortunate
20 to work on the two biggest projects, Design-Build 91 and
21 Devore. And also what's good about this job is I can
22 leverage my relationship that I've established with
23 Metrolink, Metro, High Desert Corridor, and actually
24 Brightline. So I worked on all of those.

25 I would say two big projects. After I finished

1 Caltrans, I worked 10 years with various consultants as a
2 consultant, and two projects that come to mind that I
3 worked on upon the request of SBCTA was RPRP, Redlands
4 Passenger Rail Project, nine-mile project that connects
5 downtown San Bernardino to University of Redlands, and then
6 finally, the I-10 Express Lanes, a very controversial
7 project that I was asked to try to help in and try to close
8 the project and deliver it back on schedule.

9 So, I'm very, very happy to be part of this team.
10 Thank you.

11 CHAIR RICHARDS: Tom, it's finally happened.
12 You're full time.

13 MR. FELLEENZ: Yes. I'm back. So, Tom Fellenz.
14 I'm the Acting Chief Counsel. And as the slide shows, I
15 had worked for the state for 45 years.

16 And I'll have to tell you a story. I was talking
17 to Jamey Matalka, our Chief Financial Officer, and
18 mentioning to him that I started with the state in 1980.
19 And he said, well, that's really an important year. And I
20 said, don't tell me, is that the year you were born? And
21 he said, yes. Kind of puts it in perspective.

22 But I came to the Authority in 2011 as the chief
23 counsel and worked in that position to 2019. And then
24 prior to that, I was at Caltrans for 31 years, 10 of which
25 was as an engineer and the rest in the legal division,

1 leaving there as a Deputy Chief Counsel.

2 So it's always been a pleasure to work with all
3 of you and the program. And I'm glad to be back. Thank
4 you for asking me to fill in, Ian. Happy to do it. And,
5 you know, it's a great, it's a great group, always has
6 been. But you have a really strong team. And, you know, I
7 think we're going to do great things.

8 So thank you.

9 CHAIR RICHARDS: Thank you, Tom.

10 MR. TOLLEFSON: All right. And I am clearly not
11 Mahsa McManus, but did want to introduce her. She's our
12 Chief Administrative Officer. She leads up all of our
13 administrative activities within the Authority. She's been
14 really instrumental in helping to recruit and hire the
15 amazing team that you just heard from.

16 CHAIR RICHARDS: Thanks, Mark.

17 MS. NISONGER: Good morning. I'm Patty Nisonger.
18 I'm the Chief Information Officer. I came to the state
19 after 30 years in private service -- private sector, I
20 should say -- in 2008 with Caltrans.

21 I became the Chief Information Officer here at
22 High-Speed Rail in January of 2017. So, I've also been
23 around a little while.

24 Thank you. Thanks, Patty.

25 MR. TOLLEFSEN: And then, last but not least, we

1 have Carol Dahmen, who is our Chief of Strategic
2 Communications. She has over 30 years of experience in the
3 communications field. Unfortunately, she wasn't able to be
4 here today.

5 But I think, as Ian mentioned, you know, this is
6 our new leadership team here at the Authority. We're
7 really excited to have everyone on Board. We have about
8 three additional hires that we're still working. We're
9 getting very close. But hopefully, by the time our next
10 Board meeting comes around, we'll have some additional news
11 for you all.

12 CHAIR RICHARDS: Thank you, Mark.

13 BOARD MEMBER SCHENK: Tom, just with Carol, it
14 says served Governor Gray Davis. First of all, his name is
15 misspelled. But there was a question about who served who.
16 So, just beware with Carol.

17 CHAIR RICHARDS: Well, welcome to all of you.

18 And so it's a great team, and it would be remiss
19 to not recognize who put this team together, so Ian we
20 couldn't thank you more. The talent that you have put on
21 Board with your team I think is exactly what this project
22 and this Authority needs to move it forward.

23 So, for all of you who came here, there's one
24 thing you do need to know about. Inside the front door at
25 the Authority, if you'll take the chalk, stand up against

1 the wall, and put it right above your head, and then we're
2 going to measure it in about six months. So, Peter's a
3 tall guy right now. I'm not sure where he'll be next. But
4 it's always interesting to see how we grow.

5 So, at any rate, we can't tell you how happy we
6 are that you're here. It was a monumental task for those
7 of you who know what it takes to get people hired at the
8 State of California, the process you go through.

9 I think, Ian, you put together the exact team
10 that you wanted to put together at the outset. Ian has
11 also got a mark on the, he's already about four inches
12 shorter, I think, than I, when I first met him.

13 But at any rate, for Mark, Jamey, Jane, Peter,
14 Emily, Ed, Soon-Sik Lee -- sorry for that -- Ramank, Basem,
15 Tom, Mahsa, Patty, and Carol, welcome from all of us on the
16 Board of Directors.

17 Go ahead.

18 CHIEF EXECUTIVE OFFICER CHOUDRI: All right.
19 Thank you.

20 Moving on to our next, the most critical topic
21 that we are currently working on with the administration
22 and the legislature, is stabilizing the funding for the
23 program. And we know, and everyone knows, that there is a
24 May revision in which there was a proposal from the
25 administration of using cap-and-trade, cap-and-invest as

1 the source to provide stable funding for X number of years.
2 The proposal that went to the legislature was a billion
3 dollars for over 20 years. In the language for us,
4 technically, that means 15, so that's a positive news and a
5 step in the right direction for the program to be able to
6 bring in the private sector and have discussions with them
7 to use this type of funding source to advance the program.
8 It is not -- I would like also to mention that it is not
9 what we needed, but it is moving in the right direction.

10 And I'm hoping that when the results -- when the
11 legislative session is over and the results are in, well,
12 we can get a better dollar amount for a longer period of
13 time. All what we are doing by executing that approach is
14 building in all directions sooner and faster because it
15 stabilizes for private sector a possibility that the state
16 is securitizing the funds so they can go in advance of
17 financing the program.

18 And when we looked at that, as we update, if we
19 do something different than what it is here on the table
20 right now at the legislature, we could build Bakersfield to
21 Merced, Bakersfield to Palmdale, and Bakersfield to
22 Gilroy -- connecting north, south and to Merced --
23 somewhere in the timeframe of 2039, if what we were asking
24 for gets realized.

25 So the good news is it's moving forward. We

1 would like to have even better news that the dollars are
2 different and the period is longer.

3 So that action is moving. I'm personally meeting
4 with anyone who would like to have a discussion with us
5 about our approach and strategy at the legislature. We are
6 more than open to discuss and meet with anyone at any time.

7 During the review of the program, we also -- I
8 came to realize that we have several other issues that were
9 impacting the program in a negative way, and those were
10 more related to not how to construct or build. It was more
11 about regulatory stuff that was getting in the way of how
12 we should advance the program.

13 So what we got there was we didn't have any
14 jurisdictional authorities over how fast we can move the
15 utilities out of the way. We didn't have special courts
16 and appointed judges to process our right-of-way eminent
17 domain cases faster. So we were stuck with one judge
18 somewhere in the Central Valley who was mostly not
19 available. That impacted the program significantly.

20 So we are asking now the legislature to help us
21 in streamlining these actions that I would say will help
22 significantly in two ways. One, if the utilities' owners
23 have some timeframe to get their stuff out of the way, that
24 will give us schedule certainty. So we can actually say --
25 if we say that, hey, we will finish this work in six months

1 and we spend eight months just to get one cable out of the
2 way, I've personally seen cases where we have to pour
3 concrete around the poles that are hanging with one fiber
4 optic cable and that stopped the entire bridge construction
5 for two years. So that's unacceptable for us, for
6 taxpayers. We should not allow that, and my ask is to
7 legislature is to help us in drafting jurisdictional powers
8 for us, because it is a real waste the way we were dealing
9 with utility owners.

10 And all the same as with the right-of-way
11 acquisition and eminent domain cases, we are asking for
12 appointing a special court in Sacramento and appoint a
13 couple of judges who can process our cases faster instead
14 of years and years sitting and waiting.

15 Because what happens with these two things, if
16 they're not solved, the schedule then becomes at risk. So
17 the schedule becomes at risk, consequently cost then
18 changes. Every year we have inflations of four, five
19 percent more. This gets delayed because of these two
20 issues. The schedule becomes unstable, then cost and
21 budget also become unstable. So we are asking our
22 legislative partners to actually help us in solving that.

23 Now, same applies to the environmental permitting
24 reviews. Without getting into details there, that's
25 another area that I came to find out that we lost a lot of

1 time, a lot of time. I'm talking about years because of
2 those permitting processes. Again, that is a state
3 department to another state department. We need to solve
4 that and streamline that process of reviewing.

5 The other thing that we recently -- we did our
6 industry event in January. And since January of this year
7 till today, we have been constantly in conversations with
8 private equity investors who have shown extreme interest in
9 investing in the program and advancing it.

10 Also what we came to realize, that we have this
11 existing bill SB-198 that limits where you can build. So
12 good news that I said earlier that we are getting a billion
13 for 15 years, then we can finance it, but this bill
14 prevents from building anywhere other than Merced to
15 Bakersfield. And if I was to say we need to bring private
16 sector with innovation and good ideas of how to build
17 sooner, better, faster, then we need to open the Central
18 Valley and connecting both towards Palmdale and Gilroy as
19 well.

20 So we are talking to the legislature to help us
21 in modifying the language so the program opens up a bit.
22 So the private investors, when they come in, at least they
23 have flexibility to say, okay, we will do this sequencing
24 in this order in order to connect population centers
25 quicker, and I'm getting a lot of support on that.

