

DRAFT

FINANCE AND AUDIT COMMITTEE MEETING MINUTES

February 18, 2020

California Department of Food and Agriculture

Main Auditorium

1220 N Street

Sacramento, CA 95814

The meeting of the California High-Speed Rail Authority (Authority) Finance and Audit Committee Meeting was called to order on February 18th at 8:30 A.M. at 1220 N Street, Sacramento, CA. The Meeting Minutes were prepared in the order items were presented during the meeting.

Committee Members Present:

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

Board Members Present:

Mr. Lenny Mendonca, Board Chair

Staff Present:

Mr. Brian Kelly, Chief Executive Officer
Mr. Brian Annis, Chief Financial Officer
Mr. Joseph Hedges, Chief Operating Officer
Ms. Paula Rivera, Chief Auditor
Mr. Daniel Horgan, Deputy Chief Operating Officer

Public Comment

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

Item #1 – December Meeting Minutes

The December 10, 2019 Meeting Minutes were moved for approval by F&A Committee Member Ernest Camacho, seconded by Committee Member Nancy Miller, and approved unanimously.

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

External Audit Update

Chief Auditor Rivera provided a brief update on external audits, which included the US Department of Transportation Office of Inspector General Audit of the Federal Railroad Administration and the State Auditor’s Report on the High-Speed Rail Authority. No questions were asked by F&A Committee Members.

General Comment

Committee Chair Richards requested that Chief Operating Officer Joe Hedges give a presentation at the April F&A Committee Meeting on the reforecast for budgets and a schedule for implementation. He would also like the presentation to address the implementation and completion of construction on items required under our Federal Grant by December 31, 2022, as well as his forecasts on schedule on 119-mile construction.

Item #3 – Financial Reports Executive Summary

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

Question:

Member Richards asked if the value of invoices paid in the December 2019 period included any Time Impact Analysis (TIA) payments.

Response:

Mr. Annis confirmed that invoices paid in December include a TIA payment for CP2-3.

Question:

Member Camacho and Member Richards asked if we are working to fill the vacant position for Director of Risk Management.

Response:

Mr. Annis confirmed that we have been in recruitment of the position for a while but have been unsuccessful in finding someone with the right qualifications.

Question:

Member Richards asked if the drop in the fiscal year forecast will be reflected in the reforecast that Mr. Hedges is working on. He also asked that the fiscal year forecast be included in next month's Executive Summary report.

Response:

Mr. Annis confirmed that the updated fiscal year forecast will be reflected in the reforecast. He will also include a new column for forecast in next month's report.

Question:

Member Richards asked if there has been any response or actions from FRA regarding State Match invoices submitted for approval.

Response:

Mr. Annis responded that there has not been any response from FRA.

Question:

Member Richards stated that the small business rate has been flat for a while and asked if the Authority has been putting the appropriate emphasis on contractors to achieve the goal of 30% small business participation. He would like an update in the April F&A Meeting.

Response:

Mr. Hedges responded that the Authority tracks small business on a monthly basis through its small business council and has corrective action plans to the non-performing construction package. They are all starting to ramp up to achieve the 30% small business utilization rate. He will coordinate with Chief Deputy Director Pam Mizukami to provide a small business update in his April F&A presentation.

Question:

Member Camacho would like Mr. Hedges to include in his April F&A presentation the process for categorizing small businesses and what happens if small businesses outgrow their size standard. How does the Authority monitor small businesses and get new contractors into the program?

Response:

Mr. Hedges agreed to include this in the update for the F&A Committee in the April meeting.

Item #4 – Central Valley Update

Chief Operating Officer Joe Hedges presented the Central Valley Status Report to the F&A Committee Members.

Question:

Member Richards asked when the F&A Committee will receive an explanation of why the right of way (ROW) numbers increased and updated right of way tracking.

Response:

Mr. Hedges advised that he plans to have an explanation of the updated ROW numbers in the next few days and will have detailed tracking for individual parcels next month.

Chief Executive Officer Kelly added that the ROW team has moved to a new tracking tool called GeoAmps and there appears to be some actions that were lost in the data transfer.

Question:

Member Miller asked if Mr. Hedges could explain the railroad parcels and whether they are included in the ROW table. Is there a place where we can see a complete picture of acquisition?

Response:

Mr. Hedges responded that he has another graph that he uses to monitor the railroad parcels and how the Authority is performing against their goals. They are starting to see railroad parcels and land rights associated with those parcels moving as we speak.

Question:

Member Richards asked if there were any material changes to any of the construction packages from last month that you want to highlight for us?

Response:

Mr. Hedges responded there are no material changes from last month.

Question:

Member Richards asked what the level of confidence in ARRA completion.

Response:

Mr. Hedges responded that it will be tough, but he is confident that we will get there.

Having no further business, the meeting was adjourned at 9:32 AM.

The Authority additionally posts on its website transcripts from F&A meetings, which detail the discussion, questions, and answers from the meeting.