

# SECTION 305 FINANCE SUB COMM

MINUTES

FEBRUARY 13,  
2013

3:00PM EST

CONFERENCE CALL

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

## DECISIONS MADE

### 1. Welcome and Open Meeting – Gordon Hutchinson:

Gordon Hutchinson opened the conference call welcoming all participants 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 with all voting members present.

### 3. Review of Action Items – Steve Hewitt:

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

#### Decisions and Action Items from 1-16-13

**NGEC Audit:** The IG is completing its report – it should be made available to Finance SC members and Board members in advance of the Annual meeting, and will be ready for presentation at the Annual meeting. **Status: This is an agenda item for today's call.**

**Procuring a facilitator for the February 20, 2013 Future of the NGENC Workshop:** On January 16, 2013, Steve Hewitt informed Mr. Bronte that no objections had been noted. Bill Bronte has directed AASHTO to contact Synergy Forces LLC (the selected firm) and to proceed in its capacity as contracting agent. Leo Penne has reached out to Synergy Forces – leaving a voicemail. He will follow up with an email as well. **Status: Task Complete – Synergy Forces withdrew from consideration, and Paul Cooper, Face to Face Strategies was selected. His work plan was revised and the costs reduced accordingly. A contract has been executed with AASHTO as the contracting agent the cost is approximately \$5,000. The facilitator has been given a list of around 10 NGENC members to interview in advance of the workshop, and he will be developing the agenda. The interviews are underway.**

**Developing a scope of work for procuring professional services for exploring sources of financing options for rolling stock and related facilities:** Members of the Finance subcommittee should continue to review the proposed SOW and submit comments to Darrell Smith with a cc to Steve Hewitt by January 31, 2013. This will give Darrell and Brent time to incorporate any suggested changes, and send out a revised version in advance of the Finance subcommittee's next call (February 13, 2013). **Status: This item is to be discussed as a topic on this agenda.**

**Request of FRA to modify grant agreement SOW to include Continuing activities services for 4-1-13 thru 3-31-14 and include up to \$10,000 for a facilitator for the February 20, 2013 workshop:** Darrell Smith is working with Amtrak grants people to finalize the request to FRA and will keep the subcommittee apprised. **Status: Darrell Smith provided an update to the Executive Board on February 5, 2013. The formal request was submitted to FRA on February 4, 2013. Darrell will provide any additional updates available as part of today's agenda.**

### 4. Approval of minutes from – 1-2-13, and 1-16-13- Gordon Hutchinson:

With the presence of a quorum having been established, Chairman Hutchinson entertained a motion to approve prior minutes from the January 2, 2013 and January 16, 2013 Finance subcommittee calls.

On a motion offered by Bill Bronte, Caltrans, and a second by Brent Thompson, Washington State DOT, the minutes of January 2 and 16, 2013 were approved without exception or objection.

**5. NGEC Audit -Update/E-Mail Review Prior to Annual Meeting -Gordon/Darrell Smith:**

Darrell Smith reported that the Amtrak OIG expects to have the audit report and findings ready by this Friday, February 15, 2013.

After some discussion, the Finance subcommittee members agreed that as soon as the report (which will be addressed to Gordon Hutchinson, as Chair of the Finance subcommittee, and Bill Bronte, as NGEC Executive Board Chair) is complete, Darrell will send it to Steve Hewitt for distribution to the Finance subcommittee members. The members will then be asked to vote electronically on a recommendation to the Executive Board to accept or reject the findings report and on Amtrak's proposed actions to address the findings.

Gordon noted that the Amtrak response with actions to address the findings will be turned around very quickly once the report is delivered, emphasizing, "we have basically already fixed all of the exceptions". He added that the findings will show that there have, at times, been "exceptions to the grant policy, but not material exceptions". Gordon elaborated that there were "no major concerns" and that some exceptions had to do with timeliness in the first year or so in regard to things like paying bills in a timely manner, but all of these issues "are well in hand now", and have been since Darrell Smith has been on board. Gordon noted "The process is working very well". Gordon also explained that, in the case of a grant audit, there is "zero tolerance" so all exceptions are written up. Whereas in a larger audit of a State DOT, many of the exceptions of the level found in the NGEC audit would not even be considered significant enough to be noted.

