CEO REPORT

Delivering CA High-Speed Rail 2024 to 2026

CEO Ian Choudri

October 28-29, 2026

SECTION 01

Updates on Travel Review and Upcoming Procurements

Where the travel review stands, the corrective actions underway, and the procurements ahead.

All four contractors committed to return the funds identified in the OIG report, totaling more than $1.3M

The approach is to collect the funds upfront and return taxpayer funds while the due diligence review of allowable and unallowable travel expenses continues.

PROGRAM MANAGEMENT

AECOM-Fluor JV

TOTAL IDENTIFIED BY OIG
$141,600

COMMITTED TO RETURN
$448,600

AMOUNT RECEIVED
$448,600

UNSUBSTANTIATED	SUBSTANTIATED
[TBD]	[TBD]

REIMBURSEMENT **Check**

TRACK & OCS DESIGN

SYSTRA | TYPSA JV

TOTAL IDENTIFIED BY OIG
$482,100

COMMITTED TO RETURN
$363,100

AMOUNT RECEIVED
$363,100

UNSUBSTANTIATED	SUBSTANTIATED
[TBD]	[TBD]

REIMBURSEMENT **Wired**

FINANCIAL ADVISOR

KPMG LLP

TOTAL IDENTIFIED BY OIG
$487,900

COMMITTED TO RETURN
$486,700

AMOUNT RECEIVED
$486,700

UNSUBSTANTIATED	SUBSTANTIATED
[TBD]	[TBD]

REIMBURSEMENT **Wired**

LEGAL ADVISOR

Nossaman LLP

TOTAL IDENTIFIED BY OIG
$40,800

COMMITTED TO RETURN
$37,000

AMOUNT RECEIVED
$0

UNSUBSTANTIATED	SUBSTANTIATED
[TBD]	[TBD]

REIMBURSEMENT **Check**

WHY IT MATTERS **Management is acting quickly and full assessment is underway**

CORRECTIVE ACTION

Ten corrective actions strengthen the framework from travel request to payment, and six are complete

Governance

CLARITY

Travel policy and procedure update

COMPLETED

Approved office location register

IN PROGRESS

Clear delegation of approval authority

COMPLETED

Templates and tools

ONE PROCESS

Uniform travel request form

IN PROGRESS

Invoice checklist with certification

COMPLETED

Automated invoice review

IN PROGRESS

(RAS) Record of Authorized Signatures

IN PROGRESS

People

CONSISTENCY

Travel rules training: CMs and executives

COMPLETED

Travel rules training for consultants

COMPLETED

Memo clarifying expectations

COMPLETED

WHY IT MATTERS

Six of the ten corrective actions are complete, and four are in progress.

Unlike any past program management contract

Delivery-Focused KPIs

Fees at risk hold PDP accountable

01 STATUS

- Draft scope and key personnel submitted by Office Chiefs
- Now under Contracting Office review
- Contracting Office drafting the RFQ

02 SCOPE

- Planning and Engineering
- Environmental
- Infrastructure Maintenance
- Safety and Security
- Rail Operations
- Construction
- Project Controls and Project Finance
- Executive Operations

03 APPROACH

- Four-year contract
- Request for Qualifications (RFQ)
- Evaluated on Program Delivery Method and KPI Structuring
- Reduces overhead of five contracts to one

04 BOARD DECISION

- Present to Board December 2026 to issue the RFQ
- Present proposed award May 2027
- Begin Transition from PDS as soon as Board Authorized

PROJECTED COST REDUCTIONS OVER 48 MONTHS

Program Management Budget Forecast - Pre Financial Efficiency

$994.3M

39.7% lower $394.3M saved over 48 months

Program Management Budget - Post Financial Efficiency

$600M

- OVERHEAD OF FIVE CONTRACTS STREAMLINED INTO ONE
- $394M OVER THE NEXT 4 YEARS REPRESENT POTENTIAL SAVINGS BASED ON CURRENT SPEND RATES

KEY MILESTONES

Nov 2026

RFQ, scope & contract prepared

Dec 2026

RFQ advertised, Board issues RFQ

Mar 2027

SOQs received

WHY IT MATTERS **Fees tied to delivery, so the program pays for results, not just effort.**

