

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, AUGUST 28, 2025

9:30 A.M.

Reported by:

Martha Nelson

APPEARANCESBOARD MEMBERS

Tom Richards, Chair

Nancy Miller, Vice Chair

Lynn Schenk

Ernie Camacho

Henry Perea

Anthony Williams

Emily Cohen

Martha Escutia

STAFF

Ian Choudri, Chief Executive Officer

Alice Rodriguez, Board Secretary

Jamey Matalka, Chief Financial Officer

Emily Morrison, Chief of Contract Administration

Basem Muallem, Statewide Regional Director

Tom Fellenz, Acting Chief Counsel

Thierry Prate, Financial Advisor

PUBLIC COMMENT

Frank Quintero, Deputy City Manager, City of Merced

Dalia Costa, Merced County

David Schwegel, Vang Incorporated Consulting Engineers

APPEARANCESPUBLIC COMMENT (cont'd)

Curtis Thomas

Stacie Guzman, Merced County Association of Governments

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P R O C E E D I N G S

9:31 a.m.

THURSDAY, AUGUST 28, 2025

CHAIR RICHARDS: We can start by calling the meeting to order, and I ask the Secretary to call the roll.

SECRETARY RODRIGUEZ: Director Schenk?

DIRECTOR SCHENK: Here.

SECRETARY RODRIGUEZ: Chair Richards?

CHAIR RICHARDS: Here.

SECRETARY RODRIGUEZ: Director Camacho?

DIRECTOR CAMACHO: Here.

SECRETARY RODRIGUEZ: Vice Chair Miller?

VICE CHAIR MILLER: Here.

SECRETARY RODRIGUEZ: Director Perea?

DIRECTOR PEREA: Here.

SECRETARY RODRIGUEZ: Director Escutia?

DIRECTOR ESCUTIA: Here.

SECRETARY RODRIGUEZ: Director Williams?

DIRECTOR WILLIAMS: Here.

SECRETARY RODRIGUEZ: Director Cohen?

DIRECTOR COHEN: Here.

SECRETARY RODRIGUEZ: Great.

Assemblymember Carrillo?

Senator Gonzalez?

Mr. Chairperson, we have a quorum.

1 CHAIR RICHARDS: Thank you.

2 And ladies and gentlemen, you probably noted that
3 she did -- that our Secretary did not call the name Jim
4 Ghielmetti, who, as you know, has been a member of this
5 Board for quite a number of years. Jim decided to retire,
6 which we tried to talk him out of, but it got nowhere. He
7 was a terrific asset to this Board, both in front of the --
8 behind the mic, and with the work he did on behalf of the
9 Board and this project behind the scenes. And we wish him
10 well, and all I can tell you is that we will miss him a
11 lot.

12 The value that he brought to the Board with his
13 lifelong career in construction was pretty irreplaceable.
14 But at any rate, he said he would not be watching or
15 listening to this today, but I hope that he is. So at any
16 rate, and I hope he thinks he made a mistake and he'll come
17 back. I don't think that's going to happen.

18 Anyway, so far as that, we'll move on to our
19 Pledge of Allegiance.

20 And Ernie, could you lead us today?

21 (The Pledge of Allegiance is recited.)

22 CHAIR RICHARDS: This morning we're going to make
23 a change in the order of the agenda, but we're going to
24 start with public comment. After that, we've got a
25 reasonably -- I believe should be a reasonably short closed

1 session. We'll go to the closed session, and after that,
2 come back with the agenda items.

3 So if -- Ms. Secretary, can you let the people
4 know how they can address us?

5 SECRETARY RODRIGUEZ: Thank you, Mr. Chairman.

6 Good morning, everyone. Before we begin public
7 comment, I would like to go over some important
8 information. For members of the public who have joined us
9 in person in which to provide public comment, you will be
10 called in the order we received your card. If you are
11 joining the meeting via Zoom and wish to provide public
12 comment, please use the raise your hand feature located at
13 the bottom of your screen. Speakers will be called on in
14 the order their hands are raised.

15 Once you are in the queue and your name is
16 called, please click the prompt on your screen to allow
17 your microphone to be unmuted. If you are joining by
18 phone, we will call on you by the last four digits of your
19 phone number.

20 Each speaker will be given two minutes to speak.
21 I will remind you when you have 15 seconds remaining. When
22 it is your turn to speak, please slowly and clearly say
23 your first and last name and if applicable, state the
24 organization you are representing.

25 Our first in-person speaker is Frank Quintero,

1 followed by Dalia Costa.

2 MR. QUINTERO: Good morning, Chair. Good
3 morning, Authority members. Thank you for the opportunity
4 to address you, the Board members. I'm Frank Quintero,
5 Deputy City Manager for the City of Merced, and I've been
6 working on a high-speed rail project since 2005.

7 I'm not here to discuss the high-speed rail
8 supplemental project update in and of itself, but I'm here
9 to speak about something more important: partnership. A
10 partnership is where two or more people, organizations,
11 entities, et cetera work together for a common goal.
12 Merced has always considered high-speed rail a partner.

13 However we felt blindsided on Friday, August 22nd
14 when the project update was released, suggesting Merced be
15 re-sequenced. As a partner, Merced felt abandoned. No
16 communication or courtesy heads-up was provided by high-
17 speed rail that the report was coming.

18 As a partner, Merced has been there when needed
19 by high-speed rail to provide letters of support, to
20 testify on behalf of high-speed rail, to speak about the
21 benefits of the high-speed rail project. Furthermore, we
22 are the partner that have stood by your side, not suing the
23 High-Speed Rail Authority.

24 We are grateful for the optimism high-speed rail
25 has brought to the community, but that brilliance is now

1 tarnished. We hope that a crystal clear line of
2 communication is re-established between the High-Speed Rail
3 Authority and the City of Merced. We hope to rekindle the
4 partnership with the Authority rather than feel like we
5 don't belong and been abandoned.

6 We look forward to hearing from you soon,
7 partner. Thank you for your time and attention.

8 CHAIR RICHARDS: Thank you, Mr. Quintero, and
9 your comments are well-taken and you were heard loud and
10 clear. Thank you.

11 SECRETARY RODRIGUEZ: Next up, Dalia Costa,
12 followed by David Schwegel.

13 CHAIR RICHARDS: Good morning.

14 MS. COSTA: Good morning. My name is Dalia Costa
15 here today on behalf of Merced County. We have long
16 supported the project and recognize the significant
17 benefits that the high-speed rail project brings to the
18 Central Valley.

19 Merced County, as a gateway to Yosemite and home
20 to UC Merced, is uniquely positioned to play a pivotal role
21 in this project. Our community has grown innovative and
22 eager to be better connected, not only to the Bay Area, but
23 to other parts of California as well. The Merced Extension
24 has the potential to create jobs, expand housing and
25 business opportunities, and improve access for students,

1 leaders, and families.

2 However, we are disappointed to learn that Merced
3 County has not been consistently included in the
4 discussions that impact our community. Multiple attempts
5 have been made to communicate and collaborate with the
6 High-Speed Rail Authority team, but it seems that our
7 requests have fallen on deaf ears. And now, to learn in
8 the newspaper, not directly from anyone at the Authority,
9 that Merced may be removed as an initial operating stop is
10 disappointing. We remain hopeful that Merced County be
11 actively included in all further discussions about high-
12 speed rail projects affecting Merced County and request
13 that you have more consistent, transparent conversations
14 with our team.

15 Thank you.

16 CHAIR RICHARDS: Thank you for being here, and we
17 take your comments seriously also and I think you'll see
18 the change.

19 SECRETARY RODRIGUEZ: Next up, David Schwegel.

20 MR. SCHWEGEL: Good morning, HSR Board. David
21 Schwegel with Vang Incorporated Consulting Engineers, also
22 known as VICE. And I start with a quote. This is our
23 term. This is our system. Previous generations have given
24 you the transportation systems that you enjoy. It's your
25 turn to give to our generation. We'll pay for it. Just

1 get it up and running. Because this defines how we're
2 going to access our employment and vacation destinations.

3 Those were the words spoken by David Kennedy and
4 Ryan Heller of UC Merced High-Speed Rail Alliance I Will
5 Ride at the April 2012 Board meeting, and as the Gen X-er I
6 say this, Gen Y, this is for you, hopefully my Gen X will
7 get to ride it too.

8 Let's talk Merced to Sacramento and Stockton to
9 San Jose. You have heard some concerns regarding Merced
10 feeling like they're being left out of the IOS. Those
11 concerns are well taken. I personally, with VICE, worked
12 on the regional consulting on Merced to Sacramento and
13 Stockton to San Jose.

14 Two solutions. Because Brightline has said they
15 do not want to build Merced to Sacramento, solution one is
16 to rewrite Prop 1A with Sacramento in the IOS, which I
17 think is an excellent idea. The trouble is that would
18 require putting it back to the people for a vote.

19 Number two is to have ACE Altamont Corridor
20 Express get into the true high-speed rail business and
21 provide true high-speed rail service on both of those
22 corridors, and I was talking to Congressman Jeff Denham's
23 office and he thinks that it is an excellent idea. We just
24 need to encourage ACE to follow suit.

25 And Vang Incorporated Consulting Engineers would

1 be delighted to serve as the regional consultant on both of
2 those project sections. We did the work on Merced to
3 Sacramento previously. We gave more value to the taxpayers
4 of California than any other project section, and our
5 predecessor spent seven and a half times as much as we did.
6 They got the routes wrong. We got the routes right.

7 Thank you.

8 CHAIR RICHARDS: Thank you, Mr. Schwegel.

9 SECRETARY RODRIGUEZ: Okay, Mr. Chair. We will
10 now move to the Zoom participants.

11 If you are joining the meeting via Zoom and wish
12 to provide public comment, please use the raise your hand
13 feature located at the bottom of your screen. Speakers
14 will be called on in the order their hands are raised.
15 Once you're in the queue and your name is called, please
16 click the prompt on your screen to allow your microphone to
17 be unmuted.