1 So those are the legislative actions that have
2 significant impact in improving the program delivery. I
3 said 2039 is if we get all the funding we need for X number
4 of years commitment from the state, we can build the
5 current program, the 171 mile, and then we can also build
6 towards Palmdale and Gilroy by 2039.

7 So that's the good news part. We know where we
8 are going. We know what we need. At this point, we need
9 some help in getting these actions over the finish line
10 with legislators.

11 BOARD MEMBER ESCUTIA: Ian -- may I ask a
12 question, Mr. Chairman?

13 CHAIR RICHARDS: Yes. Go ahead, Martha.

14 BOARD MEMBER ESCUTIA: Yes. With regard to the
15 streamlining the efforts on environmental review, it's my
16 understanding that high-speed rail was exempt from doing
17 CEQA EIRs, I guess, on a going forward basis is, and I
18 assume that that was part of the budget agreement.

19 And so therefore, I assume it must be -- that
20 language must be contained either in the budget or in the
21 two bills. I forget the numbers that were basically the
22 budget bills.

23 Is that your understanding that we did get that
24 exemption from environmental review?

25 CHIEF EXECUTIVE OFFICER CHOUDRI: We did get that

1 for the CEQA process for our new facilities. That's true.

2 When I'm referring to other permits that are
3 during construction that we need from different departments
4 at the state level, that is where the challenges are.

5 BOARD MEMBER ESCUTIA: All right.

6 CHIEF EXECUTIVE OFFICER CHOUDRI: Yeah.

7 BOARD MEMBER ESCUTIA: And so, and I actually do
8 think that especially the idea of having a special panel of
9 judges to deal with eminent domain cases, I think that's a
10 brilliant idea. So if you're talking about legislative
11 actions, the legislature is going to recess for summer, I
12 think in one week, and then they come back in August and
13 all they do is vote on the assembly or senate floor.

14 BOARD MEMBER ESCUTIA: So are you anticipating
15 doing this now at the end of this legislative year? And
16 you could do it, you know, you just have to do some
17 parliamentary procedures, but are you anticipating doing it
18 now or are you anticipating discussing this now in
19 anticipation of introducing the bill in January?

20 CHIEF EXECUTIVE OFFICER CHOUDRI: I'm discussing
21 right now and informing them of the issues and challenges
22 we have on that. If they could do it before January, we
23 definitely would appreciate that. But if not, we are okay
24 even with January, because some of it we are already
25 building into our schedule and cost. But I wish to have,

1 my ideal world is that it is done before January.

2 BOARD MEMBER ESCUTIA: I understand. So
3 therefore -- you know, and maybe your legislative people
4 can answer more -- can answer specifically, but right now
5 is the time to negotiate budget trailer bills. And
6 whatever trailer bill is identified for, say,
7 transportation, you can drop the language there for high-
8 speed rail and it will be voted upon pretty quickly this
9 year, either in August and take effect almost immediately.

10 Is that what your people are doing?

11 CHIEF EXECUTIVE OFFICER CHOUDRI: Yes. Yes.

12 And I'm personally even discussing that to have
13 it in the trailer bill.

14 BOARD MEMBER ESCUTIA: Got it. Okay, thank you.

15 CHAIR RICHARDS: And if I can interrupt for a
16 moment, Assemblymember Carrillo.

17 ASSEMBLYMEMBER CARRILLO: Yeah, just to give you
18 an update, the language in SB-445, which is the winter
19 bill, went into print today. And we did have those
20 conversations earlier today, my office and his office,
21 because originally I believe that it only included land
22 from Merced to Bakersfield.

23 So in having a conversation with him, we asked
24 that the entire line be part of that bill, not just that
25 first sector. So that's moving forward.

1 CHIEF EXECUTIVE OFFICER CHOUDRI: This is a great
2 update. Thank you very much.

3 ASSEMBLYMEMBER CARRILLO: Thank you.

4 CHIEF EXECUTIVE OFFICER CHOUDRI: Yes. This is
5 great.

6 ASSEMBLYMEMBER CARRILLO: Excellent.

7 VICE CHAIR MILLER: And just to follow up on what
8 Martha Escutia was talking about, do you also have language
9 for these other issues?

10 CHIEF EXECUTIVE OFFICER CHOUDRI: We have given
11 high-level -- like four or five lines on what we need,
12 because that's what I was asked, is like, hey, give us an
13 idea and they will do the write-up themselves.

14 CHAIR RICHARDS: Let me ask -- I'm sorry.

15 VICE CHAIR MILLER: Well, I was just going to
16 say, because I know that if you have the actual language
17 that you're looking for, or at least something close to it,
18 it just makes that so much easier.

19 CHIEF EXECUTIVE OFFICER CHOUDRI: When the bill
20 that we -- 445 you said, right. And so that's the Senator
21 Scott Wiener's -- the language came to us, we reviewed it.
22 We made a lot of markups and send it back. And that's the
23 back and forth we are having since last week. So that one
24 hopefully will take care of all, at least three issues that
25 we have. I have been discussing with Senator Wiener myself

1 several times.

2 So they have written the language, you know, that
3 then people provide feedback, and the feedback that we
4 received after the edits, it was not in line with what we
5 were looking for, so we had to redline again and send it
6 back to the Senator.

7 VICE CHAIR MILLER: Okay. But you're working
8 with language, so that's great.

9 CHIEF EXECUTIVE OFFICER CHOUDRI: Yes. Yes.

10 VICE CHAIR MILLER: Okay. Thank you.

11 CHAIR RICHARDS: And if I can just add one other
12 thing for Tom Fellenz, my recollection -- and if you could
13 look into this, especially if I'm not accurate -- when the
14 Authority was granted the NEPA Authority several years ago,
15 I believe that we could have moved forward at that time,
16 future environmental documentation with just NEPA as
17 opposed to NEPA and CEQA.

18 But I think that at that time the Board chose --
19 and this was at a period of time where there were
20 substantial numbers of environmental litigations going
21 on -- that we determined at that point we would continue
22 doing NEPA and CEQA, and I think that we've had the
23 authority to just do NEPA.

24 Is that correct or not?

25 MR. FELLEENZ: No. We never were in a position

1 not to have to perform the CEQA.

2 What we received for some particular facilities
3 in the Central Valley, the heavy maintenance facility,
4 we've gotten an exemption for that. And most of the time
5 the CEQA exemptions are targeted to particular projects or
6 elements of projects.

7 And then the other way is there's statutory
8 exemptions, and so if you fall into that exemption -- one
9 example might be a traffic signal, for example. So you
10 have to get a specific exemption.

11 We didn't have it for CEQA and we still have to
12 do NEPA, it's just that we're the lead on NEPA in place of
13 FRA.

14 CHAIR RICHARDS: Okay.

15 BOARD MEMBER ESCUTIA: Mr. Chairman, I have one
16 last question.

17 CHAIR RICHARDS: Yeah, just Director Ghielmetti.

18 BOARD MEMBER ESCUTIA: Yes. Of course, after.

19 BOARD MEMBER GHIELMETTI: My recollection was
20 that we got a NEPA exemption because we were doing CEQA.

21 CHAIR RICHARDS: Well, we're having to do NEPA,
22 right?

23 BOARD MEMBER GHIELMETTI: Yes.

24 CHAIR RICHARDS: We're having to do NEPA.

25 MR. FELLEENZ: We're the lead on NEPA instead of

1 FRA that was assigned to us from FRA. That happened with
2 Caltrans many years ago.

3 And then we also have some responsibility for
4 other connected transportation projects -- the Los Angeles
5 station, train station there, for example. So we're acting
6 in the shoes of FRA, Federal Railroad Administration. So
7 we have those responsibilities. But that can help with
8 speeding up the process because we're more in control of
9 the pace and the resources applied, Whereas before when FRA
10 was the lead in the NEPA, we had to rely on their
11 management and resource loading of the effort.

12 So we have more control of that and we felt we
13 wanted to have that Authority and ask for it. And we were
14 granted it. And we used the Caltrans example of them
15 having to do that -- them having done that some years
16 earlier, and it seemed to improve the speed in which
17 transportation projects were delivered.

18 CHAIR RICHARDS: Martha, go ahead. I'm sorry.

19 BOARD MEMBER ESCUTIA: Yes. No, thank you, Mr.
20 Chairman.

21 I'm going back to the slide that Ian produced
22 earlier that has the list of all the issues that still need
23 to be addressed.

24 And basically since I come from that, you know,
25 environment of the state legislature, I always get worried

1 that we rely perhaps too much on this and not prepare for
2 what can go wrong. And so I'm hoping -- and I would like
3 to request, you know, Ian -- that his staff get ready that
4 if we don't get every single bullet point here that you
5 need, as well as future, that we start preparing right now
6 a legislative package to introduce come January, and not
7 only from the policy perspective, but also a budgetary
8 strategy come January.

9 So that in January, you know, we have authors
10 already lined up who want to take up, you know, our
11 bills -- and I hope that Mr. Carrillo will be one of them -
12 - as well as others. We have a whole legislative package,
13 you know, ready to go come January, as well as concurrently
14 a budgetary strategy. Because many times when the bills
15 die in policy committee, if we do something very quietly
16 through the budget, it still gets done.

17 So I really would love to see -- I myself out of
18 personal interest -- I would love to see your legislative
19 strategy for January, Ian. Thank you.