**6. Status: Request of FRA to modify grant agreement SOW to include Continuing activities services for 4-1-13 thru 3-31-14 and include up to \$10,000 for a facilitator for the February 20, 2013 workshop. – Darrell Smith:**

Darrell Smith reported that the request to modify the grant agreement was submitted to FRA (February 4, 2013) and there have been a couple of questions from Katie Bryant, FRA, to the grants people at Amtrak. All questions have been responded to and the report is moving towards completion. "We are waiting on a final approval".

**7. Update: DRAFT Scope of Work for exploring financing options for state corridors – Gordon Hutchinson:**

Gordon Hutchinson reported that he was not aware of any additional comments having been submitted in regard to the latest draft of the proposed Scope of Work. He asked if any of the members on the call had comments or concerns.

Bill Bronte, Caltrans, raised a continuing concern that he has had in regard to understanding "how this effort ties together with all of the stuff the SFTF is doing."

Darrell Smith responded that there is an ongoing coordination effort. The SOW is worded to be "complimentary to the Section 6 work, not competitive with it." Darrell elaborated that the SFTF work involves setting up the organization, whereas this work is to "explore different financing options that may be available for states (and others – like Amtrak)."

Gordon Hutchinson added "as specifications are written and procurements are being made this is a critical work product of the Finance subcommittee, and we do not have the capability within the subcommittee to get it done." He also noted that we should "move it forward now, as it will take a while to get a contract in place...and some time to then see a meaningful and useful work product."

Gordon also noted that, financially, the NGEC is "in good shape for the life of the grant, and this is a useful and necessary use of funds." Gordon continued "in acquiring assets, having some viable options to pass forward to the states and Amtrak is most important, especially if we are to meet the objectives" of the NGEC and this subcommittee in particular. "We can slow it down if we have to, but we do need to get it moving forward or we will be in a position of not having met the subcommittee mandate." (Looking at funding and financing options is a major part of the Finance subcommittee's responsibilities)

Bill Bronte asked "have we reached out to AASHTO" to see where they can help. Gordon asked Steve Hewitt to respond, as he had originally been tasked with outreach to AASHTO. Steve noted that he had contacted Leo Penne, who had talked with AASHTO CFO Jack Basso (who has since retired) and his deputy Joung Lee. On the

last call of the Finance subcommittee, Leo provided a summary of those conversations (see the minutes from January 16, 2013).

At this point, Mr. Penne joined the call and explained that he had, indeed, spoken to Jack Basso and Joung Lee. Jack had provided Leo with the names of 5 or 6 companies who "do this kind of work", so once the SOW is approved and an RFP is ready, we have a base of companies to reach out to.

In regard to the AASHTO Center for Transportation Finance, Leo and Joung Lee discussed the notion that AASHTO "convene a group of state DOT finance people to serve as a resource for the project...for the states to be able to tap into the general capacity of the finance people within the DOTs is very important." Leo added that AASHTO resources support the Finance Center and AASHTO would organize the finance people in support of this project.

Gordon Hutchinson turned to the question of moving the proposed SOW forward. "We need to know if we have the Finance subcommittee support. The comment period has been open for quite a few weeks now...the time is now to move this on to the Board."

Gordon then asked, "are there any lingering concerns before we move it forward for approval?"

Bill Bronte responded "I do not have any lingering concerns, and we could tweak it as we move it along... but it is necessary that we be sure to tie it in with the Section 6 project and with the upcoming workshop (February 20, 2013) to make sure it fits into the overall vision."

Gordon agreed "absolutely – we can make it a part of the direction of the work effort."

At this point, Gordon asked for a motion to approve the Scope of Work for procuring professional services for exploring sources of financing options for rolling stock and related facilities, as currently written, and to move it along to the Board for its approval and funding. The intent is to ask the Board to consider this recommendation during the February 21, 2013 meeting.

Brent Thompson, Washington State DOT, offered the motion to approve, and was seconded by Bill Bronte, Caltrans.

