

# SECTION 305 FINANCE SUB COMM

MINUTES

JANUARY 2, 2013

3:00PM EST

CONFERENCE CALL

<b>FACILITATOR</b>	<i>Gordon Hutchinson, Treasurer S305 NGE C Committee Executive Board, and Chair of the S305 Finance Subcommittee</i>
<b>ATTENDEES</b>	<i>Gordon Hutchinson, Brent Thompson, Chad Edison, Arun Rao, Darrell Smith, Nico Lindenau, Ryan Swick, Leo Penne, Steve Hewitt, David Ewing</i>
<b>ABSENTEES</b>	<i>Kevin Kesler, Bill Bronte, Juli Salvi, Mytrang Le, Vincent Brotski, Ashok Sundararajan, Shayne Gill,</i>

## DECISIONS MADE

Gordon Hutchinson opened the conference call and welcomed all participants. He asked Steve Hewitt to call the roll.

Steve called the roll and confirmed that the presence of a quorum had been established with 4 of 5 voting members present. (Amtrak, FRA and two of three states)

### Review of Action Items – Steve Hewitt:

Steve Hewitt provided a brief status update on all Finance subcommittee action items:

**NGEC Audit:** The Amtrak OIG has nearly everything it needs other than a few items from AASHTO. Darrell Smith will provide an update on the next call. (He expects that by the next Finance SC call, he will have an idea of when the audit report will be complete). **Status: An update is on the agenda**

**TIFIA Program overview:** Darrell Smith will reach out to the FHWA to schedule a TIFIA briefing for the Finance SC. **Status: This remains an open item and will be a part of the discussion in item #7.**

**Confirming Wisconsin DOT membership:** Steve Hewitt will reach out to Jim Donlin, Wisconsin DOT, to see if he remains interested in staying on as a member of the Finance subcommittee or if he can suggest another person to take his place. **Status: Task Complete – Wisconsin has appointed Arun Rao – [arun.rao@dot.wi.gov](mailto:arun.rao@dot.wi.gov) as its voting member replacing Jim Donlin.**

**Approval of the continuing activities budget:** Darrell Smith will reach out to Leo Penne to confirm AASHTO's Support Services budget needs for the continuing activities budget. Once he has AASHTO's number, he will finalize the proposal and it will be sent out to Finance SC members for an electronic vote in advance of the next Executive Board call. **Status: Task complete. An electronic vote was taken with all voting members voting in the affirmative. Subsequently, the Executive Board accepted the Finance subcommittee's recommendation and adopted the continuing activities budget as submitted.**

**Exploring future funding options:** Steve Hewitt will reach out to Leo Penne about contacting Jack Basso to see if he would be interested in possibly looking at funding sources. **Status: Steve Hewitt reached out to Leo Penne. Leo has agreed to talk to Mr. Basso. On today's call, Mr. Penne noted that he had nothing new to report.**

Darrell Smith will provide "last call" language to Steve Hewitt to send out to the task force and subcommittee chairs for budget requests for new items. **Status: Task complete – last call message was sent out to all chairs.**

### Approval of Minutes from the September 5, October 26, 2012, and November 12, 2012 conference calls – Gordon Hutchinson:

With a quorum having been established for today's call, Chairman Hutchinson noted that he would like to finalize approval of prior minutes that had not been voted on due to lack of a quorum at the time they were presented. The minutes that remained as draft included those from September 5, October 26, and November 28, 2012. The Chair asked if any member had any comments, questions or exceptions in regard to any of the minutes as presented.

Hearing none, the Chair asked for a motion to approve the minutes from September 5, October 26, and November 28, 2012 as submitted.

On a motion by Brent Thompson, Washington State DOT, and a second by Chad Edison, FRA, the minutes (noted above) were approved without exception, and the Chair determined that consensus had been achieved.

**Status: Ongoing NGEN Audit – Darrell Smith:**

Darrell Smith, Amtrak, reported that he continues to work with Amtrak's Office of the Inspector General (OIG) on the audit of the NGEN. He noted that "the Amtrak end is wrapped up" with all data having been collected. Amtrak's OIG has also been working with AASHTO to finalize that end of the audit as well. Leo Penne, AASHTO, reported that he believes this part of the work has also been wrapped up.