20 CHIEF EXECUTIVE OFFICER CHOUDRI: Thank you for
21 that comment. Absolutely. We'll do that.

22 I mean, some of these bills are moving now, as
23 Director Carrillo was saying. So yeah, we'll be ready for
24 that for January, as well. That's a good comment there.

25 So next topic is the update on our engagement

1 with the private sector. When I say private sector,
2 meaning investors who are interested in helping us to get
3 better awareness and understanding, and we are proceeding
4 in that direction while we are not stopping anything that
5 we have to do on our current schedule for building faster.

6 We'll be buying all our commodities and materials
7 this year, and we'll be awarding a contract for track
8 builders to come in Q1, Q2 next year. While we are doing
9 that, we are also engaging the industry from public-private
10 partnership perspective. So I have our strategic advisor
11 here, Brent Butzin. He has been on the program since I
12 came here, maybe the week after.

13 So introduce yourself and then give us an update.

14 MR. BUTZIN: Great. Thanks, Ian. Yeah, Brent
15 Butzin. I'm with Nossaman on the consulting side and
16 Commercial Strategic Advisor to Ian and the Authority team.
17 So that last discussion was actually a very good
18 foundation, I think, for why we're talking about this now.
19 As Ian mentioned, we started broad-based industry outreach
20 back in January with the industry forum. At that time, it
21 wasn't limited to just potential private investors. That
22 was just a small part of it. But the discussions have
23 continued since then, especially in focused areas where the
24 Authority has kind of things coming up in the short term,
25 and we really want to get that feedback. So related to P3

1 public-private partnerships but also track laying systems
2 and those shorter-term priorities.

3 So obviously, the last discussion with the
4 funding changes in the governor's budget and the related
5 proposed legislative changes, that kind of builds up to one
6 of the opportunities now to go back out to private industry
7 and seek their feedback, as well as some other things that
8 are important for them. You know, the cost efficiency
9 reviews, the new organization itself, the new vision, the
10 new approach, and the new operational modeling, both
11 ridership and O&M costs and revenues that will be coming
12 out in the supplemental PER, this is all good information.
13 It makes the time right to go out to the private sector.

14 So we have issued -- it is -- currently live on
15 the streets -- a request for expression of interest, the
16 RFEI, to the private sector and financial institutions for
17 feedback on public-private partnerships broadly and kind of
18 approach to the program. The feedback we're seeking, it's
19 pretty open, but it's also much more targeted than past
20 RFEIs and similar endeavors that the Authority did years
21 ago, you know, because we're looking at benefits and
22 challenges of how we could package -- really how we would
23 bundle and the opportunities in bundling remaining portions
24 of the program. Could be into one or more contracts.

25 But really the goal is, okay, with this new

1 framework, with this new level setting, what are the
2 opportunities for private investment? I think you've heard
3 Ian say that a number of times.

4 Our focus on the feedback we want is obviously on
5 how do we save costs, how do we accelerate delivery of the
6 program, and what are the related commercial and financial
7 requirements that make that possible? I think we know
8 that, you know, one of the legislative proposals is to make
9 changes that would allow the Authority to securitize the
10 revenue stream from cap and invest, which we've never had
11 the ability to do before. We assume that's a threshold
12 issue, but necessary, perhaps not sufficient. So that's
13 the sort of feedback we're going to be looking for from the
14 investment community.

15 If we can go to the next slide.

16 So the opportunities, you know, there are some
17 that are obvious and some that are perhaps less obvious.
18 So we're asking, you know, track and systems, but renewable
19 power generation could be part of that. It could also be a
20 separate opportunity from kind of the larger infrastructure
21 opportunities. Transit-oriented development, how we could
22 monetize that potentially.

23 On the delivery side of public-private
24 partnerships, the civil extensions, the tunnels, how could
25 we do those perhaps faster, cheaper, more efficiently?

1 Other ancillary revenue opportunities, I think some of the
2 early numbers we're seeing on that, a lot of potential and
3 promise there to generate revenue not just from ridership,
4 but of course passenger revenues are part of that as well.

5 So what we're -- you know, with the new package
6 that the Authority is presenting to the world, what does
7 the market and all the folks that we've been talking to,
8 and hopefully a lot of folks who we haven't talked to who
9 are going to now for the first time maybe see what we're
10 doing and come to the table and give us their input.

11 So the RFEI, as I said, it's already on the
12 streets, so there's an address for questions. Of course,
13 we'll answer any questions you have right now. And we
14 included the link, so if you want to go read it yourself,
15 it's there and available.

16 So with that, any questions or anything else?

17 CHAIR RICHARDS: Go ahead, Director Ghielmetti.

18 BOARD MEMBER GHIELMETTI: Thank you, Mr.

19 Chairman. On that one slide, the slide before, I think you
20 had a bullet point number four that talked about design,
21 build, financing. We've had -- I have some questions about
22 doing a design-build program again. We got hurt very
23 badly, I think, on the construction projects we're
24 currently working on, so you're going to have to sell me
25 that that's the right way to go.

1 CHIEF EXECUTIVE OFFICER CHOUDRI: I think, you
2 know, I need to put this in perspective.

3 Design-build, finance, operate, and maintain is
4 the true P3 partnership that you will be looking for. How
5 they deliver, this is the composition of how the P3
6 partnership will work. How they deliver is going to be
7 then up to them to choose the best competitive method to
8 bring on the contractors that they want to propose.

9 But this is just the method of framing, saying
10 design-build, finance, operate, and maintain is in its
11 entirety is the real P3.

12 MR. BUTZIN: But it could be any combination of
13 those things. I think that design-build is one delivery
14 type and on kind of the spectrum to full DBFOM. You could
15 have DBOM that does or does not include private finance.
16 So there's models for any combination of those. I think
17 the design build experience that the Authority has had
18 would likely be very different from if you were to do a
19 design-build, finance, operate, maintain just in terms of
20 the risk.

21 You know, one of the things we've asked for
22 feedback on is the transfer of integration and interface
23 risks. The design-build doesn't even attempt to be, but
24 potentially depending on how it was packaged up and the
25 degree to which a partner was responsible for operations or

1 maintenance of those assets, the term of that, how much
2 life cycle responsibility they take on, they could
3 potentially have a very different view on design and
4 construction than what we've had in the past.

5 BOARD MEMBER GHIELMETTI: My comfort level is
6 around design-bid-build. So we know exactly what we're
7 doing. I just want to bring that up front.

8 MR. BUTZIN: Understood.

9 VICE CHAIR MILLER: I would reiterate that.

10 CHAIR RICHARDS: Yeah, I think there's a pretty
11 strong -- I don't want to call it a consensus, but it's a
12 pretty strong feeling with regards to the bid in between
13 the design and the build. So I'm not suggesting that that
14 we're sitting here saying we know more than you do, but I
15 would be certainly interested in knowing what would be the
16 positives and the negatives of a design-bid-build P3
17 arrangement as opposed to just a design-build.

18 MR. BUTZIN: Yeah. And I think we're happy to
19 come back and have a more detailed discussion on any of
20 that. There'd be a delivery analysis associated with
21 anything that the Board would see. I mean, the short
22 answer on design bid build, the reason we wouldn't do that
23 would generally be schedule. So it takes longer to take
24 something to full design.

25 CHAIR RICHARDS: Yeah. But I mean, we more or

1 less heard that before. The challenge with design-build
2 was the liability that we ended up with that we didn't
3 contract for at the outset, and that's the big challenge
4 that we would have in trying to understand how this could
5 work in a different model than the way it had worked for
6 us.

7 CHIEF EXECUTIVE OFFICER CHOUDRI: Yes. I think
8 we should bring that back to you. In a P3 world, saying
9 that you bring a partner in who brings all the consortium
10 in that is all vertical delivery of every aspect from
11 engineering, planning, construction, startup, testing,
12 commissioning, operations, and maintenance, we leave that
13 flexibility in the program so that they can do the
14 innovation and they can come with better ideas to build
15 faster.

16 Though I think we are having a discussion on if
17 we were not in the P3 world, how do we procure future civil
18 work packages? And the experience from the past is what is
19 driving our conversation now.

20 CHAIR RICHARDS: Exactly.

21 CHIEF EXECUTIVE OFFICER CHOUDRI: In the world of
22 P3 is slightly different. I think we should come back and
23 explain that better with the analysis on how it works. I
24 will take that action.

25 CHAIR RICHARDS: Okay. Thank you.

1 MR. BUTZIN: And I would add too, P3 or not P3 is
2 not -- we still have to deal with kind of the larger early
3 work strategy that I know you've heard about right away in
4 utilities. It doesn't solve that. So it's an all of the
5 above.

6 CHAIR RICHARDS: Thank you, then.

7 BOARD MEMBER CAMACHO: One question, Tom.

8 CHAIR RICHARDS: Yes, go ahead, Director Camacho.

9 BOARD MEMBER CAMACHO: I think what Jim was
10 referring to is a design-build, just the ones that we have
11 in C P2-3, CP1 and CP4. And I think we've had a horrible
12 experience with those contracts, and we continue to pay for
13 them. So sometimes it's better to do the delay rather than
14 spend the money.

15 I would have a better time trying to justify a
16 delay rather than saying we are 30 times over budget, so I
17 just want to reiterate what Jim said, because I don't
18 support a design-build either.

19 Thank you.

20 CHAIR RICHARDS: And of course, it all got
21 complicated because we didn't have the right-of-way. We
22 didn't have the environmental clearances. So I think we
23 all around this table, and whether we were here at the time
24 or not -- the decisions were made in response to
25 requirements of grants. And that drove the direction in

1 moving this project forward to construction before I think
2 any of us would have comfortably done it in any other
3 setting.

