

SECTION 305 NGEC Executive Board

MINUTES

MARCH 29, 2011

11:30AM EST

CONFERENCE CALL

FACILITATOR	<i>Bill Bronte, Chair, S305 NGEC Executive Board</i>
ATTENDEES	Board Members: <i>Bill Bronte, Mario Bergeron, Kevin Kesler, for Mark Yachmetz, Alan Ware, Ron Adams, Caitlin Hughes Rayman, Ray Hessinger, Scott Witt, DJ Stadtler, Kevin Lawson</i> Support Staff/Observers/ Guests: <i>Leo Penne, Shayne Gill, Steve Hewitt, David Ewing, Rob Edgcumbe, Larry Salci, Jack Basso</i>
ABSENTEES	Board Members: <i>Rod Massman, Tammy Nicholson, Mark Yachmetz represented by Kevin Kesler, Joe Kyle, Pat Simmons</i> Support Staff/Observers: <i>Paul Nissenbaum, John Tunna, Marvin Winston, Stephen Gardner, Drew Galloway, John Bennett, Robin McCarthy, Rich Slattery, Nancy Greene,</i>

DECISIONS MADE

Welcome – Bill Bronte, Chair, S305 NGEC Executive Board

Bill Bronte welcomed all attendees to what is expected to be the first of the Board's planned bi-weekly conference calls. This call will focus on a continuation of the "brainstorming" session from the March 16, 2011 Board meeting which began to discuss "what do we want to be when we grow up – if we get an opportunity to grow up?"

Roll Call – Steve Hewitt, Manager, S305 NGEC Support Services:

Steve Hewitt to the roll of Board members (as well as support staff) in attendance on the call. Initially, it was determined that there was not a quorum present – so no votes would be taken. Shortly thereafter, additional members joined the call and the presence of a quorum was established.

Approval of the Minutes of the March 16, 2011 Executive Board Meeting – Bill Bronte:

Decision: Once the presence of a quorum had been established, on a motion by Al Ware< Georgia, and a second by Ray Hessinger, New York, the minutes of the March, 16 2011 NGEC meeting were approved without exception.

Continuing the Brainstorming Session from the March 16, 2011 meeting of the Board – Bill Bronte:

Mr. Bronte described this session as an effort to continue to move forward in developing a menu of options to address the variety of states needs. In order to satisfy those needs, "we need some kind of structure to protect and monitor the specifications." At the March 16, 2011 meeting, Leo Penne made a suggestion to consider having AASHTO be a repository of the specifications. AASHTO has the structure to do so. It was pointed out, also that the discussion on March 16, 2011 also included the possibility of AASHTO serving as the vehicle, in some way, for establishing a 305 NGEC entity, due to the fact that some states cannot belong to corporations without authorizing legislation. AASHTO was a suggested option because all 50 states are already members; so the issues surrounding their ability to participate have already been resolved over the years.

Jack Basso – AASHTO: Leo Penne, AASHTO, introduced Jack Basso, AASHTO's CFO, who had been asked to attend this meeting to provide insight into the suggestions of AASHTO acting as a repository and/or a vehicle for 305 as an entity. Mr. Basso has been with AASHTO for 10 years and was with the U.S. Government for 30 years – at OMB and at USDOT where he was essentially its CFO. Mr. Basso has experience with the highway and Amtrak and Intercity Passenger rail.

Mr. Basso first addressed the issue of AASHTO as a repository of 305 Specification documents. AASHTO could serve as the repository for the 305 specs. In fact, the origin of AASHTO involved it being created as a repository for engineering specs. AASHTO could maintain the standards and process as the repository subject to agreement with the states. It is important that 305 resolve the issue of establishing institutional maintenance of the specs. Mr. Basso stated that "if you want a layout, cost, strategic plan for AASHTO to do it, let us know and we will." He went on to say that this could "easily fit into the Technical Assistance Programs that AASHTO has a great deal of experience in already."

In regards to the second issue – looking at creating a pool for equipment – the NGEC has the authority to do it

and has options. Mr. Basso explained that, "you can form an entity to supply equipment, buy or lease equipment." In order to do so "this would need a fair amount of structure" possibly along the lines of a 5013C corporate entity to set up "a shell of the framework to take on these activities". Mr. Basso cited three reasons to do it:

1. To do business you need a legal entity
2. Liability purposes – protection
3. Establish a Board of Directors (305 Executive Board members a possibility)

He stated that this was a loose outline of what should be considered. It will "take serious staff work to outline the blue print." He emphasized that he was here to provide technical assistance/advice, not to sell the Committee on anything "I have no vested interest one way or the other."

Question/Comments;

