



DRAFT

FINANCE AND AUDIT COMMITTEE MEETING MINUTES

June 25, 2020

Webcast at:

www.hsr.ca.gov

The meeting of the California High-Speed Rail Authority (Authority) Finance and Audit Committee Meeting was called to order on June 25th at 8:30 A.M. via webinar due to Governor Newsom's State of Emergency declaration regarding the COVID-19 outbreak and in accordance with Executive Order N-25-20 and the Guidance for Gatherings issued by the California Department of Public Health. 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

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

Public Comment

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

Item #1 – April Meeting Minutes

The April 21, 2020 Meeting Minutes were moved for approval by F&A Committee Member Ernest Camacho and seconded by Committee Member Nancy Miller and approved unanimously.

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

Committee Chair Richards had no remarks, initiatives, or updates to present.

Item #3 – Work Plan Development Process Audit Report

Chief Auditor Rivera presented the FY2020-21 Audit Plan and Results of the Audit Office Peer Review. No questions were asked by F&A Committee Members.

Item #4 – 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 any unsold credits from the May Cap and Trade auction have been sold since the date of the auction.

Response:

Mr. Annis responded that unsold auction credits would remain available to purchase in the future and he believes they will sell in subsequent years.

Question:

Member Camacho asked if there is a plan B for funding should there be a pattern of low Cap and Trade auction proceeds due to COVID-19.

Response:

Mr. Annis responded that our current cash balances will support the Authority's needs for the upcoming fiscal year. The Authority also plans to request additional Prop 1A bond funds from the Legislature next year.

Question:

Member Richards asked about the implications to the Authority from the austerity measures taken by the state in response to COVID-19. Are measures reflected in our FY2020-21 budget?

Response:

Mr. Annis explained that the state union (SEIU) reached an agreement with the administration on a furlough program. We will get more information from the Human Resources Department on implementation when the package has been completed and the Department of Finance will calculate the savings to reduce our administrative budget through Executive Order.

Question:

Member Camacho asked how much we should be spending for the design-build contracts in order to reach our ARRA agreement.

Response:

Mr. Annis responded that design-build contract expenditures will increase from an average of \$65M to around \$110M in the next fiscal year.

Item #5 – Central Valley Update

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

Question:

Member Richards asked what we need to spend on construction going forward to meet the ARRA deadline.

Response:

Mr. Hedges responded that our spending is on track to meet the deadline. Expenditures will increase over time as shown on the S-curve graph in the Central Valley Status Report.

Question:

Member Richards asked if the Revised Baseline Schedules (RBS) are still in the process of being completed due to COVID-19.

Response:

Mr. Hedges responded that he is in the last stages of finalizing the Revised Baseline Schedules.

Question:

Member Camacho asked if there is a Plan B to accelerate construction if we fall behind schedule.

Response:

Mr. Hedges responded that his only plan is to work from the Revised Baseline Schedules, which accounts for all activities needed to achieve ARRA. They also have the capacity to increase expenditure rates should we fall behind plan.

Having no further business, the meeting was adjourned at 9:33 AM.

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