

# S305 Structure and Finance Task Force

MINUTES

OCTOBER 22, 2012

2:30PM EDT

CONFERENCE CALL

<b>FACILITATOR</b>	<i>Eric Curtit, Missouri DOT, Chair, Structure and Finance Task Force</i>
<b>ATTENDEES</b>	<i>Eric Curtit, Ron Pate, Darrell Smith, Chad Edison, Michael Burshtin, <b>Support Staff:</b> Steve Hewitt, David Ewing, Vincent Brotski, Nico Lindenau, Ryan Swick, Ashok Sundararajan,</i>
<b>ABSENTEES</b>	<i>Bill Bronte, Tim Hoeffner, Al Ware, Kevin Kesler, Leo Penne, Shayne Gill, Larry Salci, Jeff Gordon,</i>

## DISCUSSION/DECISIONS MADE

### Roll Call – Steve Hewitt:

Steve Hewitt took the roll of members on the call, and, due to the lack of a majority of the state members, the presence of a quorum could not be established.

### Welcome – Eric Curtit:

Eric thanked all participants for taking the time to be on today's call.

### Approval of the Minutes from September 24, 2012– Eric Curtit:

Due to the lack of a quorum, it was agreed that no votes would be taken on this call; therefore approval of the minutes from September 24, 2012 will be held over until the next SFTF call.

### Review of Action Items – Steve Hewitt:

**Review/revise the original SFTF Charge:** Eric will provide all members with a "test case" on the original charge of the Board to the SFTF to see how it has evolved and if it still fits. This will be sent out to the task force members by the end of this week. (COB September 28, 2012) **Status: Eric provided his suggested revisions to the original charge – Steve Hewitt distributed the document; as of 10-19-12 Ron Pate, David Ewing, and FRA submitted comments/proposed revisions. These have all been distributed to SFTF members and will be discussed under agenda item VI b.**

**Section 6 project "kickoff":** Eric, Chad, and Ron Pate and/or Tim Hoeffner will have a conference call with PB to review the tasks identified in the contract and get the work started. **Status: As of October 19, 2012, a "kickoff" of the PB effort has not yet occurred. This is to be addressed under agenda item V.**

**Executive Board Member vision statements** - Any SFTF members wishing to provide input to Eric on the "vision" statement must do so by COB October 2, 2012. **Status: No comments were received from SFTF members. Eric Curtit did submit his vision statement to Bill Bronte and Steve Hewitt. Steve compiled all 11 statements received into one document with no attribution. A total of 11 vision statements were received from Board Members. On October 16<sup>th</sup> the Board asked that the SFTF review the vision statements against the SFTF charge document to maintain consistency. The first step for the SFTF is getting consensus on the Charge revisions.**

**PB Status Updates to the SFTF:** PB will be asked to attend the bi-weekly SFTF calls and provide a status update. Eric Curtit, as part of the SFTF bi-weekly report (standing agenda item) to the Executive Board, will provide a status update on the activities of PB on the Section 6/deployment effort. **Status: This is a standing agenda item for all Board meetings – on October 16<sup>th</sup>, Eric reported that the "kickoff" had not yet occurred, but that he anticipates having a progress report on the next Executive Board call – October 30, 2012.**

**Developing a Scope of Work for a "son of section 6":** At the September 20, 2012 Executive Board meeting in Portland, it was agreed that the SFTF would begin to develop a scope of work for outside consultant services for a "son of section 6" effort. **Status: This topic is on today's agenda item VI c.**

**FRA Review of SFWG:** The FRA has been asked to review the SFWG draft report with the comments previously

provided by FRA, to ensure that those comments have been incorporated accurately. **Status: The FRA intends to provide its comments on the DRAFT Report in advance of the November 5, 2012 SFTF call and to discuss those comments on the call.**

**Status Update: Section 6/Deployment project– Eric Curtit:**

Eric Curtit reported that "PB is ready to work". He and Steve Noonan, PB, have been having conversations over the past few weeks to better identify the tasks to be performed by PB and "to focus them on the right things". The tasks should be modified to not involve items which are "not meaningful to the effort" - as an example, items related to development of the state rail plans were deemed to not be an area where PB should put its efforts - states will develop their own rail plans.

This afternoon (October 22, 2012) Eric will be talking to Steve Noonan, and following that conversation, Chad and Eric will have further discussions to refine the tasks and get the effort kicked off.

The plan now is for Eric to provide an outline of the work PB will be doing, and provide it to the SFTF members, through Steve Hewitt, prior the next call (November 5, 2012). PB will begin attending the SFTF conference calls on either November 5, 2012 or November 19, 2012.

**Discussion: determining the future of the NGEC – Eric Curtit:**

**a. Review/overview of material assembled relating to all NGEC discussions of the future of the NGEC – Steve Hewitt:**

Steve Hewitt provided a brief overview of the material he has assembled (at the request of the Executive Board) in regard to previous discussions about the future of the NGEC, or, as Chairman Bronte says, "what does the NGEC want to be when it grows up". The material assembled includes excerpts taken from minutes of Executive Board and the Finance subcommittee.

For context, it should be noted that prior to the creation of the SFTF, the Finance subcommittee and the Administrative task force had joint oversight of the Structure and Finance Working Group (SFWG). After the development of a draft SFWG report, the Executive Board determined that the SFWG had gone about as far as it could, and that a task force should be created directly reporting to the Board.

