

SECTION 305 FINANCE and ADMINISTRATIVE SUB COMMITTEE

MINUTES APRIL 6, 2016 3:00PM EASTERN CONFERENCE CALL

FACILITATOR	<i>Darrell Smith, Chair of the S305 Finance and Administrative Subcommittee (FASC)</i>
ATTENDEES	<i>Darrell Smith, Ray Hessinger, Brent Thompson, Eric Curtit, Brian Beeler II, Beth Nachreiner for Michael Lestingi, Lynn Everett, Steve Hewitt</i>
ABSENTEES	<i>Michael Lestingi, John Pagano, Arun Rao, Tim Hoeffner, Tammy Nicholson, Jason Biggs, Larry Salci, Jeff Gordon, Vincent Brotski, Nico Lindenau, Sal DeAngelo, Shayne Gill</i>

DECISIONS MADE

1. Welcome and Open Meeting – Darrell Smith:

Subcommittee Chair Darrell Smith, Amtrak, opened the conference call meeting and asked Steve Hewitt to call the roll.

2. Roll Call – Steve Hewitt:

Steve Hewitt called the roll and confirmed the presence of a quorum.

3.

Review of Action Items – Steve Hewitt:

Steve Hewitt provided the following action items status update:

Status: Action Items

Membership Fee recommendation/outreach to SAIPRC: Darrell Smith will reach out again to David Kutrosky, Chair of SAIPRC, to schedule a call to discuss the FASC proposed 209 like membership fee for NGEN States. Participating on the call will be Darrell, David K and Eric Curtit. (Ongoing)

Agenda item 7a.

Website review: Agreed upon updates will be incorporated into the website by Bryan Hong, AASHTO. The goal is to have consistency in format throughout the site. Members are welcome to provide additional suggestions to improve the site. Most of the recommended changes have been made to the site and it will continue to evolve over time. (Ongoing)

Specification User Fee Task Force – to flesh out mechanics: On 2-10-16 the task force reported to the full subcommittee, that it has reviewed and discussed the market, and has determined that it is not sufficient enough, right now, to bear the administrative burden of charging a fee as described in Part B. There may be further opportunities to explore the potential, in the future, for individual funding of specification updates.

The FASC members generally agreed with the task force’s findings, and determined that other options should be explored. Tim Hoeffner and Eric Curtit agreed to talk to their policy and/or strategic planning staff most involved with the AASHTO Board of Directors activities to see if there would be plausibility of including a fee for the NGEN as a part of member dues, or if there was potential interest in establishing a pooled technical service fund. They will report back on their discussions on the next FASC call – March 9, 2016.

Agenda item 7 b.

Legislative Outreach Task Force – developing a strategy and implementation plan to obtain future federal funds for the NGEN: On 2-10-16 it was agreed that the two-page “message” would be included in the FASC presentation to the Executive Board, with the intent being to get the Board’s approval on the concept and the directive to finalize it and publish it.

Status: The Board has since reviewed the document and has agreed to the concept with a few changes/corrections recommended by Eric Curtit and by Michael Lestingi, FRA. The next step is to incorporate

those changes into a final draft for Board review and consideration.

Interpreting NGEN related provisions contained in the FAST Act: Jeff Gordon will follow up with FRA staff on its review of the NGEN related FAST Act provisions and its interpretation of its impacts and implementation.

Agenda item 5

Developing a report to the Executive Board on the FASC findings with regard to Recommendations 1, 2 and 3: A report to the Board was due by March 31, 2016. However, at the request of Chairman Smith, the Board agreed to extend the deadline to May 31, 2016 so that the FASC could examine the potential for requesting another grant agreement extension in light of the Treasurer's Report which showed that the spend rate is about half of what was anticipated.

Agenda item 6c.

4. Approval of Minutes from the 2-10-16 FASC conference call– Darrell Smith:

On a motion by Brent Thompson, WSDOT, and a second by Eric Curtit, MO DOT, the minutes from the 2-10-16 FASC conference call meeting were approved without exception.

5. Status Update: FRA Review of FAST Act changes to PRIIA Section 305 – Beth Nachreiner for Michael Lestingi:

Beth Nachreiner had not been on the previous call, and asked what it was that FRA was to review in FAST. Darrell Smith and Steve Hewitt responded that the FAST Act had made several changes to Section 305 and the subcommittee had requested FRA's interpretation of those changes and potential impacts. Essentially, the referenced changes are in regard to adding Labor to the NGEN membership.

The subcommittee is asking FRA to interpret whether or not the law is referring simply to Amtrak labor or to the broader labor family. Also in need of clarification is the type of membership – voting – non-voting. It is the view of the subcommittee (and the Board) that labor's membership would be the same as that of industry; freight railroads and/or commuter railroads etc. States, Amtrak, and FRA are identified in the by-laws as voting members – all others are non-voting.

Actions have been taken with regard to implementing some of the changes – primarily -revising the by-laws and adding an opening to the website which explains how to become an NGEN member.

Beth agreed to follow up with the subcommittee by the next call (5-4-16), and, if a response is prepared by FRA, she will make it available to Steve Hewitt for distribution as a read-ahead -in advance of the call.

Beth will contact Steve Hewitt if she needs further clarification on what is being asked of FRA.