18 Each speaker will be given two minutes to speak.
19 I will remind you when you have 15 seconds remaining.

20 When it is your turn to speak, please slowly and
21 clearly say your first and last name and if applicable
22 state the organization you are representing.

23 Mr. Chairman, our first speaker is Curt Thomas.

24 CHAIR RICHARDS: Good morning, Mr. Thomas.

25 MR. THOMAS: Good morning. My name is Curtis

1 Thomas. I'm calling in and out of Merced. I'm speaking as
2 a resident of Merced today.

3 I wanted to speak to the proposed changes in the
4 special update. On top of just, you know, the
5 disappointment of potentially having the station stalled
6 out, I was reviewing how that would leave the Initial
7 Valley Operating Segment for the optimistic estimate of
8 eight years that it's going to take to tunnel through
9 Pacheco Pass. That's going to result in a Bakersfield to
10 Fresno high-speed rail section with optional stops at the
11 Hanford parking lot and the Madera bus stop. The initial
12 Valley IOS, when passengers get on it, is going to be a
13 literal high-speed train to nowhere if this change happens.
14 This project has had enough terrible media around it. I
15 think that it really doesn't need more.

16 I think that including the Merced station is an
17 easy PR win for this project and, you know, if you've got
18 places where people can go, meaningful places that people
19 can ride to, then it's only going to pick up PR steam from
20 there, but if half the stops are bus stops in the middle of
21 nowhere, that's going to look real bad, and I don't think
22 that's going to do a good job of attracting private
23 investment the way that we need to.

24 Thank you.

25 CHAIR RICHARDS: Thank you.

1 SECRETARY RODRIGUEZ: Mr. Chairman, we have no
2 other attendees that would like to provide public comment.

3 CHAIR RICHARDS: Okay. Thank you.

4 With that, ladies and gentlemen, we're going to
5 move into closed session. And I don't think this should
6 take more than 15 or 20 minutes, and we'll be back shortly
7 and then we'll get into the agenda.

8 (The Board convened closed session from 9:43 a.m.
9 until 10:12 a.m.)

10 CHAIR RICHARDS: Ladies and gentlemen, we're back
11 from closed session.

12 Before we report out to you the closed session,
13 we have, I believe, one other comment from the public, and
14 we missed that at the end of the comment period.

15 So go ahead, Secretary.

16 SECRETARY RODRIGUEZ: Thank you, Chair Richards.

17 Yes. My apologies. We did miss one from
18 earlier.

19 It's Stacie Guzman. Go ahead and unmute your --

20 CHAIR RICHARDS: Good morning, Ms. Guzman.

21 MS. GUZMAN: Good morning, everybody, and thank
22 you for taking my comment. My name is Stacie Guzman. I'm
23 the Executive Director of the Merced County Association of
24 Governments.

25 I wanted to just take a moment to express my

1 disappointment in the option included in the supplemental
2 update report that suggests the removal of Merced from the
3 initial operating segment. I know many of you in the room
4 know that Merced's been a longstanding partner for the
5 high-speed rail project in the San Joaquin Valley, and the
6 Authority has had a long history of supporting the
7 inclusion of Merced in the project because of the expanded
8 access to passenger rail that will be provided as a true
9 mode choice for Valley residents and Californians with the
10 connection of ACE and the Amtrak San Joaquin at one single
11 location. A really unique opportunity for the system.

12 What is talked about less is also the unique
13 component of the Merced station that will provide a
14 connection for visitors to Yosemite National Park via the
15 Yosemite Area Regional Transportation System that provides
16 public transit to Yosemite year-round for Merced, and of
17 course the station here in Merced will connect Californians
18 to the UC campus just outside our city or now in our city
19 limits. We're working on a regional multimodal access plan
20 that's focused on providing express transit between the
21 station and the university to identify our bike and
22 pedestrian improvements to the station area. It really is
23 the future of Merced that we are building around. It's a
24 future that we're planning for and we want for the Merced
25 region.

1 So I just really encourage you to continue to
2 work with the Merced community to find a path forward for
3 the preservation of our station, and to remember the
4 commitment that we made to deliver high-speed rail from
5 Merced to Bakersfield first.

6 So thank you again for taking my comments and for
7 your time this morning. Thank you very much.

8 CHAIR RICHARDS: Thank you very much, Ms. Guzman.

9 SECRETARY RODRIGUEZ: That really concludes our
10 public comment. Thank you.

11 CHAIR RICHARDS: Ladies and gentlemen, before we
12 start the agenda items, reporting back from the closed
13 session, this morning there was one action taken.

14 As a short background, when a new CEO comes on
15 Board with the high-speed rail, the law provides that for
16 each of the first two years of service subject to the
17 successful completion of predetermined performance criteria
18 that the CEO can be granted a bonus of \$25,000. In the
19 discussion today in closed session, our CEO is being
20 granted the first \$25,000 payment. The vote was one
21 abstention, and the ballots were all in favor of the
22 payment of the bonus. That bonus becomes effective on
23 September the 16th, which would be the anniversary date of
24 Mr. Choudri's first year.

25 So with that, there was no other actions taken,

1 and moving into our agenda for today, item number one is
2 the approval of the July 10th Board meeting minutes.

3 Do we have a motion and a second?

4 UNIDENTIFIED SPEAKER: Second.

5 CHAIR RICHARDS: Call the roll, please.

6 SECRETARY RODRIGUEZ: Director Schenk?

7 DIRECTOR SCHENK: Yes.

8 SECRETARY RODRIGUEZ: Chair Richards?

9 CHAIR RICHARDS: Yes.

10 SECRETARY RODRIGUEZ: Director Camacho?

11 DIRECTOR CAMACHO: Yes.

12 SECRETARY RODRIGUEZ: Vice Chair Miller?

13 VICE CHAIR MILLER: Yes.

14 SECRETARY RODRIGUEZ: Director Perea?

15 Director Escutia?

16 Director Williams?

17 DIRECTOR WILLIAMS: Aye.

18 SECRETARY RODRIGUEZ: Director Cohen?

19 DIRECTOR COHEN: Yes.

20 SECRETARY RODRIGUEZ: Mr. Chairman, the motion
21 carries.

22 CHAIR RICHARDS: Thank you, colleagues. Item
23 number two is the budget update and approval of the budget.
24 Jamey Matalka, our CFO.

25 Good morning, Jamey.

1 CHIEF FINANCIAL OFFICER MATALKA: Good morning,
2 Chairman Richards, Vice Chair Miller, and directors of the
3 Board. Today I'll be covering item number two.

4 If we can pull up the slides.

5 All right. Today I'll be presenting on the
6 budget.

7 Next slide, please.

8 Our agenda for today, I'll be covering why I'm
9 here today, project updates, and the next steps.

10 For the why, there are two pertinent Board
11 policies that drive, that govern this item. Board policy
12 H.S.R. 241135, which directs the Authority to update
13 capital cost estimates in conjunction with its annual plans
14 or when key design milestones are reached. And number two,
15 Board policy H.S.R. 11001, which directs Board acceptance
16 of the program baseline and budget and the annual fiscal
17 year budgets.

18 For the update section, I'll start with table
19 setting from where we started from and then move into
20 updates on both cost estimates and funding since then, and
21 closing out with next steps.

22 Next slide, please.

23 Oh. Go back, please. Go back. Slide two.

24 Okay. Next slide.

25 Our starting point provides a snapshot of the

1 funding and budget picture at the time the Board last
2 approved our expenditure authorization, which was January
3 of 2024. The Authority's total identified funding from all
4 sources was \$28.7 billion, and the January expenditure
5 authorization was set at \$26 billion, leaving the Authority
6 with \$2.6 billion in uncommitted program funding and scope
7 elements not yet included in the program baseline, such as
8 the Merced Civil and Track and Systems portion of the work,
9 three of our stations, and the Bakersfield downtown
10 segment.

11 Next slide, please.

12 While we had an expenditure authorization of \$26
13 billion, the capital cost estimate for our early operating
14 segment, which does include Merced, Fresno, and
15 Bakersfield, and other program commitments was \$35.3
16 billion. The gap between those two was planned to be
17 closed in large part by the Authority's federal grant
18 strategy, which targeted \$8 billion in funding
19 opportunities. The Authority was successful to a point
20 with grant awards, but ultimately did not get awarded the
21 \$8 billion target. Instead it was \$3.3 billion.

22 Next slide, please.

23 Moving to the second part of our agenda, the
24 updates. In the summer of 2024, a new CEO was announced,
25 and CEO Choudri subsequently took over the helm in the fall

1 of 2024. Right away, our new CEO directed a holistic
2 reassessment of the entire program, including reassessing
3 cost and risk estimates, procurement strategies, scope of
4 what was being built, suitability of the design criteria,
5 and more, including organizational structure and culture.

6 As outlined in our March 2025 PER, we highlighted
7 several areas of focus that could result in programmatic
8 savings, such as aligning operational speed with design
9 speed, reducing clearance above trackways and trackway
10 widths, sequencing of work, updating estimating
11 methodologies to incorporate true bottoms-up approach, and
12 sequencing of what was being built. Initial results were
13 released in May, but with a few additional months of
14 diligent work, even using our float for the weekends, we
15 identified design improvements and sequencing changes,
16 leading to significant cost savings, which offset
17 identified cost increases that were coming from advanced
18 designs.

19 Okay. Next slide.

20 In this slide, we summarize key elements of cost
21 component categories to provide a cross-walk from where the
22 program was heading prior to the reassessment, a total
23 capital cost estimate that would have peaked at 51 billion,
24 to an optimized total cost estimate of 36.75 billion that
25 sets a plan for building faster and laying track sooner.