Gordon Hutchinson asked if there were any objections to the motion, and hearing none, he determined that "consensus has been achieved" and the motion carries.

Following this call, Darrell Smith will provide Steve Hewitt with the approved version of the Scope of Work and Steve will forward it to the Executive Board with a message that informs Board members that this item will be presented for consideration during the Finance subcommittee's report on February 21, 2013.

## **8. Discussion: Preparing for the NGEAC Annual Meeting Finance SC and Treasurer's report –**

### **Gordon/Darrell:**

Gordon described briefly what would be included in the NGEAC Treasurer's report for the Annual Meeting, and noted that there have been budget requests submitted by the chairs of some of the subcommittees and task forces (beyond the already approved continuing activities budget).

The additional budget requests include:

\$100,000 for the Structure and Finance Task Force for the effort to develop an implementation plan for defining the NGEAC future.

\$100,000 for the Finance subcommittee's efforts to explore funding and financing options as described in the approved SOW.

\$50,000 for the Finance subcommittee for the next Audit of the NGEAC. The current Audit is for the period through 3-31-12.

\$15,000 for the Technical subcommittee for technical services.

In total, there are requests for \$265,000 that will require Board approval.

Gordon explained that there is adequate funding for these items, summarizing that there is approximately  $\frac{3}{4}$  of a million dollars remaining of the initial \$2 million grant and another \$540,000 in the contingency fund for the second \$2 million received.

"There is no risk of over-spending, and we do have room for additional projects or scope expansion" if the need arises. In fact, Gordon emphasized "we are actually under-spending...and that too can be detrimental."

Bill Bronte added "we need to be thinking of the next steps. We will establish the vision and, hopefully, the strategic goals coming out of the workshop...we will then need help for implementation."

Gordon agreed, and reminded the members "the grant is provided for certain purposes and objectives, and we will be judged by what we've gotten done, not by what we haven't spent."

**9. Other – All:**

With no further business to come before the subcommittee today, the call was adjourned at approximately 3:45 pm Eastern.

**Next Finance subcommittee conference call – March 13, 2013  
866 209 1307 access code: 1618163#**

**Decisions and Action Items**

**NGEC Audit:** The IG is completing its report – it should be made available to Finance SC members by Friday, February 15, 2013. Upon receipt of the report, Steve Hewitt will distribute it to all subcommittee members, along with Amtrak's response to taking actions to remedy the exceptions. Subcommittee members will be asked to vote electronically to either recommend Board acceptance or rejection of the findings and the actions to remedy. It is the intent to complete the vote by COB on Tuesday, February 19, 2013 in order to distribute the report and recommendation to Board members asap in advance of the NGEAC Annual Meeting (February 21, 2013).

**Board approval of the scope of work for procuring professional services for exploring sources of financing options for rolling stock and related facilities:** The Finance subcommittee approved the proposed SOW and funding on today's call. Steve Hewitt will send the SOW, as approved, to the Board members today (February 13, 2013) along with the Finance subcommittees request for approval of the SOW and the funding.

**Request of FRA to modify grant agreement SOW to include Continuing activities services for 4-1-13 thru 3-31-14 and include up to \$10,000 for a facilitator for the February 20, 2013 workshop:** Darrell Smith will keep the Finance subcommittee and the Executive Board apprised of the status of formal approval from FRA on this request.

ATTACHMENTS

**SECTION 305 Finance Subcommittee Conference Call**

**February 13, 2013  
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 – 1-2-13, and 1-16-13  | Gordon Hutchinson            |
| 5. NGEC Audit -Update/E-Mail Review Prior to Annual Meeting  | Gordon/Darrell Smith         |
| 6. Status: Request of FRA to modify grant agreement SOW to include Continuing activities services for 4-1-13 thru 3-31-14 and include \$10,000 For facilitator | Darrell Smith                |
| 7. Update: Draft Scope of Work for exploring finance options for state corridors   | Darrell Smith/Brent Thompson |
| 8. Discussion: Preparing for the NGEC Annual Meeting Finance SC and Treasurer's report   | Gordon/Darrell               |
| 9. Other issues/questions?   | All                          |

**Next Finance subcommittee call: March 13, 2013**

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