

SECTION 305 FINANCE SUB COMM

MINUTES

APRIL 30, 2010

3:00 PM EST

CONFERENCE CALL

FACILITATOR	<i>DJ Stadler, Treasurer S305 Next Generation Equipment Pool Committee Executive Board and Chair of the S305 Finance Subcommittee</i>
ATTENDEES	<i>DJ Stadler, Chad Edison, Bill Bronte, Tanya Wojtulewicz, Scott Witt, Brent Thompson, Amy Arnis, Beth Nachreiner, Ken Uznanski, Steve Hewitt, Shayne Gill, Leo Penne, David Ewing</i>
ABSENTEES	<i>Paul Nissenbaum, Jim Donlin</i>

DECISIONS MADE

<p>In a motion made by Shayne Gill, seconded by Scott Witt, the minutes of the April 14th conference call of the Finance Subcommittee were approved unanimously.</p>
<p>In reviewing the draft work plan and budget presented by the "working group" ; it was decided that the work plan still needs to be " fleshed out" and a short term budget would need to be prepared by the "working group" and distributed prior to next conf call of the Finance subcommittee. The short term budget would be presented in relation to the work of the Finance subcommittee as it continues to "flesh out" a long term work plan.</p>
<p>It was agreed that the Finance Subcommittee will need to hire someone – the person could come from within Amtrak, or it could be a consultant - solely dedicated to the work of the subcommittee. This person would not make decisions on behalf of the subcommittee, but would ensure that the work of the subcommittee progresses and meets the aggressive timelines on schedule. It was discussed, and agreed, that – short term – the subcommittee may need to contract – possibly through AASHTO – (working with Jack Basso) with a consultant to assist in "fleshing out" what is needed in regards to hiring a person dedicated to the subcommittee – in essence - prepare a job description. It was suggested that a person from Nossaman, LLC, may be one to assist the subcommittee in developing a scope of work/job description for a full time –dedicated – position. It was determined that outside resources were critical – no agreement, specifically on which firm at this point.</p>
<p>It was also agreed that the work of the Finance subcommittee and that of the Administration Task Force will overlap in many areas, particularly in items 2 and 3 of the draft work plan (attached). It is important that the subcommittee and the task force coordinate efforts and work collaboratively. DJ and Rod Massman (Chair of the Admn Task Force) will have a conversation –preferably prior to the Admn Task Force’s "kick off" conference call (May 12 at 11:00am EST) to begin the coordination effort and to discuss what the needs of the two groups are in relation to outside help and the development of a job description.</p>
<p>It was also agreed that the subcommittee would benefit from having a "broader base" of members – from more states and/or the financial community. It was suggested that Jack Basso, AASHTO’s CFO and lead for the AASHTO Standing Committee on Finance and Administration may be able to assist in finding/recommending individuals with backgrounds and expertise in the areas of responsibility that would benefit the subcommittee.</p>
<p>It was confirmed that the subcommittee would meet via conference call every other Wednesday at 3:00pm Eastern Time. The next call will be May 12th</p>

Action Items Update (New and Current)

<p>The "working group" will develop a short term budget with place holders in regards to legal and consultant services, while also continuing to "flesh out" the work plan. The proposed short term budget is to be circulated to subcommittee members prior to the May 12th conference call.</p>
<p>DJ will contact Rod Massman to discuss areas of commonality/overlap in the work plans of the two groups (especially items #2 and #3) and to discuss coordination and collaboration and the development of a work description proposal with input from the subcommittee members.</p>

Shayne Gill has reached out to Jack Basso and Jung lee, AASHTO, (via email during the call) and provided them with the draft work plan for the subcommittee. Jack will contact DJ. The discussion will include the question of procuring a full time person (how?) as well as a discussion regarding structure and the possibility of getting a broader base of members for the subcommittee. A broader base may include other state CFO's and/or industry experts from the financial field.

Bill Bronte will resend the states procurement survey (an Executive Board "To Do" item) to S305 Committee member states and Shayne Gill will resend to other states. Currently only Washington, Wisconsin and California have responded. Responses had been due to Bill by April 15th. Responses from this re-canvass (and from the states already responding) should be sent to Scott Witt, cc Steve Hewitt and David Ewing. Scott will synthesize the responses. David will assist in the effort.

DJ will send out the meeting notice for the next call – May 12th – Steve Hewitt will send out a reminder a day or so in advance. The call in number will be the same each call: 1 866 209 1307 – access code: 8597804#

ATTACHEMENTS

PRIIA Section 305 Finance Sub Committee Conf. Call Meeting
April 30, 2010

Agenda Items

Review proposed Work Plan and Budget

Finance Subcommittee – **Draft Work Plan and Budget** – April 30, 2010

The purpose of the Finance Subcommittee is to (1) identify options for the funding of new equipment, (2) evaluate the options for ownership structures that may be utilized for new equipment, (3) propose possible structures for transactions between potential owners and/or operators of equipment, (4) explore the feasibility of establishing a corporation for the funding, procurement, remanufacture, ownership, and management of corridor equipment, as provided in Section 305(c) of PRIIA; and (5) other tasks and duties that may be assigned by the Section 305 Executive Board.