1 Additional details are outlined in our 2025 project update
2 report that was released last week.

3 Next slide.

4 Okay. Updates on our funding. For Prop 1A, we
5 secured the 4.2 billion, which was the last remaining
6 appropriation to get back in 2022. On the federal fund
7 side, we do have challenges currently occurring with our
8 federal partners, but we do retain that the 4 billion of
9 federal grant funding that was committed under contract --
10 and we're in litigation, so we've included those in our
11 cost estimates and our funding forecasts.

12 On the cap-and-trade side, we wanted to provide a
13 table to show a couple key points of what is going on with
14 that fund since the auction-based system started. One is
15 that it has been volatile, but two, the trend line has
16 increased ever since the start of it, starting at \$500,
17 moving to \$750, all the way up to \$1 billion dollars. So
18 it has been stood resilient even with legal challenges
19 during various times throughout its life. Now the
20 Governor's 2025-2026 budget proposal includes extending the
21 Cap-and-Trade program and renaming it the Cap-and-Invest
22 program through 2045 with at least \$1 billion in annual
23 funding for the Authority. Now, this would provide at
24 least \$15 billion additional funding for our program. And
25 we'll learn more about that as the legislature comes back

1 into session this month.

2 DIRECTOR WILLIAMS: Mr. Chairman, can I ask a
3 question about this slide? Obviously there's been a lot of
4 press about the federal challenges. Maybe this is also a
5 question for Mr. Fellenz, but I know, I mean, it's also
6 been widely publicized that we are in litigation with the
7 federal government over this issue.

8 When you said we are assuming retaining the 4
9 billion, am I correct that we can't -- because of the
10 litigation, while we can't spend that \$4 billion, they also
11 can't take it away? Is that correct?

12 CHIEF FINANCIAL OFFICER MATALKA: Correct. We
13 reached agreement on that. Now we can't get reimbursed for
14 those federal funds during this time --

15 DIRECTOR WILLIAMS: Right.

16 CHIEF FINANCIAL OFFICER MATALKA: -- but,
17 remember, we do have a sizable state match to that funds,
18 so we are able to continue strategic portions of work up to
19 the availability of our funds under what we would call a
20 tapered match approach.

21 DIRECTOR WILLIAMS: Got it. So the public
22 perception that money has been taken away is not accurate.
23 It has not yet been taken away from us. Is that correct?

24 CHIEF FINANCIAL OFFICER MATALKA: That's correct.

25 DIRECTOR WILLIAMS: And you mentioned that we

1 have state funds for some of the projects that were funded
2 by these federal dollars. Is it -- my understanding is
3 that we have some sufficient state funding so that we can
4 continue to move forward with that work while this
5 litigation is pending? So in essence, we are --

6 CHIEF FINANCIAL OFFICER MATALKA: We're staying
7 on track.

8 DIRECTOR WILLIAMS: -- on status quo, on track.

9 CHIEF FINANCIAL OFFICER MATALKA: Yes.

10 DIRECTOR WILLIAMS: Okay. Thank you.

11 CHIEF FINANCIAL OFFICER MATALKA: Yeah. And just
12 to add to that, we did, you know, when the ARRA grant was
13 around, we did a tapered match approach, so this isn't new
14 to us.

15 Okay. Finalizing on this slide, you know, this
16 new program, once adopted, we believe will create a
17 financeable revenue stream that could also attract private
18 sector participation, a goal for the Authority since
19 inception.

20 Next. Oh, sorry. I see a hand.

21 CHAIR RICHARDS: Oh, I'm sorry. Emily, go ahead.

22 DIRECTOR COHEN: Thanks.

23 I don't want to take you off of the presentation,
24 but just going back to the assumption of the retention of
25 the 4 billion, what risks are there in that if we're not

1 successful in the litigation? And I assume we will be and
2 should be, but what are the risks of just assuming that we
3 keep that money?

4 CHIEF EXECUTIVE OFFICER CHOUDRI: So if we make
5 that assumption that we don't have the 4.1 billion, we need
6 to reprogram our projects. We need to just look at how do
7 we now with that gap build the program, and then look for
8 appropriations from the state through capital investors for
9 some other way to continue to build.

10 We have made some simulations to that effect, and
11 I think the program could continue if the legislative
12 action that is currently in the session, 1 billion a year
13 for 2045, that gives the program strong positioning to
14 actually design and build the commitment we made, which is
15 the Merced to Bakersfield.

16 CHIEF FINANCIAL OFFICER MATALKA: And I would
17 just add that we've been through this before. This is
18 exactly the playbook we played last time when this
19 occurred.

20 DIRECTOR COHEN: Okay. Thank you.

21 Director Schenk also has her hand up.

22 CHAIR RICHARDS: Say again?

23 DIRECTOR SCHENK: Thank you. Yeah. I just want
24 to build on what Anthony was saying.

25 There's a very strong feeling out there, a

1 misconception, that our program is over. And that is
2 something that we really need to vigorously combat, because
3 as Jamey is pointing out, we're on track, we're moving
4 ahead, we have great confidence that we will get the 4
5 billion, but with or without it, we are still now moving
6 ahead, continuing to build, and somehow at least down here
7 in the south, that is not the impression.

8 CHAIR RICHARDS: Thank you, Lynn.

9 CHIEF FINANCIAL OFFICER MATALKA: Okay.

10 Next slide, please.

11 Okay. Improving the program baseline and budget
12 today means that the project will continue to progress
13 without delay with activity focused on the delivery of
14 scheduled critical path items and other commitments, such
15 as completing the last remaining Phase I Environmental
16 Projects segment of LA to Anaheim, supporting our bookend
17 projects, completing our 119-mile civil works, and moving
18 into the track-laying phase.

19 As with historic practice, the budget will be
20 continuously monitored with status reports provided monthly
21 to the Board.

22 Next slide, please.

23 In order to keep the project going without delay,
24 we have outlined our funding plan, given the timing of the
25 federal funds that are in question, and the proposed plan

1 until those impacted funds are resolved.

2 I do want to mention currently that we have \$3.1
3 billion in contractual commitments, and our cash balances
4 are a healthy \$4 billion. However, as the program expands
5 we will have to monitor our cash flow closely, control new
6 commitments through our principled process of issuing
7 notices to proceed to ensure capital expenditures do not
8 exceed available cash, and potential front load activities,
9 the taper match approach, as we had just discussed.

10 Next slide, please.

11 The next three slides provide additional detail
12 for the updated program baseline budget and fund source.
13 On this slide, we show a Merced-Fresno- Bakersfield program
14 would be 36.75 billion, and how that would be funded, with
15 an uncommitted program funding balance of 6.28 million when
16 we're including the Governor's May revised proposal.

17 Next slide.

18 In the fiscal year, our capital outlay budget
19 plan by fund source for 25-26 is spending \$2.6 billion.

20 Next slide.

21 And our administrative and capital outlay support
22 budget will be \$117 million, with 514 authorized positions.

23 Next slide.

24 In accordance with the existing Board policies,
25 we brought this action item to the Board to accept the 2025

1 program baseline and budget. Further, we recommend the
2 Board accept the fiscal year 25-26 capital budget of 2.6
3 billion and the fiscal year 25-26 administrative and
4 capital support budget of 117 million to continue the work
5 of connecting Merced-Fresno and Bakersfield.

6 This ends my presentation today. I'm happy to
7 answer any questions.

8 CHAIR RICHARDS: Thank you, Jamey.

9 Any questions or comments?

10 Yes, Director Escutia.

11 DIRECTOR ESCUTIA: Thank you.

12 Jamey, let me go to page 4 of the document that
13 you added here under agenda item number 2, and that's just
14 to get a sense of the prior actions with regard to this
15 business plan. According to prior Board action, on June
16 the 26th of 2024, this Board adopted an expenditure
17 authorization of \$26 billion. And so now, you're asking
18 the Board to adopt an expenditure authorization of about
19 \$36 billion.

20 CHIEF FINANCIAL OFFICER MATALKA: Yes.

21 DIRECTOR ESCUTIA: So why the increase? Can you
22 explain that \$10 billion increase? Yes. That is to bring
23 in the scope for the Merced Extension Civil Construction,
24 the Merced Extension Track and Systems, the three stations
25 that were not previously in there, the construction portion

1 for Kings-Tulare, Merced Station, and Bakersfield Station,
2 and also the scope of work for the Bakersfield segment
3 connecting to the downtown area that was not previously in
4 the baseline.

5 DIRECTOR ESCUTIA: Okay. Well, I mean, that's
6 good news for Merced, correct?

7 CHIEF FINANCIAL OFFICER MATALKA: Yes.

8 DIRECTOR ESCUTIA: So why was Merced coming here
9 in the morning and complaining that they were not part of
10 this?

11 I mean, I hope that the Merced folks are
12 listening to this because that \$10 billion increase is
13 mostly to help you guys out, because I sure as hell as a
14 southerner don't see anything for us in Southern
15 California. So that's my first question. Thank you for
16 answering.

17 The second question deals with your budget for
18 administrative and capital support. Prior Board action, as
19 identified in page four, indicates that we voted for \$111
20 million, which was diminished to \$108 million after the
21 Department of Finance got a hold of it. So now you're
22 asking for, I think, \$117 million.

23 CHIEF FINANCIAL OFFICER MATALKA: Yes.

24 DIRECTOR ESCUTIA: Can you explain the reason for
25 the increase in \$9 million?

1 CHIEF FINANCIAL OFFICER MATALKA: Absolutely.

2 DIRECTOR ESCUTIA: So every year, our
3 administrative and capital support budget follows along the
4 state process. And the state process has different actions
5 that occurs.

6 For this current year, the governors had proposed
7 austerity measures. We were not immune to those austerity
8 measures. That reduced our budget for savings on contracts
9 and positions reductions. We took a six-position
10 reduction.