Financial Advisor contract re-imagined to become a **Commercial and Deal Advisor** contract

CURRENT SCOPE (1 of 2)

Financial Advisor

- Funding Advisory Services
- High-Speed Rail Commercial, Real Estate, Planning and Procurement Financial Advisory Services
- Strategic Operations and Grants Advisory Services
- Project Financial Advisory Services
- Reporting, Business, and Economic Advisory Services

CURRENT SCOPE (2 OF 2)

Sustainability Advisory

- Sustainability advisory services

PROPOSED SCOPE

Commercial and Deal Advisor

- Commercial Strategy, Transaction & Deal Structuring/Negotiation, and Innovative Funding & Financing
- Asset Commercialization including Station Area, Value Capture & Transit-Oriented Development
- Public-private Partnership (P3) and Private Capital & Market Support
- Economic Advisory Services
- Sustainability Advisory Services

WHY IT MATTERS

Re-imagining the financial advisor role and merging two contracts into one, positioning the Authority for commercial deals and a potential P3 partnerships

SECTION 02

Major Achievements

- **$100 Billion** in CAPEX savings
- First baseline reduction in the Project's history: over **$1 Billion**
- Robust asset commercialization plan
- Design criteria changes cut cost, schedule and risk
- Procurement methods streamlined
- Owner-procured materials saving time and cost
- Owner-procured insurance saving cost
- Reinvigorated industry partnerships and direct involvement from private capital providers

The Vision

> “California High-Speed Rail will be an economic and environmental transformation catalyst, redefining transportation in the United States.”

IAN CHOUDRI · CHIEF EXECUTIVE OFFICER

Engaging industry

Over 400 Rail, Construction, Design and Finance Professionals—Two-Day Industry Forum event