4 BOARD MEMBER CAMACHO: Sure.

5 CHAIR RICHARDS: So the idea of entering into
6 what we had to enter into without having the scope fully
7 defined is part of the reason that the results have been
8 what they've been. Yeah.

9 Okay.

10 CHAIR RICHARDS: Thank you, Tom.

11 CHIEF EXECUTIVE OFFICER CHOUDRI: Okay. Next
12 update.

13 So we were talking in the previous presentation
14 about getting ready to receive materials that we previously
15 defined as commoditized materials in order to accelerate.
16 Everything we will be discussing from here until we finish
17 building tracks is always going to be about schedule and
18 cost optimization. Nothing else is important for us more
19 than that.

20 So what we are doing now, like we said in the
21 previous Board meeting is all the commoditized material
22 that does not really require any input from any contractor.
23 The rail is a rail and it's going to be the same rail. It
24 doesn't really matter. We are putting those procurements
25 forward. We'll come to the Board in August with that. And

1 while we're doing that, we are also preparing a place where
2 we can store all this material, right?

3 So in January, if you all recall, we were with
4 the governor where we did the kickoff of our railhead
5 project. It is in progress and we have a lot of good news
6 there. It is staying on schedule for what we wanted. And
7 I have Bassem here who will give us an update because he's
8 responsible for me to make sure that construction gets done
9 this year.

10 MR. MUALLEM: Good morning, Mr. Chairman, members
11 of the Board, Basem Muallem, Statewide Regional Director.

12 Earlier Mr. Walker talked briefly about the
13 expenditures, briefly talked about the rail, the railhead
14 update. So I just want to give you a quick recap.

15 So the railhead project, as Ian mentioned, you
16 know, it's a storage facility and it really marks the start
17 of Authority's track and system work.

18 This work started in January of this year, 2025.
19 It's located -- the railhead is located in the city of
20 Wasco, and it's roughly around 150 acres that we, the
21 Authority, owns. It's about 10 miles of siding and storage
22 track that will feed into the 150 acres. And it is, as we
23 said, it's a facility that is there to receive all the
24 various commodities, which is rail, tracks, ballast, OCS,
25 and so on. So all those commodities will be in place and

1 stored in the railhead.

2 Second slide.

3 So the civil work, as you can see in the slide,
4 was completed two months ago, back in May.

5 And what it is, is we put some ballast -- we put
6 in some six-inch base material so that we can clear the
7 side, so that we can make it ready for the storage and the
8 siding that we're going to be putting in there. We have
9 partnered with BNSF to do this work, and they've really,
10 really come through. They're working diligently, very,
11 very hard. I reported this earlier this year to you, and
12 we were in the planning phase, in the beginning phase. If
13 you come now and look at it, it is amazing.

14 So if you see the next slide, so far you can see
15 all the rail that we have placed, about 1.25 miles of track
16 as of earlier this month, July 7th, and they're still
17 ongoing. They're working 8, 10, 12 hours a day.

18 If you come back in September of this year, it's
19 going to be complete. So in two more months, we are on
20 target to do what we promised that we were going to do.
21 And again, it's a railhead facility. It's a place to store
22 the commodities, store the materials. And ultimately what
23 we are going to do is we are working with BNSF to complete
24 the design of the 150-acre.

25 So once all the rail is placed and all 10 miles

1 of it is placed, then we are working with BNSF so that they
2 can develop the entire 150-acre site with fencing,
3 detention basins, side roads. We're looking at putting a
4 big shed that can house some of the expensive materials
5 like copper and so on. So all that work is ongoing, and we
6 are on target to complete that. We are looking working
7 with our procurement office so that we can have the
8 commodities on site by Q2 of 2026, and to be followed and
9 the work will commence in Q3 of 2026. So it's really
10 within target, within reach.

11 I just want to emphasize that our charter where
12 we promised we're going to do things cheaper, faster, and
13 more economically, I think the railhead exemplifies that.
14 I think it goes along with that vision. We are in the
15 driver's seat. We are controlling the scope, cost, and
16 schedule for the project. There is no middleman and there
17 is no overhead cost. We decide.

18 So with that, this completes my presentation.
19 Thank you.

20 BOARD MEMBER CAMACHO: A quick question, Tom.

21 CHAIR RICHARDS: Go ahead, Director Camacho.

22 BOARD MEMBER CAMACHO: Who's laying that rail?

23 MR. MUALLEM: BNSF.

24 CHAIR RICHARDS: BNSF.

25 BOARD MEMBER CAMACHO: Okay. Thank you.

1 MR. MUALLEM: BNSF. And they have their
2 subcontractors on site, but basically they're controlling
3 the project.

4 CHIEF EXECUTIVE OFFICER CHOUDRI: And one more
5 comment on this railhead, so it's clarity to just make sure
6 that everyone understands. This railhead connects us to
7 the freight line that is connected to the rest of the
8 country. And so when we bring commodities from different
9 states that we need, we don't need to put those on trucks
10 on the highways. And cost issues, emission issues, they're
11 all getting resolved with this strategy to bring the trains
12 directly into our own yard.

13 We will have one here and then further north in
14 Fresno, we'll have another one. We are kind of going
15 through assessment on that and that will be the second
16 railhead that we will use.

17 Thanks, Basem.

18 MR. MUALLEM: And just one more comment I failed
19 to mention that we're going to start the work with CP4 that
20 we have completed at 22 miles and we're going to head
21 north. So once that's done, we're going to go to CP23.
22 Ultimately, CP1 will do the whole 119 miles, ultimately the
23 171 miles. Thank you.

24 CHAIR RICHARDS: Thank you, Basem.

25 CHIEF EXECUTIVE OFFICER CHOUDRI: With that, I

1 would like to invite now Emily Morrison to talk about
2 what's coming next to the Board in August and what she has
3 been busy doing for the last three months.

4 MS. MORRISON: Thank you. I appreciate that.
5 Chair Richards, Vice Chair Miller, members of the Board.
6 Thank you so much for having me here today.

7 So a couple of things we're tracking for
8 procurement. We are proceeding with our multiple ward task
9 order contract in order for us to tap into small businesses
10 down in the valley to support, you know, the remaining
11 construction work that we have. There's additional descope
12 work off of CP 4 along with work that will be occurring in
13 CP 1, CP 2-3. So putting a MATOC in place, having bench
14 type contracts like the federal government does, allows us
15 to fast track our procurement timelines.

16 Going from a task order basis instead of doing
17 individual contracts where we're doing the procurement life
18 cycle, we're able to shorten timelines even down to 30 days
19 for stuff as simple as pouring a concrete pad -- you know,
20 putting up fence work -- simple work that we also want to
21 get out directly to these small businesses to support small
22 businesses in the area. It helps us reduce costs by
23 avoiding prime overhead rates. And it gets us the
24 opportunity to do this faster.

25 So we are establishing a MATOC. This is going to

1 be a five-year ordering period for this MATOC. The maximum
2 typically is going to be a \$15 million task order ceiling
3 on each individual task orders. This is typically, again,
4 modeling off of federal contracting that bonding capacity
5 for some of these small businesses. We want small
6 businesses to want to participate in this.

7 The plan, what we're going to do is going to be
8 doing four separate pools. We're going to do a pool of
9 large business contractors to allow us when there is
10 complicated work that we're trying to streamline, we can
11 tap in, we can still utilize large businesses. That large
12 business pool will still be subjected to our small business
13 goals, so making sure that even when we utilize large
14 business, we will still meet our small business goals for
15 that.

16 We're going to have two small business pools, one
17 on the northern end of the alignment and then the southern
18 end. Typically what I've noticed is if you make the
19 geographic region too large, some of those small businesses
20 just don't have the means and methods to be going all the
21 way down from Fresno to Bakersfield. So splitting that up,
22 allowing them to compete in their designated geographic
23 locations.

24 And then lastly, we're going to be doing a
25 utility relocation pool. This will allow us to go directly

1 to the utility vendors that we have already pre-approved,
2 PG&E and so on. Those will be able to go directly to them
3 and ultimately fast-track utility relocations.

4 So kind of talking real quick about what is the
5 MATOC. It stands for Multiple Award Task Order Contract.
6 You know, it allows us to, like I said, tap into those task
7 order ability, large procurement, cost savings, saving
8 time.

9 Yes. Everything I've already said.

10 Okay. Next slide.

11 Let's see. Increased opportunities, capacity
12 building. The other thing is it also helps foster
13 relationships with the small businesses in the local area.
14 Helps get them excited to participate. Sometimes I think
15 small businesses get locked out of being able to
16 participate when they're competing with others on these,
17 you know, big prime contracts.

18 The funding specifically, there's no funding
19 allocation. This is -- again, this is a procurement
20 mechanism to allow us to just streamline and go faster. So
21 we're not looking at any additional funds or so on outside
22 of what we would normally do for our capital and operating
23 budgets.

24 Next slide.

25 Okay. Like I said, maintain high standards,

1 build strong relationships, increase organization, and then
2 continuous improvement. There is a little blurb of all of
3 the things that this MATOC will include. It's pretty all-
4 encompassing.

5 You know, we don't want to be restrictive, so
6 some of the things that are listed are definitely not stuff
7 that we have slated right now, but it's stuff to include,
8 you know, a possibility in the future. Removable
9 buildings, you know, construction, design elements, land
10 surveying, geotechnical investigations, looking at, you
11 know, a variety of things, landscaping, fencing, specialty
12 trade. Gives us kind of a broad brush, hey, anything we
13 could think of, we can kind of put under that.