11 But at the same time, we were processing through
12 the state budget, budget change proposals for the fiscal
13 year that we're in, and those two proposals were approved
14 through the legislature and the administration, and that
15 added 18 additional positions for the Authority. Thirteen
16 of those positions are to support our NEPA delegation, to
17 support the local projects in the state and help them with
18 their environmental process, and five of those positions
19 are to support our IT department for operational readiness
20 to get ready for the train operations.

21 DIRECTOR ESCUTIA: Thank you, Jamey.

22 No more questions, Mr. Chairman.

23 CHAIR RICHARDS: Thank you.

24 Any other questions for Mr. Matalka?

25 Okay. We've got a motion.

1 Is there a second?

2 VICE CHAIR MILLER: Second.

3 CHAIR RICHARDS: Motion and a second.

4 Please call the roll.

5 SECRETARY RODRIGUEZ: Director Schenck?

6 DIRECTOR SCHENK: Yes.

7 SECRETARY RODRIGUEZ: Chair Richards?

8 CHAIR RICHARDS: Yes.

9 SECRETARY RODRIGUEZ: Director Camacho?

10 SECRETARY RODRIGUEZ: Yes.

11 SECRETARY RODRIGUEZ: Vice Chair Miller?

12 VICE CHAIR MILLER: Yes.

13 SECRETARY RODRIGUEZ: Director Perea?

14 Director Escutia?

15 Director Williams?

16 DIRECTOR WILLIAMS: Aye.

17 SECRETARY RODRIGUEZ: Director Cohen?

18 DIRECTOR COHEN: Yes.

19 SECRETARY RODRIGUEZ: Mr. Chairman, the motion
20 carries.

21 CHAIR RICHARDS: Thank you. Moving on to Agenda
22 Item No. 3, which is the presentation of Multiple Award
23 Task Order Contract Strategy and Potentially Applicable
24 Projects, Emily Morrison.

25 Good morning, Ms. Morrison.

1 MS. MORRISON: Good morning. Good morning. Good
2 morning, Chair Richards, Vice Chair Miller, Directors of
3 the Boar. Emily Morrison, Chief of Contracting here.

4 Today, I bring forward to you an informational
5 item regarding our progress on our Multiple Award Task
6 Order Contract, commonly referred to as a MATOC.

7 Next slide.

8 Currently, where we are at is overall, this is
9 the overall slide -- we are utilizing a MATOC -- which is a
10 bench-type contract that will allow for us to do repair and
11 minor construction along the alignment.

12 This contract specifically is a five-year
13 multiple ordering period, and we are limiting this to a \$15
14 million task order level with three pools, of a large
15 business pool, a small business pool, and a pool for our
16 utility relocation.

17 I wanted to take a few moments to talk about on-
18 ramp and off-ramp procedures because what we are going to
19 bring here is a little bit different than what you would
20 normally see. One of the issues that I always had at the
21 federal level is that when you establish bench contracts, a
22 lot of times these small businesses may have not
23 established or formulated, or they're working to get
24 themselves up and running, aren't ready at the time that we
25 initially solicit.

1 And common feedback I have received over the
2 years is that, hey, now that I didn't have a chance to bid
3 on it now, I'm going to be locked out of this contract for
4 five years, and so ultimately what I'm going to incorporate
5 here is make sure we have very well robust on-ramp and off-
6 ramp procedures, which allows us to revisit the bench
7 contract, either on an 18-month or two-year basis. So I
8 plan to at least once, if not twice, revisit bringing on
9 additional contractors that may be new to the area based on
10 maybe where we're further along in the extensions. So that
11 way, small businesses, if they weren't ready to incorporate
12 or bid on it at this time, there will be opportunities for
13 them in the future to bid.

14 So I do want to stress that to the public, that
15 we will have future opportunities for on-ramp for this
16 contract. If you don't meet it at this time, you're not
17 going to be locked out of it in perpetuity.

18 Okay. Next slide.

19 All right. Some of the things that I've spoken
20 about before, we don't have a set target number of offerors
21 looking to get on. Again, if the offerors are qualified
22 and able to do the work, we're going to include them in the
23 on-ramp and include them in the MATOC.

24 We have the three pools. Again, as I said, the
25 sample projects, typically, which they will bid on in order

1 for us to verify that they are responsive and responsible,
2 are the sample projects, which for the small businesses is
3 targeted to be under \$5 million; for our utility
4 relocation, also under \$5 million; and the large business
5 contractors, we will provide a sample project roughly
6 between the realm of 10 to 15 million. We are going to
7 evaluate them in a two-phase evaluation process that does
8 include price determination. The individuals who are found
9 to be the lowest price for the individual sample projects
10 will receive a task order at time of execution of the bench
11 to begin the work immediately.

12 Okay. Next slide.

13 So currently where we are at, we are looking to
14 post our request for proposal on Cal eProcure this coming
15 up month in September. We will have this RFP open through
16 November to allow small businesses enough time to provide
17 any questions they may have.

18 We do have a small business diversity and
19 resource fair that is occurring in San Francisco on October
20 22nd. Myself will be there, along with several folks from
21 the procurement team, and if any, you know, small
22 businesses that are here are listening, we are happy to
23 address questions there or address them in advance when
24 they submit an RFI to the proposal.

25 We are looking to have our proposals due in

1 November with evaluation in the November-December time
2 frame. Also to draw attention, we did have an RFEI that we
3 had posted for our MATOC. We received 93 responses, and I
4 was very excited that we had almost half of them that
5 responded were small businesses in the local area.

6 Okay. Next slide.

7 And then I provided a couple sample projects that
8 will be included in the MATOC for the PG&E projects that
9 can occur. We still are working to identify a large
10 contract that we're hoping to identify very soon before we
11 release this procurement. One of the projects includes a
12 relocation and construction of a PG&E distribution line.

13 Next slide.

14 A couple others include a well abandonment, and a
15 completion of earthen embankment intrusion protection
16 barrier at Canal 922.

17 And then next slide.

18 We also have some utility relocation work, which
19 is at SR-486, along with the PG&E electrical distro
20 relocation in Madera County.

21 And that concludes all of the sample projects we
22 currently have at this time.

23 Do you have anyone from the Board have any
24 questions regarding the MATOC?

25 Yeah. Absolutely.

1 DIRECTOR ESCUTIA: Thank you, Mr. Chairman.
2 Thank you, Ms. Morrison. I'll take you to your memo that
3 you wrote to the Board, and there are no pages identified.
4 So it will be one, two, page three at the bottom of the
5 page under small business.

6 You're basically asking this Board to approve
7 this, but at the same time asking the Board to give you
8 authority to exempt certain solicitations from the small
9 business goals.

10 MS. MORRISON: So just for correction, this is
11 the information -- this is not an approval item, this is
12 the informational item. But there is three pools. One is
13 for large business contractors, one is for small business
14 contractors, and then one is for utility. So there is
15 specifically the goal of the MATOC is to put as much of the
16 work -- the small dollar -- that we can into small
17 businesses in the local area in an effort to boost our
18 small business numbers that we currently have.

19 DIRECTOR ESCUTIA: I've been told that this is
20 the next item, so but I think I read, when I read the
21 actual resolution --

22 MS. MORRISON: There would not be a resolution
23 for this item.

24 CHAIR RICHARDS: Next item.

25 DIRECTOR ESCUTIA: I'm sorry, it's the next item.

1 I am so sorry, because I got the same document for item
2 number three and item number four.

3 So I will withdraw my statements and wait until
4 agenda item four.

5 MS. MORRISON: Absolutely.

6 Do we have any other questions that I can answer?

7 CHAIR RICHARDS: Yes, Director Perea?

8 DIRECTOR PEREA: Thank you for the information.
9 When we talked about this a little bit on the phone, I
10 think it's a great strategy, one, to save money, and two,
11 to increase our small business participation, and thank you
12 for putting up some of the sample projects that could be
13 coming up.

14 We talked about hosting something in Fresno for
15 that region for folks to come and hear what we're doing and
16 see if they encourage them to apply. So will we be
17 scheduling something in Fresno soon?

18 MS. MORRISON: Absolutely. So again, I'd be
19 interested, and myself and my team will be able to come
20 down for that as well so that we can host a workshop in
21 the --

22 DIRECTOR PEREA: Okay.

23 MS. MORRISON: -- in the Fresno area for that.
24 Because the one in San Francisco is the big formal one,
25 but, you know, for the local area, it'd be good to have one

1 down in the Central Valley as well.

2 DIRECTOR PEREA: And again, thanks for pivoting
3 to this area. It's smart not using the prime contractors
4 to do the work that we can have small businesses for.

5 CHIEF EXECUTIVE OFFICER CHOUDRI: Yeah. That was
6 the main reason for going this route because for decades we
7 have been using the big contractors to do small works. And
8 so we will do in Fresno, but we will also do one in
9 Southern California in May.

10 DIRECTOR PEREA: Okay.

11 CHIEF EXECUTIVE OFFICER CHOUDRI: So we would
12 like to get the pool of contractors, small businesses from
13 across the state.

14 DIRECTOR PEREA: Great. Thank you.

15 CHAIR RICHARDS: Yes, Director Camacho?

16 DIRECTOR CAMACHO: Yes. The pools that you've
17 created, large and small, and utility, are all of these
18 construction contracts, or any special services contracts?

19 MS. MORRISON: So that's a wonderful question.
20 So these are all specific construction, but we do
21 tentatively will have an architect-engineer contract, a
22 bench-type contract that is coming in the future, where it
23 will encompass professional services as well.