Accelerating construction

Direct material buys, master agreements, updated design criteria

The funding imperative

Sustained state investment and P3 partnerships

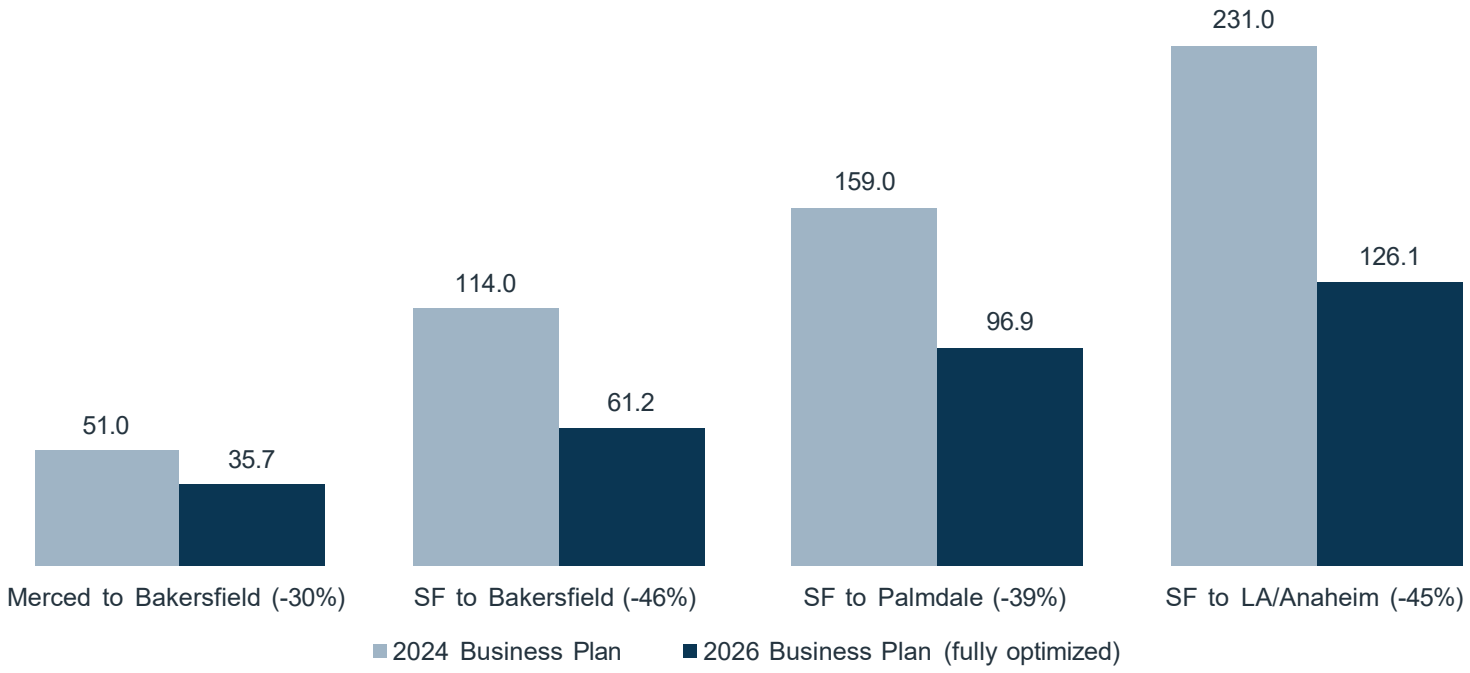
Setting the vision

2026 Business Plan Charts a Path to Phase 1 Operations by 2039

WHY IT MATTERS **Completing this vision within 20 years will be a landmark achievement for the United States.**

Building only what is needed, over time, saves more than $100B in Phase 1 System and about $14B on Merced to Bakersfield Segment

PROGRAM CAPITAL COST ESTIMATE, $B · CHANGE VS. 2024 BUSINESS PLAN IN LABELS



MERCED TO BAKERSFIELD SAVINGS

$12 to $14B

Bottom-up cost review unlocks billion in savings

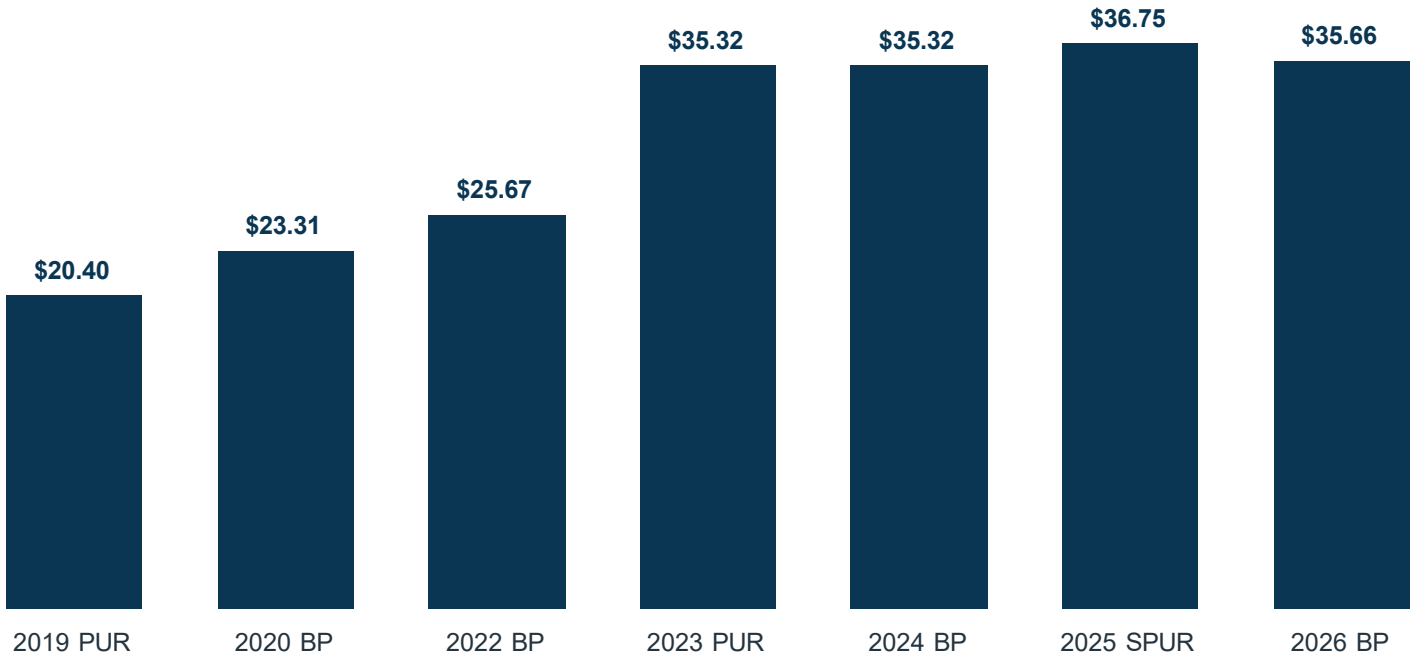
The Authority applied updated Design Criteria Manual (DCM) optimizations in its cost estimate review and when including a build-smarter approach the results save $12 to $14 billion.