14 Next slide.

15 And then lastly, you know, a really good
16 mechanism that we have that I've done in the past for IDIQs
17 that I've put in place is on-ramp and off-ramp procedures.
18 This is kind of very procedural, but just to address
19 sometimes there is difficulty with new small businesses in
20 the area that had been locked out in the beginning because
21 they weren't -- you know, they weren't able to participate
22 when the MATOC was established, or small businesses that
23 essentially decided to go a different way, you know,
24 decided they don't want to participate anymore.

25 By doing on-ramp, off-ramp procedures, it doesn't

1 lock us into only certain small businesses for the entirety
2 of five years. We can then tap new businesses to on-ramp
3 them or on-ramp, off-ramp folks that are no longer
4 interested in participating.

5 I've posted here what our current schedule is as
6 well. We did release the RFEI last month. We are
7 reviewing those submissions this month. We are going to be
8 posting the actual formal RFP next month with evaluation
9 from September, October, and anticipated award December.
10 Hopefully a little bit earlier -- maybe time permitting, we
11 can possibly see a November timeframe -- but definitely
12 before December, which will help set us up on track for,
13 you know, the railhead being ready to go, our material
14 procurements ready to go, and start cleaning up that
15 remaining descope work that's down in CP4 so that we can
16 start laying track.

17 Next slide.

18 And then, you know, wrapping in, this is our
19 material procurements that we're currently working on that
20 we -- I am coming to the Board for formal approval next
21 month, is that we're looking to procure in advance the
22 ballast, the concrete ties, the OCS contact wire, the OCS
23 poles, the rail, and the fiber optic cable.

24 The moral of the story is we are trying to avoid
25 long-lead items. What I've seen previously in contracts is

1 you'll get a contractor on board, and there is a 12-month
2 long lead for an item that you need that's critical path,
3 and you have the contractor on Board, and they can't do
4 anything about it.

5 So what we're trying to do is offset any sort of
6 delays to procure, get contracts in place in advance. We
7 are not going to be stockpiling mass quantities at the
8 railhead. We are going to be getting enough quantity for
9 each item so that they can do approximately two to four
10 weeks' worth of work, but also kind of scheduling and
11 sequencing, you know, based on some of these lead times
12 that we have up here to make sure we -- maybe we need to
13 order a little bit more of one quantity versus another in
14 anticipation for, you know, longer lead times down the
15 road.

16 So ballast, concrete ties, contact wire, the
17 poles, the rail, the fiber optic cables. We are going to
18 be putting the solicitation out on the market starting --
19 these are all going to be separate contracts, so it's not
20 just one big contract. These will be separate contracts
21 that will start in August. We'll probably see they don't
22 all go out on the same day, but, you know, over the course
23 of a week or two. And we're looking to get these awards --
24 we can get these awards finalized pretty quickly because
25 they're commoditized materials. There isn't long back and

1 forth.

2 And then we will start placing orders in
3 anticipation based on what the lead time is. So in any
4 event, if the rail is a eight month lead time, we will make
5 sure we place that order in advance to have everything
6 sequenced for quarter two of 26.

7 Do you have any questions on the MATOC and or the
8 materials procurement? Again, I will have more information
9 specifics for the materials when I formally come to you on
10 the Board in next month.

11 BOARD MEMBER CAMACHO: Yes. I have a couple of
12 questions. The MATOC, are those for professional services
13 or the construction?

14 MS. MORRISON: Construction only. So for
15 professional services, we are actually working on an
16 architect engineer IDIQ as well. We're in the works.
17 We're building that. We are slated to have that
18 essentially solicit that in toward the end of 25 is what
19 we're currently looking at.

20 BOARD MEMBER CAMACHO: Are we -- we're requiring
21 bonding as well for construction, correct?

22 MS. MORRISON: Correct.

23 BOARD MEMBER CAMACHO: Okay. How does a -- how
24 does an individual or a firm become a MATOC vendor and have
25 his bond just sitting there waiting for work to come?

1 Because then it's eating up his capacity.

2 MS. MORRISON: So typically the bond, when we,
3 they're going to give us what generally they've been able
4 to bond for in the past. When they present their bond,
5 it's not being held at the whole -- because that would be
6 too many people with it. It's going to be when we put our
7 task order out. That's when the bonding capacity is going
8 to be based off of the individual task order. We're not
9 going to have them maximize it at 15 million across the
10 length of the five years.

11 BOARD MEMBER CAMACHO: Okay. Could I get a copy
12 of this presentation that you just made to us?

13 MS. MORRISON: Absolutely. Yes.

14 BOARD MEMBER CAMACHO: Yeah. I never did get a
15 copy of that. So if I could get a copy email to me, that
16 would be wonderful.

17 MS. MORRISON: Absolutely. Not a problem.

18 BOARD MEMBER CAMACHO: Thank you.

19 BOARD MEMBER PEREA: I have a question.

20 CHAIR RICHARDS: Go ahead, Henry.

21 BOARD MEMBER PEREA: Just to get an understanding
22 of how this new structure is working internally. I mean,
23 first, thank you for the information. It's very, very
24 helpful.

25 How internally are you working with other

1 directors or leadership team members that we met today?
2 For example, our head of construction or a regional
3 director, it seems to me they have a pretty significant
4 role in the discussion of all of this. How do you all
5 interact?

6 MS. MORRISON: Absolutely. So, you know, we have
7 our new Chief of Construction who's brand new as of last
8 week, and as -- along with our Chief of Planning and
9 Engineering, we've actually already discussed what a MATOC
10 typically what we would be looking at.

11 My involvement, you know, procurement's
12 involvement with Chief of Construction is also trying to
13 schedule what we can put on the MATOC to help streamline.
14 So right now we've been kind of working with the folks with
15 the remaining work for CP 4 in advance before they -- you
16 know, before we have our new chiefs here.

17 But we are working with them. Typically
18 procurement works very hand in hand with engineering and
19 construction to make sure we're all on the same page for
20 what's coming down the line. Are we sequencing these
21 correctly and then making sure that, you know, the MATOC
22 is -- and typically projects of this nature small, you
23 know, I say that we have, you know, up to 15 million, but
24 traditionally we're not going to be seeing projects 15
25 million, 15 million. It's going to be 100,000, 200,000,

1 50,000. You know, I've done task orders on a MATOC as low
2 as like \$10,000.

3 It's just being able to that ability and
4 flexibility and nimbleness to just get something done very
5 quickly so that it doesn't delay any other -- you know, you
6 have to pour this concrete pad in order for them to do X,
7 Y, Z. That's doing these long contracts then just pushes
8 this out further. I would rather just, you know, call,
9 hey, this is who we have on our MATOC. We send it out.
10 People who are interested can bid and we can get this done
11 in 30 days. Because they can come right out and, you know,
12 mobilize and we're done.

13 BOARD MEMBER PEREA: So, well, that's, that's
14 really great to hear. Because you know, I -- you know,
15 having been on this Board since 2019, I know sometimes we
16 had experiences where, I mean, we all talk, you know,
17 before or after meetings and sometimes the frustration of
18 some of the administrative team was one silo wasn't talking
19 to the other, and it created delays and, and, you know,
20 other just internal organizational issues.

21 So it's, I mean, it's critical and I know, you
22 know, I can tell by the team that you all are talking to
23 each other and you understand the end goal. So, I mean,
24 that's great. Thank you.

25 MS. MORRISON: Absolutely.

1 CHAIR RICHARDS: Vice Chair Miller?

2 VICE CHAIR MILLER: Just a couple of questions.
3 That's a great presentation.

4 On the -- so let's say I'm a surveyor and I want
5 to provide a bid. I can just pick one of the services that
6 you're looking for, right? You're not asking for
7 multiple --

8 MS. MORRISON: Correct. We're still -- we're
9 doing some finalization right now of how -- so typically
10 what you would do is a sample project. But if I did one
11 straight sample project, it's going to eliminate certain
12 offers versus another. We're really going to be focusing
13 on qualifications, you know, to vet these folks rather than
14 picking people off on price.

15 VICE CHAIR MILLER: Okay.

16 MS. MORRISON: I want to make sure we have a
17 variety of contractors who would want to bid.

18 They're not required. So if you have a land
19 surveyor who gets on the MATOC -- now, generally a lot of
20 parties that do are really small, general contractors.
21 It's going to, it's going to be a -- the majority of them
22 is going to be small, but you'll get land surveys. You'll
23 get people who do fencing, specialize in concrete.

24 And what we'll do is we'll make sure that we can
25 incorporate all of those folks when they are bidding on it

1 and looking at their qualifications versus this is just one
2 -- one project. If you can't meet it, you're right.
3 You're not -- you're not eligible.

4 VICE CHAIR MILLER: And so then when do you get
5 to price?

6 MS. MORRISON: When do you get to price? So
7 typically it's -- it's just considered price fair and
8 reasonable. Pricing is always negotiated at the task order
9 level.

10 VICE CHAIR MILLER: So that's when you'll do
11 pricing.

12 MS. MORRISON: Correct.

13 VICE CHAIR MILLER: Okay. And then on your on-
14 ramp, off-ramp, is it like a continuing procurement or how
15 do you do the on-ramp?

16 MS. MORRISON: So my traditional experience with
17 on-ramp is that we reevaluate at a yearly basis to see if
18 we have enough folks to bid.

19 VICE CHAIR MILLER: Now, if there is significant
20 mark, like market increase and, or there's a, you know, a
21 lot of vendors that are new to the area that want to bid,
22 we will, we can, it's not any sort of set at a year. We're
23 going to evaluate.

