

Financial Subcommittee Report

February 15, 2011



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 in the lead for procurement with options to be exercised by states. Provide legal follow through if such action is decided upon by the Committee.
- Draft proposed legislation that would allow states and/or entities access to the RRIF program.
- Research joint financing of procurements
- Make funding recommendations to the Executive Board

Evaluate fiscal elements of ownership options for ownership structures that may be used for new equipment (to be coordinated with work of Administrative Task Force)

Tasks include:

- Review potential ownership structures, including Amtrak, a non-for-profit entity, an infrastructure bank, or other third party
- Obtain information from the states on 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.
- Develop an education tool or course that would provide background information on rolling stock to interested parties, through webinars or similar training avenues (perhaps in concert with the Admin task force?)



Ensure that the commercial consideration components of any and all procurements utilized by the Section 305 Committee have been addressed, reviewed and approved. These financial components, coupled with the specifications provided by the Technical Subcommittee, will provide a framework for upcoming equipment procurement processes, requests for proposals, etc.

The Finance subcommittee shall meet via telephone on a regular basis as prescribed by the membership or as directed by the Executive Board to fulfill its duties. In an attempt to reduce expenses, face to face meetings will be held in conjunction with other 305 related activities as appropriate. Travel related expenses for state members are provided in the AASHTO Support budget.

The subcommittee will provide for periodic independent audit of financial records of the Section 305 Next Generation Equipment Committee and its subcommittees as appropriate.



- Financial Subcommittee Budget
 - \$50,000 for Professional Fees
 - \$50,000 for audit services
 - Any travel costs funded under AASHTO support