Subjects to be addressed by the Finance Subcommittee may include but are not limited to:

- Funding from government grants
- Funding from government supported loan programs
- Availability of funding from the commercial debt markets
- Options, strengths and weaknesses of various commercial lending structures
- Potential ownership structures including but not limited to
- Amtrak, a not-for-profit entity, an infrastructure bank and third parties as yet to be identified
- Transactional structures between Amtrak and/or the states and the ownership entity
- The usage of governmental support funding in the transactional structures under consideration
- The resourcing requirements of the potential organizational structures
- The overlap between proposed structures and existing entities and proposed ways of managing such overlap

The Finance Subcommittee will arrange for periodic independent audits of the financial records of the Section 305 Next Generation Equipment Pool Committee as appropriate.

Do we need to set aside \$ for the audits, or was this to be included in the set aside \$ for consultants?

The Finance Subcommittee will provide input and recommendations to the Executive Board that will complement and enhance the work product of the Technical Subcommittee to allow for the ability to meet the objectives and goals of the Section 305 Next Generation Equipment Pool Committee

Scope of Work and Budget

1. Identify options for funding new equipment.

Tasks include:

- Identify and evaluate potential sources of government grants
- Identify and evaluate potential government supported loan programs
- Determine availability of funding from commercial debt markets
- Evaluate options, strengths and weaknesses of various commercial lending structures
- Obtain legal advice concerning the feasibility/advisability of making a joint application for a RRIF loan, presumably with Amtrak as lead on procurement with options to be exercised by states. Provide legal follow through if such action is decided upon by the Committee.
- Research joint financing of procurements
- Make funding recommendations to the Executive Board

2. Evaluate ownership options for ownership structures that may be used for new equipment

Tasks include:

- Review potential ownership structures, including Amtrak, a non-for-profit entity, an infrastructure bank, or other third party
- Coordinate legal research into legal authority of various states participating in activities of the Committee to engage in coordinated activities.
- Obtain information from the states on as their own states' legal limitations as far as contracting for and owning equipment is concerned, participating in joint procurements, providing indemnification, insurance, etc. Counsel would need to coordinate activity related to states' differing legal constraints.
- Evaluate the financial aspects of various procurement structures
- Evaluate the resourcing requirements of potential organizational and ownership structures
- Provide recommendations to the Executive Board on the feasibility/advisability of conducting joint procurements and or ownership structures for equipment purchases.
- Review and determine options for state participation for those who be prohibited from owning equipment. Evaluate leasing options.
- Research the possibility that states who cannot legally participate in a joint procurement but who want to acquire and own equipment can conduct a parallel procurement coordinated with

Amtrak's procurement.

3. Explore the feasibility of establishing a corporation for the funding, procurement, remanufacture, ownership, and management of corridor equipment

Tasks Include:

- Research and provide legal advice to the Committee on the feasibility of establishing a "corporation" (or other organization consistent with Section 305(c)) for the funding, procurement, remanufacture, ownership, and management of corridor equipment, including equipment currently owned or leased by Amtrak and next generation corridor equipment acquired as a result of the Committee's actions.
- Coordinate potential legal and financial advice from consultants
- Upon direction from the Executive Board, prepare cooperative agreements.

*4. I believe we need to add something in along the lines of :
Provide financial review, recommendations and elements required for successful implementation of technical specifications developed for use by Section 305 Next Generation Equipment Committee. I am not sure how to phrase this, but the commercial consideration components of any and all procurements need to be drafted, reviewed and approved for the committee's use. The Technical Subcommittee does not fulfill that role.*

I'm not sure if I understand this part#4. Do we need complete this part or do we look for input from the rest of the group?

Did the other Technical sub-committee include their budget in their work plan? Do we need to address how we will meet or the frequency of the meetings (calls)? If so I suggest;

5. The Finance Committee will meet by conference call every other week. In person meetings will be arranged with other events of the Section 305 Next Generation Equipment Committee and subcommittees for the life of the finance subcommittee.

6. The budget for the Finance Subcommittee is \$600,000 and will be used for travel of subcommittee members, consultants for legal advice, audit of all subcommittees of the Section 305 Next Generation Equipment Committee.

NEXT MEETING / CONFERENCE CALL: May 12th 3:00-4:00 pm EST

Call in number: 1 866-209-1307 Access code: 8597804#