24 It's an ongoing -- when I look at procurements,
25 it's an ongoing process of market research. When you award

1 a procurement or have a mechanism in place, it's not done.
2 You're still constantly evaluating the market and whether
3 or not that they are able to successfully participate. So
4 I've seen something where you never on-ramp to contractor
5 because there just wasn't much interest to add new folks.
6 Or I've seen it where you had contractors on -- you know,
7 essentially when the initial, they fizzled out, they didn't
8 want to participate, and we had an on-ramp new contractors
9 very quickly if we were getting non-participation from the
10 vendors.

11 And that typically looks like when we're putting
12 out new task orders and we're getting zero or one response,
13 that typically indicates the pool that I have is not what
14 I'm looking for and I can go back out.

15 VICE CHAIR MILLER: Okay.

16 MS. MORRISON: And I'm not restricting myself.
17 Sometimes the federal government will have restrictions on
18 the number of vendors that they will allow on a pool
19 because they have a little bit of different sets of rules
20 for guaranteed minimums and maximums. What I'm essentially
21 proposing is I'm not -- the goal isn't to eliminate as many
22 people as I can. It's to get as much participation as
23 possible.

24 VICE CHAIR MILLER: Okay. My other question --
25 my last question is on the commodities. That's another

1 where you wait on price. You're just getting an eligible
2 or are you looking --

3 MS. MORRISON: Commodities is price. It is price
4 because commoditized materials, we need that price up front
5 and we are going to negotiate that price on the onset along
6 with escalation rates for kind of a cost control measure.

7 Not all of the procurements are going to be the
8 exact -- so how we do the actual contract for rail is
9 actually going to look different than the contract for
10 ballast because ballast, based on -- and this is more
11 market information -- but it's -- they're not -- it's
12 apples and oranges. So those contracts are going to look
13 different, but all of them are going to have pricing. We
14 don't want to kick that can down the road for pricing
15 because typically on that type, you can end up having
16 massive escalations and or unreasonable pricing.

17 VICE CHAIR MILLER: Right. And so is that five
18 years like the other, the five year --

19 MS. MORRISON: I have to finalize. So next
20 month, when I come to the Board, we'll have a finalization
21 on what that looks like. It depends on what our industry
22 feedback is.

23 VICE CHAIR MILLER: Okay.

24 MS. MORRISON: Some contracts, you may only be
25 able to lock in rates for three years. Three years is

1 typically the minimum, but we are shooting for longer five,
2 eight, 10, or so on, depending on what market is willing to
3 give us.

4 CHAIR RICHARDS: Thanks. Thanks, Nancy. Thank
5 you very much.

6 MS. MORRISON: Any other questions? Okay. Thank
7 you so much.

8 CHAIR RICHARDS: Great.

9 CHIEF EXECUTIVE OFFICER CHOUDRI: So this
10 concludes the CEO presentation. I don't know if you have
11 any questions.

12 CHAIR RICHARDS: No.

13 Go ahead, Nancy.

14 VICE CHAIR MILLER: The PUR, is that coming in
15 August?

16 CHIEF EXECUTIVE OFFICER CHOUDRI: Yes.

17 VICE CHAIR MILLER: I want to whisper it almost.

18 CHIEF EXECUTIVE OFFICER CHOUDRI: The
19 supplemental update on the Project Update Report that we
20 promised that will include all estimates, new ridership,
21 new schedule, conditionality on what we talked about, the
22 four legislative actions that we need, everything should be
23 ready by end of this month, month of July and available
24 soon.

25 CHAIR RICHARDS: Jamey?

1 BOARD MEMBER PEREA: Mr. Chairman, I have one.

2 CHAIR RICHARDS: Yes, go ahead.

3 BOARD MEMBER PEREA: Yeah. Just to follow up on
4 something Member Escutia had brought up regarding the
5 legislative actions, and she made a great point. And I was
6 glad that the assemblyman was here to say he is going to be
7 moving some of that information now, but I'm sure some of
8 these things will not be moved until maybe the next
9 session. So would it be our director of communications,
10 not communications, but legislative that will be preparing
11 the action items for the next session?

12 CHIEF EXECUTIVE OFFICER CHOUDRI: Yes, and a lot
13 of other team members with the Leg Department. So what
14 will happen is that when we put our supplemental PUR out
15 and these actions are not done yet, we will put those
16 footnotes and let everyone know that these costs and
17 schedule are tied to other actions. If those actions are
18 not yet done, then we will need to update everything else
19 again, especially if I don't get the right-of-way or the
20 judges or utility thing, then the schedule cannot be the
21 one that we can commit to.

22 BOARD MEMBER PEREA: Right. But I guess Member
23 Escutia was suggesting, and it makes sense, that for those
24 things that we can't get done immediately, that we start
25 positioning for the next session. And we actually have

1 legislation that's crafted, authors who are going to be
2 moving the legislation forward for us. We need to know
3 what that is and who's going to be carrying it and what we
4 need to start making that happen.

5 CHIEF EXECUTIVE OFFICER CHOUDRI: It will go
6 through our Legislature Chief.

7 BOARD MEMBER PEREA: Okay. Yeah. So when will
8 we be able to see that as a Board in September, October?

9 CHIEF EXECUTIVE OFFICER CHOUDRI: Well, so the
10 one that Director Perea was mentioning that utilities and
11 SB-198 and right-of-way stuff is already.

12 BOARD MEMBER PEREA: That's already happening
13 now.

14 CHIEF EXECUTIVE OFFICER CHOUDRI: Yes. That's
15 only the one SB-198 opening up. I have personally
16 discussed that with the Senate and Assembly members up
17 until last night. I'm hoping if that one doesn't get
18 modified and changed now, I'm hoping that we can draft up
19 the language for that for January and we will have the
20 draft ready for Board review.

21 CHAIR RICHARDS: Thank you.

22 Yes, Jamey.

23 CHIEF FINANCIAL OFFICER MATALKA: Yes. One item
24 just to close out our last, I'll just go straight to the
25 last slide.

1 Per our Board policy, we have a responsibility to
2 report to the Board when we utilize contingency greater
3 than \$25 million. We've done that on CP1, a design
4 services impact resolution change order 607, which is very
5 timely considering the conversation that we've been just
6 having on the lack of jurisdictional authority with third
7 parties and utilities.

8 This change order settled all disputes and claims
9 related to additional design services, increased
10 engineering support during construction and design
11 overhead-related costs incurred by TPZP, our CP 1 design
12 builder. To keep the job progressing due to excessive
13 third-party comments and prolonged design review processes
14 beyond what could have been reasonably anticipated at the
15 time of bid.

16 This resolved \$33.5 million. The claim came in
17 at \$57 million, so we did a fantastic job of solving this
18 at a 41 percent reduction. It has no impact to the
19 substantial completion date.

20 Happy to answer any questions.

21 CHAIR RICHARDS: Any questions for Jamey on that?

22 All right, Jamey, thank you.

23 Ian, your turn.

24 CHIEF EXECUTIVE OFFICER CHOUDRI: One last
25 comment on what Jamey just said is, so we are driving, you

1 heard from the team, all of our chiefs here, a different
2 level of how we are organized now is different than before.

3 One important thing that Director Ghielmetti was
4 asking about is the schedule of completion of the
5 construction that is currently ongoing. That is something
6 that we deal with every day to make sure it is our goal.
7 Our goal is to start laying tracks next year at some point
8 in time. By the time we do that, we want anything related
9 to the civil works that will stand in the way of laying
10 tracks, be out of the way by the end of 2026, and that is
11 what I discuss with the executive leadership of the
12 contractors myself almost on a weekly basis.

13 That is the goal. That's where we're going to
14 go. When we start laying tracks, the civil contractors by
15 that time should not be in the way. And we are driving it
16 in that direction so that we can do the 120 miles as fast
17 as we can. If we put all the right mechanisms in place, we
18 can do somewhere in the proximity of a mile every day or
19 two. That's the goal, and that's what our team is driven
20 from, is getting the track laid as fast as they can.

21 That's the last comment I have.

22 BOARD MEMBER ESCUTIA: I have a question, Mr.
23 Chairman.

24 CHAIR RICHARDS: Yes, Director?

25 BOARD MEMBER ESCUTIA: Can Jamey go back to the

1 previous slide, because it pricked my ears because I think
2 it mentioned change orders.

3 CHIEF FINANCIAL OFFICER MATALKA: Yes.

4 BOARD MEMBER ESCUTIA: All right. Change order.
5 And this is for 33 million.

6 CHIEF FINANCIAL OFFICER MATALKA: Yes. 33.5
7 million are CP 1, Design-Builder Tutor Perini, Zachry and
8 Parsons.

9 BOARD MEMBER ESCUTIA: Is that the only change
10 order we're going to get from these Tutor people?

11 CHIEF EXECUTIVE OFFICER CHOUDRI: We cannot tell
12 you that. For now, this is the only one.

13 BOARD MEMBER ESCUTIA: Okay. Well, then let me
14 just put it on the table then, and I might make this into a
15 motion. I would love to see it, whether CP 1, CP 2-3, CP4,
16 I would love to see all the change orders that are out
17 there outstanding, and for what amount? Because I would
18 like to find out what we are on the hook for. Can that be
19 done?