WHY IT MATTERS

Phase 1 estimates fall 30% to 46% across all four segments compared with the 2024 Business Plan.

For the first time in the Project's history, the Program Baseline was reduced

MERCED TO BAKERSFIELD EARLY OPERATING SEGMENT CAPITAL COST ESTIMATE, in Billions



2026 PROGRAM BASELINE

-$1.09B

Design optimizations and building smarter took the baseline from $36.75B to $35.66B.

WHY IT MATTERS

Design optimizations and building smarter reversed a baseline capital cost estimate that had risen in every period shown since 2019.

CORRIDOR OF OPPORTUNITY—putting the Authority assets to work to help fund the system

FIRST IN CALIFORNIA

1st

Ancillary funding framework of its kind for a California public program

CORRIDOR POTENTIAL

800+ mile

Rail corridor could be transformed from a single-purpose alignment into a shared commercial infrastructure platform.

FAREBOX REVENUE/ANCILLARY REVENUE

Passenger fares from train operations
Sales associated with train operations

ASSET COMMERCIALIZATION

Non-fare and associated income from Authority assets

Reimagining the corridor as a multi-utility engine

Monetizes contiguous right-of-way and surplus land for clean energy, electrical transmission and broadband

The power of asset stacking

Co-locates commercial fiber, power transmission and renewable generation in one corridor footprint to support future development

Self-sustaining funding for California

Captures private capital upside to create a recurring, non-taxpayer revenue stream that strengthens long-term bankability.

Directly offsetting system capital costs

Directs upfront concession payments, utility capacity fees and early ground-lease revenue to civil works, systems and stations, and future operations

Securing debt service and private financing

Uses 30+ year commercial cash flows to support revenue-backed bonds or federal loan programs such as TIFIA and RRIF.

WHY IT MATTERS

Non-fare income from Authority assets can support debt service, and farebox revenue stays outside this framework.

20 years of funding secured, with $1 billion a year appropriated through 2045

In September 2025, the Legislature and Governor reauthorized the Cap-and-Invest program, replacing the prior 25% auction share with a fixed $1 billion a year for the Project through 2045.

> *California's nation-leading Cap-and-Invest program has proven we can cut pollution, create jobs, and invest in a cleaner future at the same time.*
>
> GAVIN NEWSOM · GOVERNOR OF CALIFORNIA

> *This is an historic victory for California High-Speed Rail. This long-term funding will provide stability and ensure consistent financing for decades to come.*
>
> DAVE CORTESE · CALIFORNIA STATE SENATOR

Cap-and-Invest

Reauthorized in September 2025

$1B a year

Fixed appropriation through 2045

Replaces 25% auction

Long-term revenue

WHY IT MATTERS **Multi-year funding gives the program a stable base to plan and deliver.**

Four major procurements carry the program from track into trains

TRACK & SYSTEMS · HSR25-89

Up to $3.5B

Track and systems construction contract executed

- 119-mile Section first with options to expand
- $378.9M committed in the first work packages
- Track laying begins 2026

PUBLIC-PRIVATE PARTNERSHIPS

P3

Potential for private partners to help deliver and finance the Project

- Leverages state funds with private investment
- Opens public-private engagement on the program
- Co-Development Partnerships for both Rail and Clean Energy

HIGH-SPEED TRAINS HSR23-18

Successful Procurement

Trainset procurement revised to reduce risk

- Shortlisted two bidders Alstom and Siemens
- Board to review Trainset award Oct 2026
- Trains ready for testing by February 2030

OWNER-CONTROLLED INSURANCE

$98M in Savings

Commercial General Liability insurance through an Owner Controlled Insurance Program

- $200M CGL limit; covers $9B+ in contract value
- Coverage through construction period
- 68% savings vs. contractor-provided CGL

WHY IT MATTERS

These procurements move the program from design into construction and service faster.

