

# SECTION 305 FINANCE SUB COMM

MINUTES

MARCH 13, 2013

3:00PM EST

CONFERENCE CALL

<b>FACILITATOR</b>	<i>Gordon Hutchinson, Treasurer S305 NGEC 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, Ashok Sundararajan, Leo Penne,</i>
<b>ABSENTEES</b>	<i>Juli Salvi, Mytrang Le, Ryan Swick, Shayne Gill, Chad Edison, Jeff Gordon, Vincent Brotski</i>

## DECISIONS MADE

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

Gordon Hutchinson opened the conference call welcoming all participants and asked Steve Hewitt to take 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 2-13-13

**NGEC Audit:** The OIG 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 NGEC Annual Meeting (February 21, 2013). **Status: The Audit report and Amtrak's draft response to it were considered and accepted by the Finance subcommittee on February 19, 2013. On February 20, 2013 the report, Amtrak draft response, and a recommendation to accept, was submitted to the Executive Board. On February 21, 2013, the Board decided that it needed more time to review these items before taking formal action.**

**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. **Status: At the Annual Meeting (February 21, 2013, the Executive Board approved the SOW and funding (\$100,000) for it.**

**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. **Status: At the Annual Meeting (February, 2013) the Board approved additional budget adjustments including the \$100,000 for the Finance subcommittee for procuring professional services for exploring sources of financing options for rolling stock and related facilities; \$50,000 to the Finance subcommittee for the next NGEC Audit (4-1-12 through 3-31-13); \$15,000 to the Technical subcommittee for professional services for updating specs and related documents (Camren Cordell); and \$100,000 for the SFTF for procuring professional services for the development of an implementation plan for the future of the NGEC.**

### 4. Approval of minutes from – 2-13-13- Gordon Hutchinson:

With the presence of a quorum having been established, Chairman Hutchinson entertained a motion to approve the

minutes from the February 13, 2013 Finance subcommittee calls.

On a motion offered by Bill Bronte, Caltrans, and a second by Brent Thompson, Washington State DOT, the minutes of February 13, 2013 were approved without exception or objection.

**5. Review/discussion/next steps: Annual Meeting Finance SC related actions – Gordon Hutchinson:**

Item #5 was taken up as a follow-up to the action items review.

Chairman Hutchinson asked Darrell Smith, Amtrak, to provide an update on the status of the NGEA Audit. Darrell reported that, the Finance subcommittee had, as noted in the action items review, approved the NGEA Audit Report and Amtrak's draft response to it, and the Board asked for additional time for review before taking formal action.

Subsequently, concerns were raised by AASHTO over some of the wording in the report. Darrell Smith met with Leo Penne and AASHTO procurement and finance staff at AASHTO offices and came out of that meeting with the understanding that AASHTO is "comfortable" with the language going forward. Thus it is Darrell's opinion that the next step (Board acceptance) can take place.

Darrell also noted that Amtrak owes its response to the OIG tomorrow (3-14-13).

Gordon Hutchinson commented that this deadline can be extended, but "we are ready to go to the Board."

Leo Penne, AASHTO, noted that Darrell is correct. However, he (Leo) would not say that AASHTO is exactly "comfortable" with the wording. Leo elaborated that AASHTO has reviewed the report and the draft response and has concluded that "since it is a clean audit" and the report has called for actions to be taken, AASHTO believes it is "better off moving forward rather than asking for amendments the wording in the audit report." AASHTO had initially thought that it would write a letter requesting amendments to some of the wording, but is generally satisfied, after the discussion with Amtrak (Darrell), and agrees that it should move forward.

Gordon Hutchinson asked if there were any other concerns to be addressed before it is moved forward to the Board.

Kevin Kesler, FRA, commented that there are some concerns within FRA that it may not be appropriate for the FRA representative to vote on an audit on a grant that is its responsibility. If there is a vote needed today, Kevin would abstain on behalf of FRA.

Gordon responded that since the Finance subcommittee had already approved the report and draft response, there is no need for a Finance subcommittee vote today. Gordon believes that the next action is simply to ask Bill Bronte to have the approval of the audit as an agenda item on the next Board call (March 19, 2013).

Bill Bronte agreed that this will be an agenda item, and asked Steve Hewitt to include it as such on the March 19<sup>th</sup> agenda.

Bill asked if there is something the Board "should weigh in on in regards to AASHTO's concerns."

Gordon replied that "they (AASHTO) asked us to address this and we have, so we really don't have anything open...we think we are done". Gordon did note, however, that there could well be discussion generated during the Board call which could point out additional items, and if that were the case, they would be addressed.

Steve Hewitt asked if there had been any actual language changes as a result of the Amtrak/AASHTO meeting, and, if so, is there a new draft that the Board should see. Darrell responded that there have been no changes, and that the documents sent to the Board members on February 20, 2013 are the ones to be considered for acceptance.

