



DRAFT

FINANCE AND AUDIT COMMITTEE MEETING MINUTES

April 21, 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 April 21st 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 – December Meeting Minutes

The February 18, 2020 Meeting Minutes were moved for approval by F&A Committee Member Nancy Miller and seconded by Committee Member Ernest Camacho 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 Work Plan Development Process Report for fiscal year 2019-2020. 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 there have been any forecasts developed on Cap and Trade auction proceeds given the current pandemic.

Response:

Mr. Annis responded that we do not have any forecasts but noted the COVID-19 crisis has created a significant reduction in petroleum use. He believes short term risk has been increased and may result in lower proceeds in the next auction, however, he expects the market will bounce back long term.

Question:

Member Camacho and Member Richards asked if the position for Director of Risk Management was still vacant.

Response:

Chief Executive Officer Brian Kelly advised the Authority is working on a procurement for risk services by contract. He stated the level of risk analysis needed for this project is not widely available in state service, so the Authority plans to contract for those services.

Question:

Member Camacho asked if any of the monthly construction expenditures were related to delay payments.

Response:

Mr. Annis directed Committee Members to the table on the bottom of the page which provides a breakdown of construction expenditures and shows design build expenditures with and without Time Impact Analysis (TIA) payments.

Question:

Member Camacho asked if there would be a decrease in the amount of small businesses working on the project due to COVID-19.

Response:

Mr. Annis responded that staff in the field have remained high and there has not been any reductions in work yet.

Question:

Member Miller asked if we are through the bulk of Time Impact Analysis payments.

Response:

Mr. Annis advised that we have completed the round of time impact payments for design builders for PCM for the schedule that was adopted in May 2019.

Mr. Kelly added that the rebaseline schedule might include some acceleration or other payments in the future.

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 when the cost impacts and risk models will be completed for the rebaseline schedules.

Response:

Mr. Hedges responded that he expects to have them in the month of June.

Question:

Member Richards asked if there is detail on CP1 structures.

Response:

Mr. Hedges responded that he will need to send separately as he does not have CP1 structure details included in the report

Question:

Member Camacho asked if we are looking to include places where we can accelerate given the ARRA deadline.

Response:

Mr. Hedges responded that acceleration is being considered in the rebaseline schedule, but he wants to make sure that any payments are being used efficiently.

Mr. Kelly added that we want to come to you with the revised baseline first. Then we can look at cost effective ways to accelerate.

Question:

Member Richards asked if planned delivery is the same as required delivery to meet schedule.

Response:

Mr. Hedges stated that is correct.

Question:

Member Richards asked what the reality would be of delivering all the required parcels to maintain the construction schedule.

Response:

Mr. Hedges stated they now have individual strategies for each parcel and are tracking progress against them.

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.