- Would it be set up under AASHTO – It could be set up as a separate non-profit corporate entity – operational activity could be adjunct subsidiary attached to AASHTO – there are lots of ways to connect them.
- Mr. Kesler noted that this subject has been on the table for quite some time now. There are primarily a few questions: What are the requirements – why do we need an entity – what would it be? What are the downsides?
We probably should become some form of legal entity – in the near term for intellectual property – in the long term – equipment. He went on to say, "we have talked a fair amount about this, but the Board needs to move towards taking some action. Possibly assign a subgroup of the Board to capture a set of requirements that the NGENC needs to address as a legal entity, and what does it take to operate that entity." Once this is done – "move it to the Board with a recommendation."
- DJ Stadler commented that the Finance subcommittee has been struggling with this for a year or so – trying to get a group together to do this. "We now have a proposal moving forward to do what Kevin is asking."
- Ro Adams noted that the Midwest Regional Rail has had similar discussions and has been working on resolving the issue for over a year – with no solution yet. Collectively, it's a struggle because of statutory issues faced by the various states. "How can we put ourselves together as an entity? Many states can't belong to a corporation."
- Mr. Kesler commented that AASHTO may be the solution for some elements of what we want to do. It may be the right vehicle because of its already established relationship with the states. Maybe another entity would need to be established to do other aspects of what the NGENC needs done.
- Mr. Basso – "you may need help on this. The Logistics Management Institute – a non-profit analytical entity" is one possible place to go. "We could talk to them with you about what they could do to grind out the product." He then offered to make arrangements for the Committee to talk to the Logistics management Institute if the Members would like.
- Mr. Bronte replied – "we have not yet focused enough to pull it together, but we'll keep your phone number at the reach"
- Mr. Penne stated that it seems that Kevin is suggesting that "we fish or cut bait." To Bill Bronte – "Is it your sense that we are at the point where we need to get expert resources under the direction of the Board to get a proposal on the table?"
- Mr. Bronte – "yes. Internally is not working – we need outside support. The question is do we have the resources to do it?" This is part of what the Finance subcommittee's effort – Rob Edgcumbe's scope of work will help assess.
- Mr. Penne noted that Mr. Bass had to leave for another meeting, but said that "AASHTO has some independent resources (independent of the 305 AASHTO Support Services) that he'd be willing to put into this effort if the NGENC Board thinks it would be useful."

Review of Spec Procurement Management Matrix – Larry Salci: Mr. Salci described the matrix that he had prepared at the request of the Board and which was circulated earlier in the week by Steve Hewitt. The matrix is broken into categories. It is necessary to define the requirements – strengths and weaknesses -because the specs relate to equipment "to be built" – as we get into procurement. "It is an iterative process as you get into the design phase." He noted that Amtrak has strength in having performed all of the functions described in the matrix, but this effort "would need to be staffed constantly. The concept is pooling." He believes that setting up the repository is the "easy part." The 5 year continuous updating/pooling needs an entity and will add costs. The matrix defined the key elements/requirement – we need to define "what to do and who to do it." It will need full time attention.

Questions/comments:

- Ron Adams – So far the 305 activities have been federally funded – if we create a new entity – how do we pay for it? How is it funded? Response – the structure of the organization or its activities may well determine how we fund it.
- Mr. Kesler commented that Mr. Salci had done a good job of summarizing the key points on what is

"needed to stand up this activity." He went on to say, "It makes good logical sense to make sure there is funding set aside from equipment purchases for funding the entity."

- David Ewing stated that a "there is a strong case to be made legislatively for the ongoing funding of the 305 process – need to make Congress aware that it is in their best interest – we need to demonstrate to Congress that there is a good return on their investment."
- Mr. Kesler commented that in looking at the matrix, it's clear that "not one entity can do it all." He suggested that the members take a look at the matrix, see if this is a good way to start. "Maybe a subset of the Board should provide recommendations – here is how each group can help – Amtrak – AASHTO etc."

Proposed Scope of Work – Funding and Structuring Options – DJ Stadtler/Rob Edgcumbe: Mr. Stadtler reported that we really haven't gotten a lot of effort behind this. Rob and AASHTO staff have developed a proposed work plan- a first cut – which has gone to the subcommittee members. "We would like Board approval to continue moving forward and bring back to the Board for a vote on a scope of work with costs. He suggested that the working group continue its effort to revise/refine the scope – with Board members providing comments along the way – and move to developing a budget. The whole package could be made ready for Board consideration on the next call – April 12, 2011.

Questions/comments

- Mr. Ewing stated that there is a "good crosswalk between the Matrix prepared by Mr. Salci and the Scope of Work." He proposed that a subgroup be established to -within 60 days – come back with a proposal to fill in the 4 squares (on the matrix)"
- Jack Madden asked if we need to constitute a "Pullman Palace Power car type company that owns equipment? If a state is able to own, it can own part of the company. If a state can't own, it can lease."
- Rob Edgcumbe noted that "part of the scope of work is to flesh out various options" that may be out there to be considered.
- Mr. Bronte stated that he would like more time to review the Scope of Work proposal, but not slow down the process. He suggested the working group keep moving forward even as comments come in from the states – and be ready to put forth a proposal on the April 12th call, as DJ had suggested. Once it has all been fleshed out it would be good to get volunteers to act as a steering committee to get a consultant.
- Many of the members agreed that this was a good approach, Mr. Kesler volunteered to help in any way – and asked that they let him know how he should engage.
- Mr. Ewing asked if it would make sense to do a pilot to fill out 1 cell of the matrix. It was generally agreed that now was not the time to do that. It was agreed that it was important to get the Scope of Work and Budget proposal approved first.
- Mr. Bronte suggested that the matrix be incorporated into the Finance subcommittee proposal.

Other items – ALL: Mr. Stadtler commented on the lack of participation on the Finance subcommittee and asked for more involvement. One area lacking has been not having anyone from FRA on any of the Finance subcommittee calls in months. Mr. Kesler stated that he has been, and would continue to try to get someone from FRA involved. He believes it should be someone from Railroad development and also someone from Finance or Legal. He recommended that Bill Bronte, as NGEN Chair write a letter requesting participation. The letter should go to Mark Yachmetz. Mr. Bronte agreed.

Action Items

Bill Bronte to send a letter to FRA requesting that they provide a representative/participant for the Finance subcommittee – preferably legal and finance support.

Rob Edgcumbe and DJ Stadtler and the working group will refine the Scope of Work and Budget proposal for outside support. Full proposal to be presented to the Board on April 12, 2011 conference call.

State members should provide comments on the Matrix and the scope of work to Rob and DJ in advance of the next call.

Next Scheduled call – 4-12-11 at 11:30 am - 12:30 pm Eastern 866 299 7945 passcode: 1601544#

