



**DRAFT**

## **FINANCE AND AUDIT COMMITTEE MEETING MINUTES**

**March 17, 2022**

**Webcast at:**

[www.hsr.ca.gov](http://www.hsr.ca.gov)

The meeting of the California High-Speed Rail Authority (Authority) Finance and Audit Committee Meeting was called to order on March 17<sup>th</sup> 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  
Ms. Nancy Miller, Vice Committee Chair  
Mr. Ernest Camacho, Committee Member  
Mr. Jim Ghielmetti, Committee Member

### **Staff Present:**

Mr. Brian Kelly, Chief Executive Officer  
Mr. Brian Annis, Chief Financial Officer  
Mr. Daniel Horgan, Deputy Chief Operating Officer  
Mr. Jamey Matalka, Director of Risk Management and Project Controls  
Mr. Moamen Ramadan, Board Secretary

### **Public Comment**

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

### **Item #1 – December Meeting Minutes**

The February 17, 2022, Meeting Minutes were moved for approval by F&A Committee Member Camacho and seconded by Committee Member Miller and approved unanimously by all members.

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

Committee Chair Richards noted the Chief Financial Officer will be presenting additional information regarding change orders as requested by the Committee. The Deputy Chief Operating Officer will also be providing a look forward on Central Valley metrics as requested by the Committee.

### **Item #3 – Financial Reports Executive Summary**

Chief Financial Officer Brian Annis presented the Financial Report Executive Summary to the F&A Committee Members. In addition, the Director of Risk Management and Project Controls Jamey Matalka provided an update on cumulative change orders and remaining contingency.

Question:

Member Ghielmetti asked if there is a cap on funds available to pay Caltrain invoices?

Response:

Mr. Annis replied that we are limited to the money allocated by the Board, and that's \$600 million of Prop 1A and \$114 million of Cap-and-Trade. Most of the Cap-and-Trade funds have already been expended and we are around halfway through the Prop 1A funds for Caltrain.

Question:

Member Ghielmetti asked if Caltrain would have to make up the difference for any cost overruns above the amounts designated by the Board?

Response:

Mr. Annis responded that's correct. We are not responsible for any cost overruns on the Caltrain project.

Question:

Chair Richards asked if there are any restrictions the Committee should know about regarding the three active federal grants (EPA Brownfields Grant, Fiscal Year-10 Grant, and RAISE Grant)?

Response:

Mr. Annis responded no, but noted that the FY10 grant will start spending in the track and system phase. That grant is intended to be last dollars in, so the FY10 funds will come toward the end of the Central Valley Project. Other than that, we are working on the RAISE Grant agreements, but because it's a different program and it's administered by the Federal Highway Administration, those might be federal dollars we can spend first for Highway 46 related work in Wasco.

Question:

Member Camacho asked if the \$41 million time impact payment referenced on page 5 of the Executive Summary is part of the larger \$122 million time impact analysis (TIA) settlement and if the \$81 million difference has already been paid?

Response:

Mr. Annis replied no, there will be monthly payments of about \$3 million a month. So, the remainder will be paid spread out in the future months invoice.

Question:

Chair Richards asked to clarify if the difference between this month's \$41 million payment and the \$122 million will be the amortized portion of the TIA?

Response:

Mr. Annis confirmed and stated there are a few elements of the \$122 million that weren't classified as time impact strictly, but most of the remainder will be paid monthly at about \$3 million a month going forward.

Question:

Chair Richards asked if there are any restrictions on the unallocated contingency with regards to how and/or when they can be used?

Response:

Mr. Matalka responded that there is a certain portion that is used specifically for construction elements as part of our ARRA grant, which is directed towards the Central Valley segment. The rest of it is free to use for any portion of the program the CEO decides.

Question:

Chair Richards asked for the amount of unallocated contingency that is specifically allocated for the Central Valley segment?

Response:

Mr. Matalka replied that the Interim Use balance is about \$108 million dollars.

**Item #4 – Central Valley Update**

Deputy Chief Operating Officer Daniel Horgan presented the Central Valley Status Report to the F&A Committee Members.

Question:

Member Ghielmetti asked if there is a schedule for utility relocations that have not been started. Do we know when they will get completed?

Response:

Mr. Horgan replied yes, we do have a detailed schedule for all utilities, and we are tracking them. For example, on the CP1 contract we are targeting 235 utility relocations this year and on the CP2-3 contract we have a target of 180. So, we have a plan for each utility.

Question:

Member Ghielmetti asked if we can provide an executive summary that states when all utility relocations will be started and when they will be completed? He is concerned we are not going to meet the contractor's timeline.

Response:

Mr. Horgan stated that the plan for this year (2022) is 235 utility relocations for CP1, approximately 170 for CP2-3, and approximately 30 for CP4. Next year we have a similar number planned for execution.

Question:

Member Ghielmetti asked how our planned utility relocations blend with the contractor's schedule?

Response:

Mr. Horgan responded that the utility relocations planned are already written into the contractor's schedule and we do not anticipate any delays.

Having no further business, the meeting was adjourned at 9:20 AM.

The Authority additionally posts on its website a link to a recording of the F&A meeting, which detail the discussion, questions, and answers from the meeting.