

SECTION 305 FINANCE SUB COMMITTEE

MINUTES

MARCH 12, 2014 3:00PM EASTERN

CONFERENCE CALL

FACILITATOR	<i>Gerald Sokol, Chair of the S305 Finance Subcommittee</i>
ATTENDEES	<i>Gerald Sokol, Brent Thompson, Darrell Smith Melissa Shurland and later, Jeff Gordon, as proxy for Kevin Kesler, Eric Curtit, Arun Rao, Brian Beeler II, Vincent Brotski, Martha Gebbie, Andy House, Steve Hewitt, David Ewing</i>
ABSENTEES	<i>Tim Hoeffner, Kevin Kesler, Ashok Sundararajan, Nico Lindenau, Sara Sarkhili, Shayne Gill</i>

DECISIONS MADE

1. Welcome and Open Meeting – Gerald Sokol:

Subcommittee chair Gerald Sokol, Amtrak, opened the conference call 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 a brief status update on Finance subcommittee action items:

Action Items Status

Darrell Smith will prepare the Finance subcommittee report and the Treasurer's report for the Annual Meeting

Task Complete - presentation was given at the Annual Meeting

On the next Finance subcommittee call there will be an agenda item to begin the process of having the Finance subcommittee do an "in-house" review of the finance section of the Task 1 report. **(Agenda item 6)**

Steve Hewitt will send the DRAFT of Task 1 to all Finance subcommittee members following today's call.

Task Complete – Task 1 was approved by the Finance SC and subsequently accepted by the Executive Board on February 21, 2014

Darrell Smith will contact AASHTO to complete the reconciliation of the final remaining items necessary to close out the audit recommendations.

(Agenda item # 5)

Darrell Smith will contact AASHTO in regard to submitting its invoices, as it has been 6 months since the last invoices were received by Amtrak.

Task Complete

The status of the grant agreement extension request will remain as a standing agenda item up until executed. **Task complete – On February 24, 2014, the Grant Agreement Amendment #4 was executed along with the revised SOW and Budget.**

4. Approval of minutes from 1-15-14 – Gerald Sokol:

On a motion by Eric Curtit, Missouri DOT, and a second by Arun Rao, Wisconsin DOT, the minutes from the January 15, 2014 conference call meeting were approved without objection.

5.

Status Update: Compliance with OIG Audit Recommendations – Darrell Smith:

a. Reconciling remaining items with AASHTO

Darrell Smith reported that he has been in contact with Strat Cavros, AASHTO, to resolve the last remaining items for reconciliation. There is \$3,005.26 remaining for a refund or credit and a little over \$1,000.00 that "with a little more justification from AASHTO" should be resolved.

Darrell emphasized that "there is a total of \$4, 651.80 outstanding, but it is out of over \$1 million in expenditures".

Darrell expects to hear from AASHTO soon for final resolution of this last OIG item.

6.

Developing Strategies for Exploring Options for Financing Passenger Rail Equipment – Eric Curtit/David Ewing:

Eric Curtit reported that with the completion and acceptance of the Section 6 Task 1 report, the functions of the SFTF have "moved over to the Finance subcommittee." One key item is that of exploring financing options for maintenance and procurement of equipment. "This is a very important topic for NGEC."

David Ewing reported that he has reviewed the Task 1 report and noted that Topic Area #5 covers financial aspects - funding, maintenance and a look at financing tools for future procurements.

On the last call of the Finance subcommittee it was agreed that the subcommittee would begin "drilling into potential financing tools". The subcommittee has previously looked closely at the RRIF program. Amtrak provided a very good overview of RRIF for the subcommittee. One which continues to be useful for the NGEC members. Amtrak has advanced RRIF as a tool, and the summary document "continues to have a shelf life...it is a model for us to use as we look at other financing tools."

David noted that a potential area to explore is that of "looking at the tax code – both new and older strategies".

He added that "safe harbor leasing is a tool that should be looked at" and noted that Larry Salci is an expert in this area.

David suggested that the subcommittee ask Larry if he would to give a presentation to its members on safe harbor leasing. It would provide a good question and comment period and would advance the discussion towards looking at additional tools. Mr. Salci could answer questions and highlight current best practices and potential strategies.

David further suggested that the subcommittee add to its agenda a time on each call for discussion of a different tool.

David noted that while he agrees with Mr. Boardman's (Amtrak President and CEO) about the need for a dedicated funding source, it remains important to explore a variety of potential financing tools.

Additional topics for future discussion, David noted, could be "transportation development credits and changes to RRIF loans."

He added that both the President's budget proposal and the House Ways and Means proposal "look at tax code changes and repatriation of dollars abroad." It would be good to see where passenger rail equipment fits into this picture.

Darrell Smith asked "are we continuing on the path we began 6 months ago...to call on experts and compile it all into a final white paper or reference guide for states?"

David responded that "once we have had 3-5 presentations, we then say – let's compile them and use it as a reference document...it would be of great value to states and Amtrak and FRA as well." He added, "there is currently an absence of reference material on this topic...once we listen to a few presentations we can decide what is doable."

It was agreed that David Ewing would reach out to Mr. Salci about doing a presentation on safe harbor leasing on the next call – April 9, 2014.

It was also agreed that Eric Curtit and David Ewing will put together an "organized conceptual work plan", beginning with the scope of work that Brent Thompson had put together previously. Eric and David will give a progress report on the work plan on the next Finance subcommittee call.

Brent Thompson will provide Steve Hewitt with the latest version of the Draft scope of work, and he will send it to Eric and David.

7. Other/Issues/Questions - All:

With no other business to come before the subcommittee today, the conference call meeting was adjourned at approximately 3:25 EST.

**Next Finance subcommittee conference call –April 9, 2014
866 209 1307 access code: 9786620#**

Decisions and Action Items

Brent Thompson to provide Steve Hewitt with the financing options draft scope for distribution to David Ewing and Eric Curtit.

Eric and David Ewing will use the Draft scope as a starting point in developing a conceptual work plan, and will give a progress report on the April 9, 2014 Finance subcommittee call.

David Ewing will contact Larry Salci to see if he would be willing to give a presentation on safe harbor leasing on the next Finance subcommittee call.

Darrell Smith and AASHTO will continue to complete reconciliation of the last remaining OIG recommendation item, and keep the subcommittee apprised of progress.

ATTACHMENTS

Next Generation
Equipment Committee



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

SECTION 305 Finance Subcommittee Conference Call

March 12, 2014

3:00pm. Eastern

866 209 1307 pass code 9786620#

AGENDA

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|---|-------------------------|
| 1. Welcome/Open | Gerald Sokol |
| 2. Roll Call | Steve Hewitt |
| 3. Review of Action Items | Steve Hewitt |
| 4. Approval of minutes from 1-15-2014 | Gerald Sokol |
| 5. Status Update: Compliance with OIG Audit recommendations | Darrell Smith |
| a. Reconciling remaining items with AASHTO | |
| 6. Developing Strategies for Exploring Options for Financing Passenger Rail Equipment | Eric Curtit/David Ewing |
| a. Review of Task 1 Financing Sections | |
| 7. Other issues/questions? | All |

Next Finance subcommittee call: April 9, 2014 – 3:00PM Eastern

Call in # 866 209 1307 passcode 9786620#