Darrell Smith added that the next step is for the report to be written. The report is likely to be completed by the end of January, 2013 for submission to the Finance subcommittee, and the timeline for the audit report to be presented to the Executive Board is February 21, 2013 at the NGEN Annual meeting.

**Budget Approval: for facilitator for the Future of the NGEN Session – 2-20-13 – Darrell Smith:**

Darrell Smith reported that the Finance subcommittee is looking into retaining the services of a facilitator for the planned 'Future of the NGEN' workshop meeting to be held on February 20, 2013 in Washington, DC. Darrell reported that Leo Penne and Strat Cavros, AASHTO, have been working on a tentative scope of work and four potential facilitators have been identified by various members of the Finance subcommittee. AASHTO estimates the cost for the facilitator to be approximately \$9,600. Darrell suggests that the Finance subcommittee approve a budget in the amount of \$10,000 to be transferred out of the \$576,000 contingency fund for the purposes of procuring a facilitator.

Chairman Hutchinson called for a motion to approve the transfer of \$10,000 from the contingency fund for procuring a facilitator for the Future of the NGEN Executive Board workshop.

Brent Thompson, Washington State DOT, offered the motion to approve. Arun Rao, Wisconsin DOT, seconded the motion.

With a quorum having been confirmed, and no objections or exceptions offered, the Chair determined that consensus had been achieved and the motion carried.

Next steps will be to follow the grant agreement requirements for transferring the requested funds and the NGEN procedures for procuring consultant services. AASHTO will serve as the contracting agent.

**Budget item consideration: Professional Services for Sources of Financing for State Corridors - \$100,000 – Darrell Smith:**

Darrell Smith reported that the Finance subcommittee had previously discussed looking at potential funding sources, and he reiterated the fact that Amtrak lacks recent experience working with funding sources beyond RRIF. Darrell noted that one of the primary responsibilities for the NGEN Finance subcommittee is to provide information to states in regard to funding sources for equipment acquisition.

With this in mind, Darrell proposed that the Finance subcommittee look into procuring professional services to:

1. Identify and evaluate a broad range of funding sources / alternatives with positive and negative aspects
2. Consult with State representatives and Amtrak to narrow the list of funding sources to the ones considered viable for public sector entities.
3. Prepare a detailed analysis of each funding source. Availability – type of financing minimum and maximum availability, applicability, cost criteria fees and interest rates, term, repayment, security requirements, risk, need for guarantees etc.
4. Prepare an executive presentation – overview of viable funding sources
5. Prepare presentations and back up materials on each funding source
6. Make presentations to the Finance Subcommittee by webinar
7. Be available to travel to individual states as requested – cost of travel and consulting fees to be borne by the requesting State

Darrell noted that if the Finance subcommittee agrees to this general concept, he would ask for a volunteer (preferably a state member) to work with him to develop a draft scope of work to be distributed to the subcommittee members for review and comment.

Darrell also noted that the estimated costs for the consultant services would be approximately \$100,000.

Gordon Hutchinson added that the intent would be to have AASHTO, once again, serve as the contracting agent after the scope has been approved by the subcommittee and the Executive Board. AASHTO would refine the scope of work to comply with NGEN procedures and would advertise for bids, and, in general, manage the contract through to its completion.

Chad Edison, FRA, asked that "we look at what the Structure and Finance Task Force (SFTF) is doing with the Section 6" project to make sure that the two efforts are "coordinated" and that there is "no overlap" between the two.

Gordon Hutchinson agreed with Chad's suggestion and said that the Finance subcommittee would work with the SFTF to make certain that there is no duplication.

Gordon elaborated stating, "from my perspective Amtrak putting together information on programs like TIFIA would take some time". He noted that the NGEN is moving forward with specifications having been developed and procurements underway and it "would seem valuable to have the financing aspects" looked at "sooner rather than later, and we (the NGEN) will need help to get it done in a timely manner."

Leo Penne, AASHTO, noted "I agree we need someone to get this done and done right." He added, "AASHTO can assist with the scope...we have our Center of Excellence for Transportation Finance" that we can utilize to assist us. He also commented on the fact that Shayne Gill, AASHTO, "has done a survey of states on sources of revenue that they are using" which would also be helpful in this effort. "Getting this going is a good idea".

Gordon Hutchinson emphasized, "the thrust is that professional management of this effort will make it move forward in a timely manner."