20 CHIEF EXECUTIVE OFFICER CHOUDRI: No. We
21 literally -- I mean, change orders are not something that
22 is an agreed amount. The contractor proposes occurrence of
23 an event that they think is a change, then it goes through
24 the whole lengthy process of back and forth, and it
25 sometime is denied. The other times, it's a different

1 number as the outcome, if the Authority team recognizes
2 that the change order legitimacy is not exactly how they
3 present it, so we just don't have that.

4 BOARD MEMBER ESCUTIA: No. No, you do have, you
5 do know exactly how much you're in the hook for. I'm not
6 asking for you to stop your negotiations. I'm just asking
7 for transparency and seeing what is out there.

8 BOARD MEMBER COHEN: Can I clarify? I'll take a
9 shot at it because just through my own lens here, Board
10 members, change orders aren't in, they're not invoices.
11 They're just, the contractor is saying, we believe there
12 was a change in scope of work, and this is what it looked
13 like, and this is what it costs us. And then the High-
14 Speed Rail CEO and team looks at that and decides if they
15 agree, disagree, but it's not a bill, and it's not an
16 invoice, and it's not an agreed upon amount of money that
17 high-speed rail will pay.

18 So there's change orders happening all the time
19 and being submitted, I imagine, very fluidly to High-Speed
20 Rail. And then the team is constantly looking at them,
21 constantly negotiating them, constantly accepting,
22 rejecting, et cetera. And that's just a very natural and
23 complicated but normal part of it.

24 And that's why I think it would be very
25 difficult, if not impossible, to just lay out, here's all

1 the change orders, because it's not accurate reflection of
2 what we are on the hook for in any way.

3 BOARD MEMBER ESCUTIA: Thank you, Assemblywoman.
4 I'm trying to promote you now.

5 BOARD MEMBER COHEN: I'll take it. No, I will
6 not take it. I will not take it.

7 BOARD MEMBER ESCUTIA: Thank you, Board Member
8 Cohen.

9 And by the way, my last name is pronounced
10 Escutia. Not Escutia. Escutia. That's a problem I've
11 been having with our chairman for years now.

12 CHAIR RICHARDS: And I love you for it.

13 BOARD MEMBER COHEN: I want to blame the
14 Chairman, but I know better.

15 BOARD MEMBER ESCUTIA: Please. I understand what
16 you just have said, and I'm not a neophyte to this issue.
17 I was a chairwoman of the Alameda Corridor Transportation
18 Committee, you know, that created that huge thing. So I
19 know what change orders are.

20 And frankly, I know that it's like being in
21 quicksand. I know it's constantly changing. And I know
22 that for right now, what the contractors are submitting are
23 what they think are -- it's like, in a way, they're putting
24 guardrails, they're putting limits as to -- and I
25 understand that it's going to be negotiated down. It

1 should be. Unless the change order is truly legitimate.
2 And I understand that for purposes of time delay, in which
3 we are at that's legitimate.

4 What I'm just saying here is that I would love to
5 see a discussion, not -- you know, obviously it's not a
6 bill. It's just, I would love to see a discussion as to
7 what is out there that contractors think that they are owed
8 additional money for. I would love to see that. I'm just
9 asking this on behalf of transparency, you know, and I
10 frankly think that no one here in this Board should deny
11 access to that information, at least to me. If you want me
12 to see it privately, I will.

13 I frankly believe that a Board that is very
14 informed about this, as an entire Board, is an informed
15 Board, and an informed Board is a good thing.

16 CHAIR RICHARDS: And you're making all good
17 points, Director, and I'm not going to say your last name
18 because I don't want you to get on me again.

19 BOARD MEMBER ESCUTIA: Escutia.

20 CHAIR RICHARDS: I work on it, I promise. We're
21 not in a position to do that. I think you said something
22 that is, things that are being worked on -- you certainly
23 can have a brief with our CEO, because it's just changing
24 and fluid. So he can tell you what he thinks at that day,
25 but I think that's really the, because it's dealing with

1 all kinds of things. It could be potential litigation in
2 the future, or impact negotiations, and that sort of thing.

3 But I think, as you say, you have every reason
4 and right to know those things. But I think that if we can
5 deal with that at this point, and with any Board member,
6 they can contact our CEO directly and have that discussion
7 with him.

8 BOARD MEMBER ESCUTIA: You're basically saying
9 that if I want to do a motion, it's out of order. That's
10 what you're saying?

11 CHAIR RICHARDS: Well, I wouldn't say that a
12 motion is out of order. I think what you suggested is the
13 right approach to this, to get the information that you
14 want, and if that leads to a motion later, I would
15 certainly consider that and move it to the Board.

16 BOARD MEMBER ESCUTIA: All right. I will contact
17 the CEO privately.

18 Thank you so much, Mr. Chairman. Thank you, Mr.
19 CEO. And thank you, Ms. Cohen, Assemblywoman Cohen. Thank
20 you.

21 BOARD MEMBER COHEN: You are welcome.

22 CHAIR RICHARDS: Thank you, Senator.

23 BOARD MEMBER CAMACHO: Tom?

24 CHAIR RICHARDS: Yes? Oh, I'm sorry.

25 BOARD MEMBER CAMACHO: Going back to that slide

1 again, you show it to be, I think, 33.5.

2 When those change orders do come back to the
3 Board, is it after the fact, after it's been negotiated,
4 and so we're just being advised of the amount?

5 CHIEF FINANCIAL OFFICER MATALKA: Yes.

6 CHAIR RICHARDS: Depending on what the total cost
7 of the change order is.

8 BOARD MEMBER CAMACHO: Well, that's not what I
9 understood when we voted for this, raising the limit from,
10 I think, \$5 million to \$25 million, is that we would have
11 approval authority on those change orders before, or at
12 least to approve to move forward. This after the fact
13 doesn't do us any good at all, and yet we have
14 responsibility for that.

15 CHIEF FINANCIAL OFFICER MATALKA: I'm happy to go
16 over the delegation of Authority with you, Director
17 Camacho.

18 BOARD MEMBER CAMACHO: Well, I know what the
19 word, I was made aware of the award that Brian put in
20 afterwards, but that's not the spirit and intent that we
21 made that motion to raise the limit.

22 CHAIR RICHARDS: All right. Well, let's do two
23 things. One, let's let Jamey go ahead and explain what the
24 current delegation of Authority is. Secondly, if we want
25 to make those changes, let's agendize that and move forward

1 on an agenda item to do that.

2 But why don't let's be clear about what the
3 delegations are as of today.

4 CHIEF FINANCIAL OFFICER MATALKA: Yeah. Chair
5 Richards, I think that's a great idea because the current
6 delegation of authority allows the CEO to amend a contract
7 up to any amount that is approved within the program
8 baseline. Now, the program baseline is authorized by the
9 Board as we come annually and ask for a budget for the
10 program. So this item that had come here was 33.5 million.
11 So it exceeded a 25 million threshold, which required CEO
12 reporting to the Board when that is triggered. And that is
13 in Section B of the delegation of authority.

14 However up to \$100 million is where that stops.
15 \$100 million change order or above has to come to the Board
16 for approval.

17 CHAIR RICHARDS: And that was the result of
18 legislative action, right?

19 CHIEF FINANCIAL OFFICER MATALKA: That piece was,
20 yes.

21 CHAIR RICHARDS: Right.

22 BOARD MEMBER CAMACHO: Okay. Well, let me just
23 add something then to that.

24 CHAIR RICHARDS: Sure.

25 BOARD MEMBER CAMACHO: So if for some reason, not

1 that the staff would do this, have \$25 million or up to 100
2 million, they could bring to us three change orders all
3 below 100 million all for the same thing -- let's just say
4 for \$95 million, one change order, another one for \$94
5 million, another one for \$99 million. So it all reaches,
6 or doesn't reach the threshold, but it's been done in the
7 past. And I don't think that we should allow for that.

8 CHIEF FINANCIAL OFFICER MATALKA: I can mention
9 something to the fact of this, the one that we brought --

10 CHIEF EXECUTIVE OFFICER CHOUDRI: I mean, this
11 hypothetical situation is not going to happen. This is why
12 we have this team.

13 Director Camacho, I mean, this scenario you
14 presented may have been practiced in the past. That is
15 absolutely not allowed in the new team and new environment.
16 I don't anticipate that these leaders that you heard from
17 today are reflecting anything from the past. I can ensure
18 you that that practice has been gutted out from the
19 organization entirely by myself.

20 BOARD MEMBER CAMACHO: Thank you, Tom. I would
21 like to have it agendized though for the next week so we
22 can have a vote on it.

23 CHAIR RICHARDS: Yeah. In the interim, let's
24 talk about it so that we can get the language for the
25 agenda. Okay.

1 CHIEF EXECUTIVE OFFICER CHOUDRI: Okay.

2 CHAIR RICHARDS: Great. All right. Thank you.

3 BOARD MEMBER WILLIAMS: Mr. Chairman?

4 CHAIR RICHARDS: Yes. Yes, Director Williams.

5 BOARD MEMBER WILLIAMS: I just wanted to say that
6 I definitely appreciate the spirit and the need for us to
7 be vigilant and fulfill our responsibility for adequate
8 oversight.

9 I think, on the other hand, this issue has been
10 discussed and debated. We settled on a process that we are
11 seeing play out right here. I'm happy to note, and I think
12 if there's a better way to have these materials reviewed in
13 advance, I was able to review this in advance. I knew this
14 was here. If I had a question for staff, I was given an
15 opportunity to be briefed on it.

16 So I would just say that we have some really --
17 and again, this is no disrespect to the questions that are
18 being raised and the issues that are being raised. I
19 understand that and I think that's a good thing.

