To: Chairman Skinner and the VRE Operations Board
From: Doug Allen
Date: June 17, 2016
Re: Recommend Authorization to Amend the Contract for New Passenger Railcars and to Execute an Assignment Agreement to Assign Options to Purchase Additional Railcars to Chicago Metra

**Recommendation:**

The VRE Operations Board recommends the Commissions authorize the Chief Executive Officer to execute a contract amendment with Sumitomo Corporation of the Americas to assign up to 21 passenger railcar options to Metra in a form approved by legal counsel and to also enter into an assignment agreement with Metra to assign the options.

**Background:**

In March of 2012, VRE executed a five year Contract with Sumitomo Corporation of the Americas (SCOA) for a base order of eight Gallery style passenger railcars. The contract included the option for 42 passenger railcars to be exercised by VRE if funding was made available during the five-year term of the Contract. To date, VRE has amended the original agreement three times and exercised 21 options. There are options for 21 passenger railcars remaining on this Contract.

The current Contract expires in March of 2017. VRE will not exercise the additional options in this Contract prior to this date. VRE is unable to extend the current Contract due to the limitations for multi-year rolling stock contracts as stated in 49 USC 5325(e)(1):
"(e) Multiyear Rolling Stock. — (1) CONTRACTS. — A recipient procuring rolling stock with Government financial assistance under this chapter may make a multiyear contract to buy the rolling stock and replacement parts under which the recipient has an option to buy additional rolling stock or replacement parts for not more than 5 years after the date of the original contract."

The Commuter Rail Division of the Regional Transportation Authority and the Northeast Illinois Regional Commuter Rail Corporation ("Metra"), the commuter rail system serving the Chicago area, uses the same Gallery style passenger railcars manufactured by Nippon-Sharyo. Metra approached VRE about assigning to them the remaining options from VRE’s Contract with Sumitomo. From this, Metra would be able to purchase passenger railcars from VRE’s Contract so long as Metra executes the order with SCOA prior to March of 2017. VRE, Metra and SCOA are working to develop a contract amendment to accomplish this in a form approved by VRE’s legal counsel.

**Fiscal Impact:**

There is no fiscal impact to VRE.
Recommend Authorization to Amend the Contract for New Passenger Railcars and to Execute an Assignment Agreement to Assign Options to Purchase Additional Railcars to Chicago Metra

WHEREAS, in March of 2012 the VRE CEO executed a Contract with Sumitomo Corporation of the Americas (SCOA) for a base order of eight passenger railcars with the option for 42 additional passenger railcars; and,

WHEREAS, the Contract has been amended three times to exercise options for the purchase of 21 passenger railcars; and,

WHEREAS, the current Contract expires in March of 2017; and,

WHEREAS, VRE will not exercise the remaining options for 21 passenger railcars prior to March of 2017; and,

WHEREAS, Metra of Chicago approached VRE requesting VRE assign to them the remaining options; and,

WHEREAS, VRE, SCOA and Metra are currently working to finalize agreements to assign these options to Metra in a form approved by VRE’s legal counsel;

NOW, THEREFORE, BE IT RESOLVED THAT, the VRE Operations Board does hereby recommend the Commissions authorize the Chief Executive Officer to execute a contract amendment with Sumitomo Corporation of the Americas to assign options for up to 21 passenger railcars to Metra in a form approved by legal counsel, and to execute an assignment agreement with Metra assigning the options for up to 21 passenger railcars in a form approved by legal counsel.

Approved this 17th day of June 2016

______________________________
Gary Skinner
Chairman

______________________________
Maureen Caddigan
Secretary