The Authority is cutting cost, being smarter and building a more resilient Project

OWNER PROCURED MATERIALS

Strategic Choices

Millions Saved

Moving from Contractor sourced materials to Owner procured materials has resulted in significant savings for both cost and time

- Direct purchase of Rail, Ties and Ballast
- Direct purchase of Overhead Contact Systems components and Cable Troughs
- Direct Purchase of OCS Poles

PROCUREMENT EFFICIENCIES

Delivery

Time Savings

Procurement changes that speed up delivery and provide more opportunities for small business

- Multiple Award Task Order Contract (MATOC)
- Indefinite Delivery/Indefinite Quantity (IDIQ)

Bench contracts allow the Authority to be nimbler through issuance of task orders

CONSULTANT EFFICIENCIES

EFFICIENT PARTNERSHIPS

$68M Reduced

Consultant contract savings since 2024, with 32 more contracts under review

- Phase 1 Reductions: HSR 21-17 $42M, HSR 23-21 $16M, HSR 17-20 $10M
- Phase 2: 32 more contracts under review

WHY IT MATTERS **Management making bold moves to deliver sooner.**

On day 1 New CEO faced 3 Delay Claims

APPROACH TO DELAY CLAIMS AND CONTRACTORS SLOW-ROLLING THE WORK

STEP A

Get Construction Package 2-3 on track and resolve task orders with CP 1

- CEO-to-CEO meetings established
- Construction experts hired
- Blockers removed
- CFO assigned to CP 1 task orders that were preventing civil construction from advancing

STEP B

Create multidisciplinary teams

- Cost verification, led by the CFO: forensic accounting of CP 2-3 delay claim costs, focused on past issues
- Construction work, led by the Chief of Construction focused on impediments to complete the work

STEP C

Get out of the way of track and systems

- Change Order 427 set the guideway end-date and saves a minimum of $100M compared with reprocurement
- CP 1 task orders: savings of $25.4M and resolving 121 TOs holding up work.

WHY IT MATTERS **Executive ownership of each package is the lever for both schedule recovery and the resolution of delay claims.**

Consultant fees earned against delivery, which protects program dollars

Key performance indicators

IN PLACE

Project Construction Management (PCMs) contracts now measure performance against project delivery milestones, including contract management and project management.

TOTAL CAPTURED FROM CONTRACT AMENDMENTS & Changed Approach to Completed Projects

$6.8M in one-time savings, plus $3.3M per year ongoing

CONTRACT AMENDMENTS COMPLETED SHOWING PARTNERSHIP AGREEMENT ON DELIVERY AND FEE STRUCTURE

Program Management (PDS)

$6.2M

Accountable performance

Construction Package 1 (PCM)

$361.2K

Tied to physical delivery

Construction Package 2-3 (PCM)

$268.2K

Tied to physical delivery

Construction Package 4

$3.3M a year

New strategy for maintenance and security management

WHY IT MATTERS

Each savings figure is tied to either accountable performance or physical delivery milestones.

Updates on the seven concepts to keep delivery on schedule

1

Utility relocation

Streamline utility relocation and third-party management.

STATUS

Proposal Introduced (SB445) but Failed Passage

2

ROW court priority

A prioritized court process for right-of-way cases.

STATUS

Concept

3

Land use and value capture

Partner with local communities on value-capture mechanisms.

STATUS

Concept

4

CEQA for clean power

CEQA exemption for clean power facilities.

STATUS

Concept

5

Funding and SB 198

Additional funding and SB 198 modifications.

STATUS

$1B a year appropriated through 2045

6

Sales-tax exemption

State sales-tax exemption for cost optimization, as in other states.

STATUS

Concept

7

Encroachment permits

Encroachment permitting authority for the Authority.

STATUS

Signed: SB 1425 (Cortese)

WHY IT MATTERS

Reassessing our Legislative Strategy for 2027 – To be Updated for 2027 Project Update Report