24 DIRECTOR CAMACHO: Thank you.

25 MS. MORRISON: Thank you.

1 CHAIR RICHARDS: Any other questions?

2 All right. Thank you, Emily. Don't go away.

3 MS. MORRISON: I'm going to stay right here.

4 CHIEF EXECUTIVE OFFICER CHOUDRI: So before we go
5 to the item number four, the item four is the long-standing
6 strategy we put in place since day one when I joined, was
7 to also reduce the cost of all the materials that we are
8 purchasing through general contractors, and two aspects of
9 it. One is to advance the program sooner, and then second,
10 reduce the cost of purchasing, because if you go directly
11 to the manufacturers who are making steel products or
12 copper cable products, you go to those factories, and then
13 you get discounts from them because our volumes are very
14 large, the result of that is net significant saving on two
15 sides of it. One, the schedule gets pulled back, and then
16 second, cost goes down by 20-25 percent. That's all about
17 material purchases. That's the item number four.

18 DIRECTOR ESCUTIA: No, I remember this
19 discussion. We had it a year ago.

20 CHIEF EXECUTIVE OFFICER CHOUDRI: That's the item
21 four.

22 CHAIR RICHARDS: Okay. Thank you.

23 MS. MORRISON: Thank you.

24 CHAIR RICHARDS: Item number four is the action
25 item with regards to direct commodity purchasing.

1 So Ms. Morrison, you're back up.

2 MS. MORRISON: Thank you so much.

3 All right. Chair Richards, Vice Chair Miller,
4 Directors of the Board, Emily Morrison, today I'm going to
5 bring in an action item for your approval for our rail
6 materials. We are pursuing invitations for bids for all of
7 our commoditized items that we are pre-purchasing in
8 advance.

9 As we have said before, the goal of this is to
10 help reduce lead times along with help reduce overall cost
11 for the program. I am here today requesting approval for
12 the separate procurements which include the rail, the ties,
13 our OCS poles -- the overhead contact system poles -- our
14 OCS components, the fiber optic cable, along with the
15 ballast, which is a European EN standard ballast. We are
16 seeking to purchase the rail materials for the first
17 119-mile segment that we are proceeding with construction,
18 and of course, the materials are going to conform to the
19 technical specifications that we put out in these IFBs.

20 Like I've said in the past, the long lead items,
21 we are ultimately trying to pre-purchase these in advance,
22 and it's a cost and schedule savings to the Authority.

23 Next slide.

24 Overall costs are not to exceed budget for these
25 materials for the 119 is \$07.1 million, and this will be

1 100 percent state funded. We do have notice to proceed
2 one, two, and three that will be utilized for the material
3 purchasing for the future extensions. We are seeking
4 authorization for NTP two and three in the future. At this
5 time, we are only proceeding with NTP one for the 119. The
6 future authorizations may include blended federal and state
7 funding based on, you know, the status at that time.

8 Next slide.

9 So as I said, the materials notice to proceed one
10 will be for the 119, and it is 100 percent state funded,
11 NTP two and three are optional, and we'll come back at a
12 later date for those.

13 Next slide.

14 All right. I am providing some of the
15 commoditized items that we are looking to procure in
16 advance. The first is our rail, which is a UIC 60 rail.
17 It needs to be compliant with the specifications that we
18 provide in the IFB, and our current estimated lead time for
19 procurement of rail is six to 12 months. So, again, you
20 know, trying to get this as soon as possible.

21 Our concrete ties, we currently have an estimated
22 lead time of one to two months on that, also needing to
23 abide by the specifications we provide to offerers.

24 Next slide.

25 The overhead contact system direct components,

1 there's a long list of components that we are looking to
2 procure, which include the wire, the contact messenger,
3 contact wire, and so on. Estimated lead time is going to
4 vary between six to 12 months on that as well. It must
5 conform to our technical specifications.

6 Next slide.

7 We also are procuring the overhead contact system
8 poles. Compliant specifications, our estimated lead time
9 is 12 weeks for those. Our fiber optic cable, estimated
10 lead time, approximately six months. We're waiting for
11 industry to kind of give us feedback when we post that out
12 what the totality of that would be.

13 Next slide.

14 And then lastly, our EN standard ballast, that
15 has the shortest lead time. We are looking to have
16 multiple vendors on award for the ballast based on industry
17 feedback that there could be quarry shortages on the
18 western side of the United States. So in the event we have
19 one of the quarries can't, you know, the lowest offerer
20 can't provide us the supply that we need at the time, we
21 will move on to the next offerer that we have on contract,
22 so kind of making sure we never have a gap in our supply
23 for the ballast.

24 Alright. Next slide.

25 Okay. The basic terms of this contract. So the

1 total not to exceed that we are asking for today is 507.1
2 million duration of each contract will be four years,
3 contracts will be awarded to the lowest responsible bidder,
4 and all materials must be manufactured and compliant with
5 by American standards.

6 Next slide.

7 The next steps is the staff will complete the
8 invitation for bid documents. We are releasing tentatively
9 as early as tomorrow. We are sequencing these material
10 procurements out on the market so we don't flood them all
11 at once. So they'll be sequenced over the next coming
12 weeks and tentatively awarded, you know, as soon as
13 possible for those.

14 And I think that is it. Do we have any
15 questions?

16 DIRECTOR ESCUTIA: Yeah. But I noticed that
17 Emily put up her hand. Emily and Lynn have their hands up.

18 Okay. Basically my question is the same.

19 Ms. Morrison, on page three of your memo, you
20 indicate that staff is seeking Board approval to exempt
21 certain solicitations and contracts from the small business
22 goals where appropriate, and that's also reflected in
23 the -- I think the resolution that we have to vote upon.

24 How do you I don't think that you mean that
25 truly, truly seriously in the full interpretation of that

1 sentence. I mean, you actually believe a small business
2 does not have a role to play here?

3 MS. MORRISON: So these are highly specialized
4 requirements with very large manufacturing plans. The
5 market research that my team conducted and I reviewed is
6 that in order for us to have adequate price competition, I
7 cannot provide -- so when you buy a commodity, right,
8 you're buying -- say you buy a widget, okay, based on like
9 normal Authority goals of splitting it to 25 percent,
10 that's not how you would procure commoditized items,
11 because there's no way to physically split off 25 percent
12 of a widget. You can do 25 percent of, like, large
13 construction work because that makes sense because you can
14 get substitute work in various areas, but there's no
15 physical way to split it at that.

16 So typically what you would either see is
17 something in the realm of you have it fully set aside for
18 small business or you have something when the federal
19 government we call is full and open competition, that any
20 manufacturer that is able to provide -- and again, these
21 are very specialized. So for example, the ballast that
22 we're looking to procure is a European standard higher
23 quality ballast, higher quality than the normal AREMA
24 standard, for example. It's very difficult to preclude
25 large businesses and only have small businesses. For

1 example, for our ballast, my market research only provided
2 one small business that could even provide ballast to us,
3 and I wouldn't have adequate --

4 DIRECTOR ESCUTIA: Thank you. Have you worked
5 with our small business committee in trying to figure out
6 ways that they can, you know, participate in this program?

7 MS. MORRISON: Absolutely. So that's part of the
8 reason I wanted to bring the MATOC and bring it back before
9 talking about the rail is that particularly I am very
10 invested in making sure small businesses have an active
11 role in high-speed rail and our construction of high-speed
12 rail, and I want to make sure we get them involved in every
13 place that we can that makes sense.

14 And so moving costly change orders and our work
15 that would normally go to large businesses, trying to get
16 that work directly to small businesses in the local area,
17 is a way to kind of offset where our material procurements
18 are specialized in nature.

19 It is not precluding small businesses from
20 bidding on these procurements. It's just specifically not
21 listing designations of how much or fully set aside.

22 DIRECTOR ESCUTIA: But you see your resolution
23 does not read that way, and when you read the resolution
24 high-speed rail 25-06 therefore be it resolved, you know,
25 item number 2 it basically states here that we authorize

1 you to determine where appropriate small business goals per
2 contract, which may differ from the Authority's small
3 business program. That's a lot of authority that you're
4 asking for us to give to you.

5 Is there any intermediate goal short of giving
6 you outright that authority?

7 MS. MORRISON: At this time, I haven't identified
8 a way that you could possibly do that with the commoditized
9 item.

10 DIRECTOR ESCUTIA: All right. Thank you.

11 No more questions.

12 DIRECTOR CAMACHO: Emily, I think maybe you had a
13 question first.

14 DIRECTOR COHEN: Thank you. Am I good?

15 CHAIR RICHARDS: Yes. Go ahead.

16 DIRECTOR COHEN: Okay. Just a couple questions.

17 First, this sounds very smart and I appreciate
18 the work you guys are -- that high-speed rail is doing on
19 this, the team. Is there an estimated material savings and
20 is there an estimated time savings?

21 And then I have a follow-up question.

22 CHIEF EXECUTIVE OFFICER CHOUDRI: So a couple of
23 things there. The estimated time savings is about -- when
24 we did the old bottom-up estimate was about two years.
25 Somewhere between two years, two and a half years, we are

1 bringing the schedule back, because if we award the
2 contract to a rail installer -- the general contractor who
3 will install the rail -- and we award that next year, they
4 are first of all will be starting their effort to buy these
5 materials for us next year, not today. And so let's say we
6 give them a contract towards the end of next year, that's
7 when they will start, and they don't have the leverage that
8 we do as a state on the program because we are saying to
9 these steel manufacturers that we will purchase this
10 material for 119, however, you will commit to the prices or
11 even further out. So we can get lockdown on the price and
12 avoid the fluctuation if we -- yeah?

13 DIRECTOR COHEN: So part of this is locking down
14 the price by going direct to source for what you purchase
15 and for future?

16 CHIEF EXECUTIVE OFFICER CHOUDRI: That's correct.
17 As far as we can go. They can go up to three years on the
18 index. So yeah, that is how we are trying to save dollars.