6. Exploring additional funding options - Darrell Smith:

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|---|---------------|
| a. Membership fee – similar to that of 209 | Darrell Smith |
| b. Exploring potential for an AASHTO member fee or pooled technical service fund | Eric Curtit |
| c. Exploring possible grant agreement extension request based on current run rate | Darrell Smith |

6 c.
Darrell Smith reported on item 6c first. Essentially, the Treasurer's report has shown that the current run rate is less than half of what has been budgeted in the grant agreement extension (Amendment #5). The current funds, at this run rate, could take the NGEN into FY19. The current extension runs through 9-30-17.

Darrell noted that it may make sense to ask for a no-cost extension through FY 2019 and, even, then, it is possible that funds would still remain unexpended at that time according to past experience. The NGEN has looked long and hard at a variety of funding options and function for the NGEN to implement "when it decides what it wants to be when it grows up". The FAST Act, however, has eliminated removed the option for the NGEN

to establish a separate corporation or other business structure. Therefore, it continues as it is as an organization.

Darrell asked the states on the call if they felt that there is something that could potentially "change the landscape" and that would require the NGEC to ramp up its activities. If not, Darrell suggested it would make sense to go to the Board and identify "where we are at" and get a sense from FRA as to the timing of requesting a no-cost extension, and as to whether the FRA would be ok with the NGEC pursuing another extension.

Both Brent Thompson and Eric Curtit responded that they were not aware of any new activities that would require a ramp up of expenditures. While there are equipment needs, funding is such that there are no new procurements pending.

The NGEC will need to update and maintain the specifications on an ongoing basis, but there is no known new specification development anticipated at this time.

Eric Curtit added that "we need to be careful how hard we push for more money in light of the reduced spend rate.

Darrell reiterated that the current rate is under \$200,000 annually – and the budget in the current SOW and grant extension is about \$500,000 annually.

Steve Hewitt pointed out that the specifications have not been updated, and are likely in need of review and revising, but there should already be money budgeted for those activities.

6b.

Eric Curtit reported that he had checked in with Missouri DOT staff with regard to the suggestion of an AASHTO member fee or pooled technical service fund for the NGEC, and received a negative response. Missouri's general assembly is already looking at capping dues, so adding to MO DOT's dues burden would not be well received.

6a.

Nothing new to report.

7.

Developing a report to the Executive Board (deadline extended from 3-31-16 to 5-31-16) - Darrell Smith:

Today's discussion has provided Darrell with a sense of what the report to the Board will include. He will prepare a draft report for subcommittee review a week in advance of the next call – 5-4-16.

8.

Other Issues/questions – All:

With no further business to come before the subcommittee today, Darrell Smith adjourned the meeting at 3:31 PM Eastern.

**Next Finance and Administrative subcommittee conference call May 4, 2016
866 209 1307 access code: 9786620#**

Decisions and Action Items

Membership Fee recommendation/outreach to SAIPRC: Darrell Smith will reach out again to David Kutrosky, Chair of SAIPRC, to schedule a call to discuss the FASC proposed 209 like membership fee for NGEC States. Participating on the call will be Darrell, David K and Eric Curtit. (Ongoing)

Website review: Agreed upon updates will be incorporated into the website by Bryan Hong, AASHTO. The goal is to have consistency in format throughout the site. Members are welcome to provide additional suggestions to improve the site. Many of the recommended changes have been made to the site and it will continue to evolve over time. (Ongoing)

Specification User Fee Task Force – to flesh out mechanics: This item seems to be a non-starter at this point – as is the possibility of establishing a pooled technical service fee or adding to the AASHTO dues.

Legislative Outreach Task Force – developing a strategy and implementation plan to obtain future federal funds for the NGEC: The Board reviewed the proposed two pager on its call on March 15th and agreed to several "tweaks". Mo DOT was to revise the document as agreed, and recirculate for a final approval by the Executive Board before sending to AASHTO for printing.

Interpreting NGEC related provisions contained in the FAST Act: Beth Nachreiner agreed to follow up with the subcommittee by the next call (5-4-16), and, if a response is prepared by FRA, she will make it available to Steve Hewitt for distribution as a read-ahead -in advance of the call.

Developing a report to the Executive Board on the FASC findings with regard to Recommendations 1, 2 and 3: A report to the Board is due by May 31, 2016. Darrell Smith will prepare a draft report (based on today's discussions) and provide it to Steve Hewitt for distribution to FASC members one week (4-27-16) in advance of the 5-4-16 conference call.

Next Call: 5-4-16 at 3:00PM Eastern

ATTACHMENTS

Next Generation
Equipment Committee



The NGEC will provide national leadership in standardization, acquisition, financing and management of passenger rail equipment.

SECTION 305 Finance and Administrative Subcommittee (FASC)

Conference call

April 7, 2016

3:00PM Eastern

866 209 1307 pass code 9786620#

MEETING AGENDA

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|---|-----------------|
| 1. Welcome/Open | Darrell Smith |
| 2. Roll Call | Steve Hewitt |
| 3. Action Item Review | Steve Hewitt |
| 4. Approval of the Minutes from 2-10-16 | Darrell Smith |
| 5. Status Update: FRA Review of FAST changes to PRIIA Section 305 NGEC | Beth Nachreiner |
| 6. Exploring additional funding options | Darrell Smith |
| a. Membership fee – similar to that of 209 | Darrell Smith |
| b. Exploring potential for an AASHTO member fee or pooled technical service fund | Eric Curtit |
| c. Exploring possible grant agreement extension request based on current run rate | Darrell Smith |
| 7. Developing report to the Executive Board (deadline extended from 3-31-16 to 5-31-16) | Darrell Smith |

8. Other Issues/questions

All

Next Call May 4, 2016
Call in # 866 209 1307 passcode 9786620#