In addition to the numerous excerpts compiled from minutes going as far back as February 15, 2011, the assembled material includes, the aforementioned DRAFT SFWG report (which does contain comments received by FRA at that time), and is expected to be retained as a DRAFT reference report once the FRA has approved or refined its initial comments; a presentation given by Steve Patterson on corporations, first to the Finance subcommittee and the ATF, and later to the Executive Board; the original charge by which the Executive Board created the SFTF; wall charts from the NGEC future discussions held in Portland, ME; summaries of two surveys conducted by the NGEC in regard to the states needs and objectives for the NGEC; the original "context" work plan outline with states comments included, -(this document remains open, as FRA has not provided its input, and the SFTF has not closed out the action; and the DRAFT Scope and Structure document prepared by the FRA as the Board was considering creating the SFTF.

In all, it is hoped that these excerpts and documents tell the story of where we (the NGEC) have been in these discussions about the future and lead us to where we are today. The intent is to have these items posted in one location on the website - AASHTO is working on getting this accomplished. The members of the ATF and SFTF have all received everything that has been assembled in hopes that it will serve as reference material in moving forward.

**b. Review of the SFTF Charge and proposed revisions – Eric Curtit:**

Eric gave a summary description of the input received in regard to revising the SFTF charge. The intent of revising the charge is "to clean it up" and "make it more concise" while still staying true to the initial charge.

Eric suggested to those on the call that the primary document to look at in reviewing the changes is the one provided by FRA. This document builds on Eric's first cut at making revisions. The changes to this document are consistent with comments provided by Ron Pate and David Ewing.

Eric noted that the original charge described 4 tasks, and that the consensus of the comments provided is that they "boil it down to 2" primary tasks.

The first task will deal with the Section 6 effort being undertaken by PB, and the second task would define the NGECC's future and develop an implementation plan.

Eric noted that it is generally agreed that an RFP should be developed which will look beyond section 6 at the NGECC future, and that this effort should begin immediately due to the time it takes to develop an RFP and get to procurement.

In looking at the future of the NGECC from a managerial perspective, Eric added, "there seems to be two schools of thought: provide support services with a limited role" or create an entity "with a more expansive role".

Eric asked if anyone on the call had any comments in regard to the overview he has just provided.

Chad Edison, FRA, commented that he believes that the two tasks being described will fulfill the initial charge. He also noted that the idea of having a retreat at some point, as suggested by David Ewing, makes sense.

Ron Pate, Washington State DOT, commented that the revisions described by Eric hit the mark.

In closing this part of the discussion, it was agreed that Eric will provide a clean version of the revised charge, as discussed today, and get it out to the SFTF members in advance of the next call. He asked that all members be prepared to vote on the "charge" revision.

Also prior to that same call (November 5, 2012) Eric reiterated he will have provided the members with an outline of the PB tasks identifying more clearly "what they will be doing."

At this point, David Ewing requested/advised the SFTF to begin to look at the costs associated with the second task, including the costs for a retreat. He noted that the time is right because the Finance subcommittee is beginning to develop a budget for the next year which includes re-programming the funds remaining from the initial grant.

David asked that the SFTF consider the Finance subcommittee's budget efforts and relay any cost information to them as "a professional courtesy" and to avoid "the cliff" we faced last year in finalizing the budget and grant agreement.

Darrell Smith, Amtrak Finance, agreed, any input from the SFTF would certainly be of great help for this Friday's (October 26, 2012) Finance subcommittee call.

Chad Edison noted for clarification, that this budget process should not be as difficult because the current grant agreement goes through March 31, 2014. This, he noted, should make the re-programming effort less difficult.

Steve Hewitt provided an historical perspective on why the SFTF was structured as it is. He described that the idea was to ensure that there would be interaction among the SFTF, the Finance subcommittee and the ATF. The reason that the Chair of each of those groups has been named as an ex-officio member of the SFTF is to maintain interaction and open communication among the three bodies. ("No surprises")

David Ewing also advised that it would be a good idea when looking at the budget to "set aside an amount of money for the launch of the entity" on a broad basis. He compared it to "start up" funds for a new company to capitalize on before revenues kick in.

Chad Edison commented that Legal costs would have to be considered as well, and that once a preferred alternative is developed "incorporation" fees would need to be set aside.





**PRIIA NGEC S305 Structure and Finance Task Force (SFTF) Conf. Call Meeting  
October 22, 2012  
2:30 – 3:30 pm Eastern  
866 299 7945 passcode 1601544#**

**Agenda**

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| I. Welcome                                                                                   | Eric Curtit  |
| II. Roll Call                                                                                | Steve Hewitt |
| III. Approval of Prior Minutes                                                               | Eric Curtit  |
| IV. Review of Action Items                                                                   | Steve Hewitt |
| V. Status Update: Section6/Deployment project                                                | Eric Curtit  |
| VI. Discussion: determining the future of the NGEC                                           | Eric Curtit  |
| a. Review/overview of material assembled relating to all NGEC discussions of the NGEC future | Steve Hewitt |
| b. Review of the SFTF Charge and proposed revisions                                          | Eric Curtit  |
| c. Developing a "Son of Section 6" scope of work                                             | Eric Curtit  |
| VII. Other                                                                                   | All          |