20 But I think, just to preview, the idea that we
21 would approve every single change order below \$100 million
22 would be time that this Board should not be spending. That
23 is perfectly within the purview of the staff to manage
24 that. I would not be supportive of that. I think we have
25 some big issues and some big problems to solve as a Board.

1 That's not relinquishing our responsibility to
2 provide oversight where appropriate. I think we've landed
3 on that, and I just want to comment -- and I thank the
4 staff for preparing us and providing these materials in
5 advance and giving us the opportunity to review it and give
6 us an opportunity to be briefed and have conversations
7 about it ahead of time.

8 CHAIR RICHARDS: That is the purpose for that
9 process that we developed.

10 VICE CHAIR MILLER: So can I just add to that?

11 Because I agree with what Member Williams just
12 said that we do approve these policies and particularly
13 when we go into an arena where we're looking for private
14 financing, we have to stick to the policies and if we're
15 not going to stick to policies, then we need to have a
16 figure out a way of letting Board members know that there's
17 something coming, letting our partners know something's
18 coming, particularly of a magnitude of now we want to
19 change our change order approval process.

20 I mean, I don't think that's something that can
21 just be done by -- I mean, I don't like the way that this
22 is now evolving because I do think that it's a process that
23 we went through and we have to have stability in our
24 policies, and if we have a question about that, we should
25 maybe have a way of dealing with that in a process if

1 something major like that is coming back to the Board. I
2 don't support that coming back to the Board, honestly.

3 I mean, unless there's a reason -- and Ernie, I
4 respect you a lot. It's just I don't want to be in the
5 process of having to deal with contract disputes in front
6 of this Board. We used to get these letters from
7 contractors, and then we would be right in the middle of
8 the dispute. So I don't think -- and I think we decided at
9 some point in time that that really wasn't our role. Our
10 role was more policy except, you know, something large like
11 100 million.

12 Your point about someone maybe breaking a change
13 order down, I do want to prevent that, and I do think that
14 we should ask for some clarification about to just make
15 sure that it's single-subject, that we're not, you know,
16 trying to break apart change orders so that you don't have
17 to come back to the Board, because I'm not quite sure how
18 we deal with that and that's a really good point.

19 But I don't really want to come back to re-debate
20 change orders. I'm just asking you, Ernie, maybe we have
21 an offline discussion --

22 BOARD MEMBER CAMACHO: Sure.

23 VICE CHAIR MILLER: to take care of your concerns
24 before we bring that back.

25 CHAIR RICHARDS: That's the purpose for wanting

1 to have a conversation offline here in between now and the
2 next meeting.

3 I think that there's certainly nothing ever wrong
4 with looking at a policy and determining whether or not
5 there's any abuse. So I think abuse is really what we're
6 kind of talking about, and so --

7 VICE CHAIR MILLER: So --

8 CHIEF FINANCIAL OFFICER MATALKA: So maybe to add
9 to that, Chair Richards and Vice Chair Miller, this single
10 item here was comprised of six different items. We bundled
11 it together because they had like subject matter.

12 VICE CHAIR MILLER: Right.

13 CHIEF FINANCIAL OFFICER MATALKA: So we didn't do
14 something like that, so just to make that clear.

15 VICE CHAIR MILLER: So I think that, and I don't
16 want to speak for Director Camacho, but what he's asking
17 for is do you have anything written to prevent the idea of
18 splitting things up so that we don't see something that we
19 should maybe approve?

20 CHIEF FINANCIAL OFFICER MATALKA: I'll go back
21 and look at our delegation authority that's below the one
22 the Board has.

23 VICE CHAIR MILLER: Right.

24 CHIEF FINANCIAL OFFICER MATALKA: I do believe
25 that we have, if in totality, an item gets to a certain

1 value, then it triggers the delegation of Authority.

2 VICE CHAIR MILLER: And maybe have the
3 conversation with Director Camacho about what that is.
4 Yeah. And if it is, then maybe we do need to.

5 CHAIR RICHARDS: That's what I had in mind.
6 Thank you. So we'll take a look at that and then we'll
7 determine what we need to do or what we should be doing.

8 I do think that we have a responsibility to take
9 a look. If policies that we put in place are being abused,
10 that's something that's quite clearly, I think, something
11 that we have an obligation to take a look at, but if we're
12 going to change a policy, that -- I mean, that happens
13 also.

14 But it may be that we've got what we need
15 already, but we need to just make sure or satisfy ourselves
16 that there is not any abuse, and if there's been things in
17 the past, you know, that's the past. We've got a whole new
18 team and leadership running the Authority now. And I'm not
19 even sure exactly, as we sit here, what the abuse actually
20 was. So, yeah, I know. So, let's just take a look and see
21 if it was.

22 Yeah, we're done, Jamey. Thank you. Yeah, thank
23 you.

24 BOARD MEMBER CAMACHO: One last comment, Tom.

25 CHAIR RICHARDS: Yes, Ernie?

1 BOARD MEMBER CAMACHO: Just to respond to Nancy.

2 I appreciate your comments and that of Director
3 Williams, but I feel strongly enough to at least for my own
4 conscience have this dialogue at the next Board meeting.

5 And, yeah, if I can get some more information
6 from you offline, I'd be happy to do that. And we could
7 talk through that.

8 CHAIR RICHARDS: Yeah. Yeah. Sounds good.

9 BOARD MEMBER CAMACHO: Thank you.

10 CHAIR RICHARDS: All right. Thank you, Ernie.

11 Are you finally done? Thank you.

12 Okay. We're going to quickly move through just a
13 brief of the Finance and Audit Committee meeting item
14 number five that we had earlier this morning. These
15 numbers are for the period ending May 31st of 25.

16 Our cash position is roughly, as reported in our
17 last Board meeting, a little over \$4 billion, at 4.2 to be
18 exact. Our capital outlay budget for the month of May, we
19 expended 128 million, of which 62 million were expenditures
20 for the design-build expenditures. Expenditures to date on
21 this project from the time when it was being planned --
22 long before this Board was in place, or perhaps there was
23 even a Board at all -- total expenditures are about 14.4
24 billion, of which 76 percent have been expended by the
25 State of California's taxpayers.

1 I'm just going to jump over some things for you.
2 With regards to labor, in the month of May, the average
3 daily labor on our project sites increased by 29 workers to
4 1,662 workers on average daily.

5 On progress, 92 structures are needed. For the
6 119 miles that are under construction, 54 have been
7 completed, 30 are underway, and 9 have not been started
8 yet.

9 On guideway, there's 119 miles obviously, 70
10 miles have been completed, and 27 miles are underway, 12
11 miles have not been started yet.

12 On utility relocations, 1,572 have been completed
13 out of a total of 1,826 relocations needed for the 119
14 miles.

15 And in terms of right-of-way, there are only six
16 parcels still remaining, of which 2,291 were originally
17 needed -- 16, I'm sorry, not 6, 16 -- there were 2,275 that
18 have been purchased and delivered.

19 With that, that's the end of the update for the
20 F&A meeting.

21 I'm going to cautiously ask, do any Board members
22 have any comments?

23 BOARD MEMBER GHIELMETTI: One brief one.

24 CHAIR RICHARDS: Oh my gosh.

25 BOARD MEMBER GHIELMETTI: Just one brief one.

1 CHAIR RICHARDS: Yes.

2 BOARD MEMBER GHIEMMETTI: Mr. Schwegel's
3 presentation, he indicated that he was negotiating with
4 Brightline to extend the line from Merced to Sacramento. I
5 hope he's not negotiating on the behalf of High-Speed Rail
6 Authority.

7 CHAIR RICHARDS: Well, we'll find that out next
8 week or next month. We'll know for sure. Thank you, Jim.

9 All right. Any others?

10 There aren't any. So ladies and gentlemen, we're
11 going to go into closed session. I don't expect it to last
12 more than about 45 minutes at the most. 30 minutes? 30
13 minutes.

14 So I'll be back and let you know if there's any
15 action taken by the Board. Thank you for your patience,
16 and we'll talk shortly.

17 (The Board moved to closed session
18 at 11:38 p.m., returning at 12:21 p.m.)

19 Ladies and gentlemen, the Board of Directors of
20 the California High-Speed Rail Authority have completed its
21 closed session. We have nothing to report, so this meeting
22 is now adjourned.

23 Thank you.

24 (The California High-Speed Rail Authority Board
25 adjourned at 12:22 p.m.)

CERTIFICATE OF REPORTER

I do hereby certify that the testimony in the foregoing hearing was taken at the time and place therein stated; that the testimony of said witnesses were reported by me, a certified electronic court reporter and a disinterested person, and was under my supervision thereafter transcribed into typewriting.

And I further certify that I am not of counsel or attorney for either or any of the parties to said hearing nor in any way interested in the outcome of the cause named in said caption.

IN WITNESS WHEREOF, I have hereunto set my hand this 6th day of August, 2025.



MARTHA L. NELSON, CERT**367

CERTIFICATE OF TRANSCRIBER

I do hereby certify that the testimony in the foregoing hearing was taken at the time and place therein stated; that the testimony of said witnesses were transcribed by me, a certified transcriber and a disinterested person, and was under my supervision thereafter transcribed into typewriting.

And I further certify that I am not of counsel or attorney for either or any of the parties to said hearing nor in any way interested in the outcome of the cause named in said caption.

I certify that the foregoing is a correct transcript, to the best of my ability, from the electronic sound recording of the proceedings in the above-entitled matter.



MARTHA L. NELSON, CERT**367

August 6, 2025