19 DIRECTOR COHEN: That's great. I missed it.

20 I mean, you may not have the answer to this and
21 that's totally fine, but is there an estimated material
22 cost savings you're hoping for?

23 CHIEF EXECUTIVE OFFICER CHOUDRI: We don't have
24 the exact number.

25 DIRECTOR COHEN: Percentage?

1 CHIEF EXECUTIVE OFFICER CHOUDRI: Percentage is
2 something I can tell you. It's about 20 percent on the
3 overall construction cost that gets reduced by buying this
4 directly.

5 DIRECTOR COHEN: Okay. Great. Thank you.

6 And then are there any risks associated with this
7 with going about it this way that haven't been discussed?

8 CHIEF EXECUTIVE OFFICER CHOUDRI: There is always
9 the fluctuation of the price risk. There is now a new risk
10 we have, you know, when we place the order of what will be
11 the tariff that day.

12 DIRECTOR COHEN: That's no different than if a
13 contractor went about purchasing the material.

14 CHIEF EXECUTIVE OFFICER CHOUDRI: Yes.

15 DIRECTOR COHEN: So is there any unique risks to
16 High-Speed Rail going direct to source for the purchasing
17 of materials?

18 CHIEF EXECUTIVE OFFICER CHOUDRI: Not that I can
19 see. A lot of agencies do it. The freights, they purchase
20 all their material direct. Even if they are building new
21 lines, they always purchase direct from the factories.
22 That's the class one freighters that do it every day.
23 Amtrak actually is another agency who purchases material
24 directly when they do their extensions.

25 This is a standard practice. It was not applied

1 here on this program before. So we don't see a risk on
2 getting material delivered to our warehouses and then from
3 there you release it to the general contractor to take it
4 and install. Nothing other than logistics.

5 DIRECTOR COHEN: Okay. Thank you.

6 CHAIR RICHARDS: Director Camacho?

7 DIRECTOR CAMACHO: Yes. You have a budget of not
8 to exceed 507 million.

9 Have we considered the impact of the tariffs on
10 some of the materials that we're going to be using?

11 CHIEF EXECUTIVE OFFICER CHOUDRI: During the
12 estimates, the team was trying to lock down the tariff
13 whichever day we were doing the estimate because it was
14 moving continuously. So in our project update report, we
15 have made a point that this is based on what we knew when
16 we released the report with the full estimate. We cannot
17 guarantee what it will look like when we place the order,
18 because we don't know what that tariff will be that day.

19 DIRECTOR CAMACHO: Thank you.

20 CHAIR RICHARDS: Director Schenk?

21 DIRECTOR SCHENK: Thank you. (Indiscernible) In
22 our pre-Board briefing yesterday, you and I talked about
23 quality. There have been stories over the years about
24 inadequate material. So my question to you then and today
25 is how do we focus on the quality? We're talking about

1 responsible bids to make sure that we're not defrauded in
2 some way.

3 And I know you talked about ballast as the one
4 area of concern, but if you could expand on that a little
5 bit, please.

6 MS. MORRISON: Yeah. Absolutely. So within our
7 specifications and within the invitation for bids, there is
8 robust -- and we spoke about yesterday -- there is robust
9 inspection and quality testing that they have to meet.

10 So for example, like the ballast situation is
11 that in the event -- and this happens with quarries -- is
12 that they were meeting the standard initially, and then we
13 go to test, and they're no longer meeting the standard --
14 which is another benefit of having multiple vendors on
15 contract, very similar to what the federal government does
16 is blanket purchase agreements -- that allows them to go to
17 the next qualified bidder. We do also have supply bonds on
18 all of these individual contracts as well to hold
19 contractors accountable in the event that they do not meet
20 inspection and acceptance testing requirements.

21 So trying to take it from multiple directions to
22 help avoid that issue that you have presented.

23 DIRECTOR SCHENK: Thank you.

24 MS. MORRISON: Thank you.

25 CHAIR RICHARDS: Thank you, Director Schenk.

1 Yes, Director Perea.

2 DIRECTOR PEREA: Thank you for the presentation.
3 Just so I'm clear on -- you mentioned tariffs, so it's
4 possible some of these products could be coming from
5 overseas, and the question is how do we reconcile that with
6 our Buy America program?

7 CHIEF EXECUTIVE OFFICER CHOUDRI: Two things.

8 Steel primarily, the factories that I met with,
9 is primarily from the U.S. It's recycled, most of it.

10 Paper and other raw materials, they come from all
11 over. So if they're subjected to tariff, so when they come
12 as raw material, then they get incorporated into the
13 products that are being manufactured in the U.S., that is
14 what tariffs affect. It's not the cable or wire that will
15 be built here. It is the raw material that comes in from
16 other countries. So the product is going to be fully
17 compliant to Buy America.

18 DIRECTOR PEREA: Right. Okay.

19 CHIEF EXECUTIVE OFFICER CHOUDRI: It is the price
20 base that comes on what they can buy from Canada or other
21 places.

22 DIRECTOR PEREA: And if I understand it
23 correctly, as these materials come in, we will be storing
24 them in the Bakersfield area?

25 CHIEF EXECUTIVE OFFICER CHOUDRI: This is the

1 Wasco railhead.

2 DIRECTOR PEREA: Wasco railhead.

3 CHIEF EXECUTIVE OFFICER CHOUDRI: This is the
4 Wasco railhead that we are about to -- that Ed was
5 mentioning that we are about to finish and complete by
6 October on the track work and then the facility ready by
7 the end of the year.

8 DIRECTOR PEREA: And what's our strategy for
9 securing the site storage facilities that may be required
10 to --

11 CHIEF EXECUTIVE OFFICER CHOUDRI: Our railhead
12 chief is here. I will invite him to walk you through that.

13 Basem?

14 MR. MUALLEM: Thank you. Good morning.

15 Basem Muallem, Statewide Regional Director,
16 Chairman and Board. To answer your question, so as Ed
17 mentioned, we will have the railhead ready by October 3rd
18 and we will have the whole facility ready by the end of the
19 year. So we are looking for security, we're looking for
20 cameras, we're looking to put fences, we're looking to have
21 maybe a building that you can walk and security so that we
22 can prevent any theft. So that's things that we're looking
23 at. In addition --

24 DIRECTOR PEREA: So there will be fencing, and
25 there will be any prefab buildings that you're --

1 MR. MUALLEM: We're looking at prefab buildings.
2 We're trying to determine the size of the building. We're
3 trying to see how many employees will be there so we can
4 have a separate building also for the employees and for the
5 commodities.

6 DIRECTOR PEREA: Okay.

7 MR. MUALLEM: So we're looking at all that right
8 now.

9 DIRECTOR PEREA: How will this integrate with the
10 previous presentation with MATOC, having folks --

11 MR. MUALLEM: We will be working very closely
12 with Emily to make sure that we also comply with MATOC.

13 DIRECTOR PEREA: Okay. Thank you so much for
14 what you're doing. That's pretty impressive.

15 MR. MUALLEM: Thank you.

16 CHIEF EXECUTIVE OFFICER CHOUDRI: These are very
17 good questions because they work on these things every day.
18 So in order to build out the yard and to do all the
19 buildings there, they have to work together to get through
20 the MATOC contractors to go build that.

21 DIRECTOR PEREA: Okay.

22 VICE CHAIR MILLER: Tom?

23 CHAIR RICHARDS: Yes?

24 VICE CHAIR MILLER: I just want to thank you for
25 the presentation.

1 I'm going to move the item.

2 I think our biggest risk, Emily, is the storing
3 of copper and all these commodities for a long period of
4 time. The security is going to be fairly hefty, but I want
5 to move the item.

6 I'm looking at the language on the small business
7 above that. It says non-substantive modifications, and I
8 was assuming that included our small business goals, which
9 is in that sentence as well.

10 MS. MORRISON: Okay.

11 VICE CHAIR MILLER: So whatever changes you're
12 making, I understand commodities are a little bit different
13 because, you know, we're trying to purchase in bulk to save
14 some money, but I was assuming those were non-substantive.

15 MS. MORRISON: I'm going to defer to Tom real
16 quick just because we worked with legal very closely to
17 draft the language specifically for that.

18 VICE CHAIR MILLER: So are you just thinking of
19 exempting it, or are we really looking to just make some
20 minor changes?

21 MR. FELLEENZ: Well, I think what you're doing is
22 giving us the discretion to make those decisions because
23 there could be some opportunities that are different to
24 provide small business opportunities.

25 VICE CHAIR MILLER: Okay. I understand that.

1 Just if it's really substantive, will you come
2 back and let the Board know that? And I don't know if that
3 has to be part of a resolution or just you make a note of
4 that.

5 MR. FELLEENZ: Sure.

6 VICE CHAIR MILLER: Okay. So moved.

7 DIRECTOR ESCUTIA: What about the resolution of
8 the amendment?

9 CHAIR RICHARDS: We could change it. We can
10 change the language. I don't think it would take --

11 Tom, I don't know if you want to draft something
12 up. I mean, we've done this before in the past.

13 MR. FELLEENZ: It's the Board's discretion to make
14 adjustments to the language of the resolution.

15 CHAIR RICHARDS: Sure. So Director Escutia, do
16 you have --

17 DIRECTOR ESCUTIA: I would just say that, you
18 know, following along the line of Nancy, what she's been
19 talking about, that for substantive changes to our small
20 business program, that those type of issues have got to
21 come to the Board for approval.