Steve Hewitt agreed to re-send the report and Amtrak's draft response to the Board members along with the agenda and meeting packet for the March 19<sup>th</sup> call.

In response to the FRA's concerns expressed by Kevin Kesler, Steve Hewitt noted that Chad Edison, FRA, had suggested to him that the Administrative task force take a look at the general issue of instances where the FRA may need to abstain from voting due to its position as the granting agency. This Friday, March 15, 2013, the ATF has this topic as an agenda item, and will begin to explore this issue.

Gordon Hutchinson asked if the quorum requirements can be satisfied if FRA abstains. Steve responded in the

affirmative. As long as a quorum has been established prior to a vote, a member can abstain, and an approval vote would still be able to proceed in accordance with voting procedures. Steve suggested that FRA, if abstaining, note that its abstention should not be taken as a no vote, but simply as an abstention due to the fact that it may be inappropriate to vote as the granting agency.

**6. Status: Request of FRA to modify the grant agreement SOW – Darrell Smith:**

Darrell Smith reported that on Monday, March 11, 2013, Amtrak Grants sent a revised SOW to the FRA. All items approved at the Annual Meeting are included in the revised SOW.

Darrell also reported that in the meeting he had with AASHTO last week it was agreed that since the current support services contract between Amtrak and AASHTO will conclude on March 31, 2013, and there is adequate funding remaining in the grant agreement, Amtrak procurements will send a letter to AASHTO extending the period of service through March 31, 2014. This letter of extension will be sent prior to March 31, 2013 (or before the expiration of the current contract).

Kevin Kesler, commenting on the modification to the grant agreement SOW, noted that "FRA folks are at work on it." He also commented that he does not anticipate any issues, and emphasized that there has been ongoing discussion on the revised SOW between Amtrak and FRA for quite some time. He also does not anticipate that it will take too long for FRA to review and approve the revised SOW.

Darrell Smith noted that AASHTO will move on the Finance options contract as soon as the contract amendment is approved.

Gordon Hutchinson emphasized that it is important that "we get this going forward (the financing options effort) because it will be beneficial for all and people will find it to be of value and useful."

Leo Penne clarified that "AASHTO's role is that of contracting vehicle" and that Gordon Hutchinson will be in the role of "contract officer" approving product and invoices etc.

Gordon agreed and thanked Leo for raising this point.

Bill Bronte asked if it would be possible to have further discussion about the financing options SOW to ensure that it "is closely tied in with the Section 6 work being managed by the SFTF."

Gordon clarified that the SOW has already been approved by the Finance subcommittee and the Board, but that it is appropriate to have continued discussion right up until a contract is executed.

Bill again commented that the "concern is Section 6" adding that the SFTF thought it had a very clear SOW prepared when it went into contract with consultants for the Section 6 and deployment effort, and have found that it has been difficult to get that project moving.

Gordon agreed and added "we do intend to address the tie in with Section 6".

**7. Adjourn**

With no other business to come before the Finance subcommittee today, the conference call meeting was adjourned at approximately 3:35PM EDT.

<b>Next Finance subcommittee conference call – April 10, 2013 866 209 1307 access code: 1618163#</b>

<b>Decisions and Action Items</b>
Steve Hewitt will add acceptance of the NGEC Audit and Amtrak’s draft response to the next Executive Board call – March 19, 2013. Steve will also re-send the report and response to all Board members along with the agenda.
Amtrak procurements will issue AASHTO a letter extending the period of service through 3-31-14. Darrell Smith will keep the subcommittee informed of the status.
FRA is currently reviewing the revised grant agreement SOW – Darrell Smith will keep the subcommittee informed on the status.
Once the agreement has been extended the process for going out for an RFP for procuring consultant services for the exploration of financing options. AASHTO will serve as the contracting vehicle and Gordon Hutchinson will serve the role of contracting officer and will approval all invoices and products, etc. Darrell will keep the subcommittee apprised of the status of the agreement, and, subsequently, Leo Penne will keep the subcommittee apprised of the contracting process as it moves forward.
Further discussions in regard to ensuring a tie in of the Section 6 project and the financing options effort may take place as the process moves ahead. Gordon Hutchinson has agreed that the financing options effort will address the tie in with Section 6 and is open to further discussions.

<b>ATTACHMENTS</b>
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**SECTION 305 Finance Subcommittee Conference Call**

**March 13, 2013  
3:00pm. EDT  
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 2-13-2013 | Gordon Hutchinson |

5. Review/discussion/next steps: Annual Meeting – Finance SC related actions      Gordon Hutchinson
6. Status: Request of FRA to modify grant agreement SOW      Darrell Smith
7. Other issues/questions?      All

**Next Finance subcommittee call: April 10, 2013 – 3:00PM EDT**

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