Brent Thompson, Washington State DOT, added that he agrees that this is an important effort to undertake. "This is something we (Washington State DOT) have wanted to see from the beginning" and is something "we anticipated".

Darrell asked Brent if he would agree to assist him in developing a draft scope, and Brent responded in the affirmative.

Darrell added that he would want to have a rough draft ready for the next Finance subcommittee call. (two weeks)

Chad Edison offered to "help review the scope and offer some suggestions".

Leo Penne stated that AASHTO stands ready to assist as well, and added that David Ewing, NGEN consultant, would also be an excellent resource to call on.

Steve Hewitt recommended that a timeline be set that would provide review time for the Finance subcommittee members in advance of the next (January 16<sup>th</sup>) call.

It was agreed that a first draft would be sent to Steve Hewitt for distribution to the subcommittee members by COB on Friday January 11, 2013.

David Ewing asked a couple of clarifying questions of Darrell.

"Is this to look at potential sources of financing for equipment for the corridors or for the corridors themselves?"

"Does this include maintenance?"

Darrell responded that thus far the scope was for acquisitions.

Gordon Hutchinson agreed, but added that "we could expand the scope."

David Ewing recommended that it be expanded.

Chad Edison agreed noting "maintenance facility needs and maintenance services should be looked at as well."

David Ewing added "TIFIA, as it is now, lends itself to facilities and capitalized maintenance better than equipment...casting the net broadly is good."

Ultimately it was agreed that the subcommittee would pursue this effort and that Darrell Smith and Brent Thompson would begin developing a draft scope of work, and would coordinate, prior to releasing the draft to the full subcommittee, with all those who have, on this call, offered to help. The full subcommittee would be provided with the draft by COB on January 11, 2013.

Gordon Hutchinson closed the discussion by emphasizing that "the next call we will have a discussion on this and keep it moving forward."

**Other:**

David Ewing asked Gordon about the status of an updated Amtrak Fleet Plan.

Gordon noted that they will be releasing an updated plan in the not too distant future. He added that, up to this point, the plans have focused on fleet replacement, but in the future Joe Boardman (Amtrak President and CEO) wants Amtrak to go in a strategic direction looking at what is the future rather than simply replacement needs.

**Next Finance subcommittee conference call – January 16, 2013  
866 209 1307 access code: 1618163#**

**Decisions and Action Items**

**NGEC Audit:** The Amtrak OIG has all of the data collected and is beginning to draft its report. It is anticipated that the report may be ready for subcommittee review by the end of January, 2013, and the goal is to have it finalized for presentation to the Executive Board at the February 21, 2013 NGEC Annual meeting.

**Procuring a facilitator for the February 20, 2013 Future of the NGEC Workshop:** The Finance subcommittee approved the proposal to request a transfer of \$10,000 from the NGEC contingency funds for the purpose of procuring a facilitator for the February 20, 2013 workshop. AASHTO will serve as contracting agent.

**Developing a scope of work for procuring professional services for exploring sources of funding for state corridors:** Darrell Smith and Brent Thompson will develop a draft SOW and will coordinate their efforts with David Ewing, AASHTO and Chad Edison. By COB on Friday January 11, 2013 the draft will be sent to Steve Hewitt for distribution to the full subcommittee for purposes of discussion on the Finance subcommittee call scheduled for January 16<sup>th</sup>.

**ATTACHMENTS**

**SECTION 305 Finance Subcommittee Conference Call**

**January 2, 2012  
3:00pm. Eastern Time  
866 209 1307 pass code 1618163#**

**AGENDA**

- |   |                   |
|---|-------------------|
| 1. Welcome  | Gordon Hutchinson |
| 2. Roll Call  | Steve Hewitt      |
| 3. Review of Action Items   | Steve Hewitt      |
| 4. Approval of minutes from – 9-5-12, 10-26-12, and 11-28 -12   | Gordon Hutchinson |
| 5. Status: NGEA Audit   | Darrell Smith     |
| 6. Budget approval: for Facilitator for Future of NGEA Session 2-20-12 \$10,000                               | Darrell Smith     |
| 7. Budget item consideration: Professional Services for Sources of Financing for State corridors - \$100,000. | Darrell Smith     |
| 8. Other issues/questions?  | All               |

**Call in # 866 209 1307 passcode 1618163#**