22 MS. MORRISON: So can I --

23 DIRECTOR ESCUTIA: Am I overstating it, Nancy?

24 VICE CHAIR MILLER: Yeah. I don't think you have
25 to come back.

1 DIRECTOR ESCUTIA: Okay.

2 VICE CHAIR MILLER: I think you have to report it
3 to us.

4 MS. MORRISON: Okay. Absolutely. We can do
5 that.

6 Again, it was -- when you think about --

7 DIRECTOR ESCUTIA: That's fine.

8 MS. MORRISON: If you just, like, look at it
9 from, like, an outside perspective, right, is that when you
10 make a widget, you can't break 25 percent off of --

11 VICE CHAIR MILLER: No. I totally understand all
12 of that. I was just saying it's non-substantive.

13 MS. MORRISON: Okay.

14 VICE CHAIR MILLER: That's how I read the
15 language.

16 MS. MORRISON: Okay.

17 VICE CHAIR MILLER: So if it's substantive, I'm
18 just making a note that you would come back and let the
19 Board know.

20 MS. MORRISON: Absolutely. We can do that.

21 MR. FELLEENZ: So on the small business portion,
22 if the Board's desire, I will add a sentence that says that
23 for substantive changes to the policy for small business,
24 it would be reported back to the Board.

25 VICE CHAIR MILLER: Thank you. That's fine.

1 So with that amendment, I move the resolution.
2 CHAIR RICHARDS: Okay. We have a motion and a
3 second.
4 Please call the roll.
5 SECRETARY RODRIGUEZ: Director Schenck?
6 DIRECTOR SCHENK: Yes.
7 SECRETARY RODRIGUEZ: Chair Richards?
8 CHAIR RICHARDS: Yes.
9 SECRETARY RODRIGUEZ: Director Camacho?
10 DIRECTOR CAMACHO: Yes.
11 SECRETARY RODRIGUEZ: Vice Chair Miller?
12 VICE CHAIR MILLER: Yes.
13 SECRETARY RODRIGUEZ: Director Perea?
14 DIRECTOR PEREA: Aye.
15 SECRETARY RODRIGUEZ: Director Escutia?
16 DIRECTOR ESCUTIA: Aye.
17 SECRETARY RODRIGUEZ: Director Williams?
18 DIRECTOR WILLIAMS: Aye.
19 SECRETARY RODRIGUEZ: Director Cohen?
20 DIRECTOR COHEN: Yes.
21 SECRETARY RODRIGUEZ: Mr. Chairman, the motion
22 carries.
23 CHAIR RICHARDS: Thank you.
24 Thank you very much, Emily.
25 Now we're going to item number five, the CEO

1 report provided by CEO Choudri.

2 CHIEF EXECUTIVE OFFICER CHOUDRI: Good morning.
3 We have released our project update report. That was the
4 largest effort the Authority undertook over a period of 11
5 months since I've been there, which is to update how we
6 will deliver the entire high-speed rail system connecting
7 South and North of the State of California.

8 In this report we also looked at the program that
9 is currently under construction, which is the Merced to
10 Bakersfield, and we updated the design criteria and
11 everything that we need to finish that, what is our current
12 requirement in the statute. So the result of that we
13 presented in the report is to highlight how we can fund and
14 what level of funding is needed to finish what we have that
15 we are required to complete, Merced-Bakersfield, and then
16 how we even go further all the way to Palmdale on one end
17 and to Gilroy on the other end while we are working on
18 finishing Merced to Bakersfield.

19 We provided that scenario to the legislature for
20 everyone to notice that we can, if we funded appropriately
21 this program, and were appropriately provide the dollars
22 that we need, we can finish this Merced-Bakersfield-
23 Palmdale connection in Gilroy, all of it, by 2038-39. So
24 we can complete the program. It needs bold commitment from
25 California.

1 Absent of that, we will finish whatever we are
2 authorized and funded to do. We also presented that.
3 Jamey Matalka walked us through what that looks like.

4 What's on the table with the legislature is the
5 governor's proposal of \$1 billion a year until 2045 to
6 extend the cap and invest. That's great. That helps the
7 program to stabilize the funding so we can finance against
8 it through public-private partnerships. However if we want
9 to go bold and we want to build the system in our lifetime,
10 then we need to go bigger than that and for longer years.

11 So that's in our project update report. Details
12 are all there. I'm more than happy to answer any questions
13 if anyone have.

14 On the next slide, which is slide number three,
15 we already went through, so I'm not going to spend a lot of
16 time. MATOC, and other things that we are doing. Emily
17 just did that. If any questions there, more than happy to
18 answer as we proceed on those activities that we just got
19 approved. The other action that we started early in
20 January of 2025 which we invited the entire industry to
21 visit with us for a two days' workshop, and the reaction
22 from that has been that the industry came and engaged, and
23 to this day they have been engaged with us on at almost
24 weekly basis.

25 The one part of the community that came in a

1 strong way was the equity partners, concessionaires,
2 financiers. So we launched in our request for expression
3 of interest asking the financing industry to engage with
4 us, and we received responses on that and there's some key
5 takeaways on what happened there.

6 I have Thierry who will talk about the results of
7 that engagement with the industry and where we are today in
8 terms of public private partnership.

9 MR. PRATE: Thank you, Ian. Good morning. I'm
10 Thierry Prate, financial advisor with the Authority.

11 Ian mentioned right -- so can you hear me? There
12 we go.

13 So we released end of June this RFEI for this
14 consultation to get some kind of feedback. We received the
15 responses by the very end of July, early August, and we've
16 been looking at those responses since. The Authority
17 started also to receive on one-on-one basis some of the
18 participants who wanted to discuss in more detail some of
19 the responses.

20 On the right here on this slide, you have the
21 categories of responders that we have. So you'll see we
22 have in total about 31 responses, you know, ranging from
23 engineering and A&E firms, developers, and investors.
24 That's the focus for today. We had also specialty
25 suppliers, advisory services, construction, and rail

1 operators. So we had a very good return, and remembered
2 that follow up the industry day that the Authority had in
3 January.

4 So this is kind of the double click on the
5 developers-investors here and the key themes that we see
6 from the responses. So we've been talking about the 1
7 billion, you know, the long term and funding for revenue
8 stream. This is obviously a number one. You know, this is
9 confirmation that if and when we're going to get the
10 securitized appropriation from Cap and Invest 1 billion,
11 those parties will be coming and will be interested to
12 actually to work with us and also bring some equity. So
13 this is absolutely top in mind, which you already know,
14 right?

15 The second theme is about collaboration and, you
16 know, early involvement of those parties. So I didn't put
17 it on the slide, but we're talking about pre-development
18 agreement. So we will have a team coming and work with us,
19 right, and continue to develop the scope and the financial
20 debt and structure that we want to have before potentially
21 launching, you know, a P3, which is the number three term
22 on this item.

23 So for the P3, you know, for the response we get,
24 you know, this is a confirmation from what the CEO has been
25 saying since this year. You know, this part of the

1 industry will be coming and helping us solving some of the
2 complexity in bundling some of the scope. You know, we
3 will be able to raise debt, bring equity. We get even a
4 range, as you can see on this slide, that, you know, they
5 would look at, you know packages from 2 to 5 billion,
6 right? And on the one-on-one discussion we have, you know,
7 we try to go a bit more in detail with those.

8 And to manage risk, you know, for the -- we're
9 talking about availability payment. So in the initial
10 terms, obviously, there is not going to be stable ridership
11 to, you know, actually build on revenue. So we would
12 actually start structuring those deals based on
13 availability payment, which means we specify, you know,
14 what we want from them for, you know, the type of asset,
15 the quality, you know, to make sure the asset is available,
16 and that's the kind of revenue stream we'll be using.

17 What is interesting is, you know, again, in some
18 of the discussion, we would be able to consider a switch
19 into more revenue risk for this partner. This is why we
20 have also looking at, you know, potentially long-term
21 collaboration on, you know, these things.

22 Number five, we've discovered the advanced
23 purchasing. I think it's also interesting to hear the
24 industry confirming, you know, our strategy to go ahead and
25 try to save time by, you know, securitizing. So choosing

1 the long-term items, the commodities we just discussed, so
2 that they find an appropriate way to move forward.

3 And of course, you know, the one question around
4 risk allocation, you know, through those two years of you
5 know, development, that would give us actually the
6 opportunity, you know, to identify the risk and allocate,
7 you know, the players will have the best approach, you
8 know, to manage and mitigate that risk.

9 And so as I said, we're continuing, you know,
10 reviewing those responses. We're engaging on discussions.
11 I'm sure, you know, Ian will come back and, you know,
12 present some -- you know, some further details and
13 responses, you know, between now and early next year.

14 If there's any questions, I'm happy to answer.

15 DIRECTOR PEREA: Thank you for the presentation.

16 We've talked about, or at least we've had some
17 discussion about when the trains are operating, say, 10
18 p.m. stops, then transitioning in the evening to freight or
19 other opportunities for moving goods and services.

20 How does that fit into this discussion?

21 CHIEF EXECUTIVE OFFICER CHOUDRI: So Europe does
22 it. Japan does it. They do it every day. Passenger time,
23 service time, when it ends, they use the rail line for
24 moving other activities on the railroad. That's how they
25 generate revenues.

1 These groups that we are receiving responses
2 from, they are -- some of them are the one who are doing
3 that in Europe, and they are here. So we're talking to
4 exactly the same folks who have been doing it for decades
5 in Europe, and they are the one bringing ideas of how to
6 commercialize the real estate and the assets we have, and
7 that is the second model that he was talking about on
8 number six. They are ready to take revenue risk on that,
9 which is what we want.

10 Availability payment is a way. You advance the
11 financing and we pay you over time. Revenue risk is where
12 they invest and they take the responsibility of generating
13 revenue to pay themselves out. That's the kind of
14 discussion we are having.

15 DIRECTOR PEREA: What kind of goods and services
16 are they moving in Europe?

17 CHIEF EXECUTIVE OFFICER CHOUDRI: On the Channel
18 Tunnel, the program I was on when I came out of college,
19 that one moves between France and UK on the high-speed
20 line. They move from cars that they are manufacturing in
21 each other's countries through that tunnel on the high-
22 speed line. They just reduce the speed and they can take
23 containers through it.

24 Spain and Italy are doing exactly the same on
25 high-speed rail lines. They are moving agricultural

1 products short distances. So if they are 60, 70, 80
2 kilometers, they will deliver at the connection centers,
3 and from there it gets further distributed. What they are
4 doing is avoiding sending trucks on the highways.

5 So that's what we can do very easily here through
6 Central Valley. It's an ag land. You can move a lot of it
7 during the night hours or early morning hours, and those
8 ideas are going to be captured through these P3s.

9 DIRECTOR PEREA: Would it be using our trains or
10 a different set of trains to move the product?

11 CHIEF EXECUTIVE OFFICER CHOUDRI: It's a
12 different type of -- it's like a locomotive in the front
13 and then cargo wagons in the back, so these are not the
14 trains where people are using it.

15 DIRECTOR PEREA: Okay. Thank you.

16 CHAIR RICHARDS: Any other questions?

17 Thank you very much, Thierry.

18 CHIEF EXECUTIVE OFFICER CHOUDRI: The last item
19 that we have under discussions beyond the funding request
20 to the legislature are the other issues that I came to
21 realize very quick on this program were stopping or making
22 us lose a lot of time over the last 15 years, and those
23 needed legislative actions. So let's skip over the stable
24 funding that we already discussed at length.

25 CEQA exemptions. Sometimes we were doing CEQA on

1 programs portions where the intent of that project in
2 itself is clean energy, renewable, and then we go to do
3 this bureaucratic step in the middle while we are doing
4 NEPA, also do CEQA. That is a three-year process. So we
5 are asking legislature to exempt our renewable power
6 generation strategy on all sites where high-speed rail will
7 provide sources, whether solar or wind or geothermal. We
8 want an exemption on CEQA on that.

9 DIRECTOR ESCUTIA: (Indiscernible.)

10 CHIEF EXECUTIVE OFFICER CHOUDRI: What got
11 exempted was the stations and other facilities.

12 DIRECTOR ESCUTIA: Okay.

13 CHIEF EXECUTIVE OFFICER CHOUDRI: This was my new
14 request to the legislature. And we were very happy with
15 that. That really saved us a lot of time. It streamlined
16 permitting. Another -- I'm not bothering you with details,
17 but what we found is during the construction when we get
18 utilities in the way or a local jurisdiction in the way, we
19 end up losing a lot of time, but when I say a lot of time,
20 it's a lot of money too just because the contract was
21 stopped.

22 So we want legislature to take an action to
23 provide the state authority so that we can get utilities
24 and others out of the way in a timely fashion. We provide
25 them design. They review the design. They give us their

1 feedback. We update. When we send it back, then the clock
2 starts. It's like, hey, get the utility out in a month.
3 If not, then we can relocate.

4 So we are asking for that. Senator Scott Weiner
5 is leading that with the Assemblywoman Lori Wilson, and I'm
6 hoping that we can get that power as well.

7 The other part, very important also, we are
8 asking for expedited courts, judges in Sacramento. We
9 talked about it back in 2018. We didn't get there. And
10 the reason is these are all eminent domain cases. So we
11 are asking to have that pass as well.

12 DIRECTOR ESCUTIA: But you said here expedited --

13 CHIEF EXECUTIVE OFFICER CHOUDRI: Expedited
14 courts, judicial process.

15 DIRECTOR ESCUTIA: I would suggest to counsel and
16 Mr. Williams used to work for State Bar and you and I used
17 to work on this when I was chair of the Senate Judiciary
18 Committee. I would suggest to counsel that maybe discuss
19 the possibility with the Judicial Council as to whether
20 there's an option here for identifying a group of judges to
21 just handle high-speed rail cases. Therefore we start
22 building the subject matter knowledge within that judicial
23 court.

24 And I know -- but since it's a statewide project,
25 you've got to have several of these panel of judges in

1 different counties. But it's a start. I would go to
2 Judicial Council.

3 MR. FELLEENZ: That's exactly what we would
4 pursue, and it just gives the advantage of having dedicated
5 resources. And I know my experience at Caltrans years ago,
6 they did that exact thing focused on a particular project.

7 DIRECTOR WILLIAMS: As a senator -- former
8 senator, but still always to me, Madame Chair, knows full
9 well that came before her committee often and we worked on
10 these issues, the Judicial Council grounds upon creating
11 specialized courts because it impacts the overall
12 efficiency of the courts.

13 There are ways to work on this and, you know,
14 whether it's having these cases filed in two or three
15 courts like you suggested where you have expertise and you
16 can kind of do it that way, but I think the idea of asking
17 the legislature to create a specialized court or fast-track
18 system, I would suggest we put less focus on that for now
19 and move towards something that can be done as an
20 alternative to legislation.

21 CHIEF EXECUTIVE OFFICER CHOUDRI: That would be
22 great. We'll have more discussion with you on that.

23 Next is update the Senate Bill 198. The only
24 reason we are saying that 198 is all about doing certain
25 section of the line. If we want to go bigger, then we need

1 to put some flexibility in it. That's what we're asking.

2 Third-party streamlining, of course, we talked
3 about utilities and relocation of those utilities.

4 Encroachment permitting is also having
5 jurisdictional Authority for us to be able to allow other
6 utility companies to cross our alignment on the land that
7 we already purchased. We have a situation now that there
8 are companies who want to use and go either longitudinally
9 or horizontally or vertical, they want to go do some work
10 for their utility on our right-of-way. We just don't have
11 that encroachment permitting powers. We've been asking for
12 it since 2022. Apparently that's what I came to realize.

13 Stationary zoning and tax increment value
14 capture, which is normal, very traditional. We do that
15 around transit all the time. This Authority doesn't have
16 that. We are asking for that level of zoning control on
17 the land that we own as a state, which is very common in
18 Europe. Again, it is done also in some cities in this
19 country.

20 The last item is more -- not legislature, but
21 it's more an administration decision to make. It is on the
22 sales tax exemption on the materials that we are
23 purchasing. And so we -- in our view, the taxes are
24 already building this line once. When we buy material, why
25 do we have to pay the tax again back?

1 So we have put the argument in front of the
2 Department of Finance. We'll see where it goes.

3 That's all I have. Any questions?

4 CHAIR RICHARDS: Any questions?

5 DIRECTOR WILLIAMS: Sorry, Mr. Chair.

6 Mr. Choudri, we heard this morning from Merced,
7 and I know sometimes these communications issues can
8 happen, and I appreciate them coming forward and sharing
9 it, but I think as Board Member Escutia pointed out, the
10 substance hasn't changed much. These are options that we
11 are looking at.

12 It seems like that -- but I would offer to you
13 and I would offer to them: you know, the central corridor
14 is important to all of us. It's been important to me my
15 whole life, being a Central Valley kid. I'm happy to come
16 to Merced and sit with you and hear from them. I'll extend
17 that invitation so that we can avoid, you know, hiccups and
18 misperceptions that may occur.

19 And I'll make myself a resource to you, Mr.
20 Choudri.

21 CHIEF EXECUTIVE OFFICER CHOUDRI: I appreciate
22 that, and I'll take you up on that. Thank you.

23 CHAIR RICHARDS: Thank you, Director Williams.
24 If there are no other questions, we'll move on to item
25 number six and provide you briefly with an update of the

1 condition of the Authority financially as it was reported
2 this morning at the Finance and Audit Committee meeting.

3 So these are as of June 30th. The cash position
4 of the Authority is about 4.1 billion, of which the bulk of
5 it is from cap-and-trade proceeds, which totaled about \$3.8
6 billion and do not include the proceeds from the May
7 auction, nor obviously the one that should -- I don't know
8 if it would actually -- did it occur in August, Jamey?

9 Okay. But it did occur. We just don't know the
10 numbers on that.

11 Neither of those proceeds are incorporated in the
12 4.1 billion mentioned.

13 The total expenditures in June were 166 million,
14 of which 92 million were for design and build expenditures,
15 and another 74 million in other categories to include areas
16 of other construction, project development, and bookend
17 expenditures. Bookend expenditures, as you probably know,
18 have to do with our commitments to both Northern and
19 Southern California.

20 With regards to the total project expenditures of
21 the Authority from the outset of this project, about 14.6
22 billion, of which about 74 percent have been paid for by
23 the State of California and 26 to 27 percent from the
24 federal government.

25 With regards to the construction report, there

1 were an average of 1,509 workers daily on the construction
2 sites in the Central Valley.

3 In terms of the progress of each of the
4 construction packages, there were 92 structures in the
5 entire 119 miles, of which 54 have been completed. That's
6 59 percent. 32 additional are underway, and 6 have not yet
7 been started.

8 Of the guideway, the 119 miles of guideway, 59
9 percent or 70 miles have been completed. 28 miles are
10 underway and 21 miles have not been started to date, and
11 that again being June the 30th. And utility relocations,
12 87 percent have been completed. That's 87 percent out of a
13 total of 1,826 utility relocations that have been required
14 in the 119 miles. 28 additional ones are underway, and 21
15 have not been started. I'm sorry. 93 are in progress, and
16 146 have not been started.

17 And on right of way, all but 18 parcels have been
18 purchased and delivered to the contractors. That is 99.2
19 percent of the total of 2,294 parcels which were required
20 by the Authority to get control of in order to complete the
21 119 miles.

22 And that pretty much is an update as of June 30
23 for the Finance and Audit Committee's report to you.

24 Beyond that, I'll ask my colleagues if anybody
25 else has any further comments today or questions?

1 Hearing none, then, ladies and gentlemen, that is
2 it for today. So thank you very much, and the meeting is
3 adjourned.

4 (The California High-Speed Rail Authority Board
5 adjourned at 11:30 p.m.)
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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 11th day of September, 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

September 11, 2025