

MINUTES
METROPOLITAN TRANSIT AUTHORITY
OF HARRIS COUNTY, TEXAS
BOARD OF DIRECTORS
REGULAR BOARD MEETING
THURSDAY, SEPTEMBER 16, 2010

The Regular Meeting of the Metropolitan Transit Authority Board of Directors was called to order at 9:05 a.m. by Chairman Gilbert Andrew Garcia. Vice Chairman Allen Watson, and Board Members Burt Ballanfant, the Honorable Judge Dwight Jefferson, Carrin Patman, Christof Spieler and C. Jim Stewart, III, were present and constituted a quorum. Board Member Trini Mendenhall Sosa arrived at 9:10 a.m. Board Secretary Jackie L. Freeman was absent.

As the first item for business, Chairman Garcia called for consideration of approval of the Minutes of the Regular Board Meeting of August 19, 2010. Board Member Stewart moved approval of the Minutes. Vice-Chairman Watson seconded the Motion and all Board Members present voted in favor. (Board Member Sosa was not present for the vote on this matter).

MOTION NO. 2010 - 63

Chairman Garcia next called upon those persons who had requested to speak before the Board. The persons who spoke and the substance of their comments were as follows:

1. Ms. Eloise Leza – asked that she be re-hired to her former position of Bus Operator. A representative of the Transport Workers Union, Local 260, appeared with Ms. Leza in support of her request.

President & CEO, George Greanias, agreed that he and Andy Skabowski, Acting Vice President of Operations, will meet with Ms. Leza for further review of her employment issues.

2. Mr. Paul Magaziner – of “Corridors United”, made note of the FTA’s findings from its investigation of METRO’s compliance with federal “Buy America” requirements. He believes that a conspiracy existed within the organization and disagrees with the settlement of Mr. Frank Wilson’s employment contract. Mr. Magaziner also accused METRO of financial misrepresentation and insufficient authorization to issue debt for light rail expansion.

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Chairman Garcia explained that all documents comprising a part of the record were delivered to the FTA, and settlement of Mr. Wilson's contract was appropriate. He further explained that the 2003 referendum does not limit "total borrowing." METRO will make adjustments in response to current economic challenges, such as taking steps to improve the liquidity ratio, building a cash reserve, and a budget reduced by some 30 percent.

Board Member Spieler added that METRO's financial plan will be shared with the public.

Judge Jefferson stated that the Board is taking very conservative steps to correct financial deficiencies.

Vice Chairman Watson voiced his agreement with the previous comments, adding that METRO must now implement the transit plan that the voters wanted. He stated that the region needs mass transit and that METRO will survive the current financial situation.

Mr. Magaziner then questioned the financial plan for the expansion of light rail.

Mr. Greanias responded with a summary of his conversation with the FTA administrator, Peter Rogoff and the FTA's pledge to resume negotiations for the full-funding grant agreement upon re-procurement of the light rail vehicles. The negotiations will include a review of METRO's financials.

In response to questions from Judge Jefferson, Mr. Magaziner asserted that a DVD of the August 18, 2003 METRO Board meeting has led to his belief that the debt instruments authorized by way of the 2003 referendum are insufficient to build five light rail alignments.

3. Mr. Daphne Scarbrough – questioned the status of METRO's transit-oriented development projects in light of current economic projections.

Mr. Greanias stated that current plans call for a terminal at Burnet Plaza north of the University of Houston Downtown. However, METRO is looking at various options. He explained that there have been fewer condemnation proceedings than originally anticipated. Mr. Greanias further explained that the transit oriented development policies are under review, and the Board and the public will be informed of all activities.

He stated that he will not propose the purchase of land for speculative purposes. However, land that has been acquired, has been purchased at fair market prices.

Board Member Spieler added that a key component of the review of the proposed intermodal terminal is to ensure that the different transportation modes can connect onto the site.

4. Ms. Blanca Rodriguez – a property owner on Harrisburg, stated that property owners in the East End area have not been treated fairly. She claimed financial losses from business interruptions and decreased property values.

5. Mr. Mike McMahon – complained that no individual Board Member represents his area, and that METRO failed to respond to his suggestions or his complaints. He also requested re-design of the local bus system.

Mr. Greanias acknowledged receipt of Mr. McMahon's suggestions about safety and responses will be forthcoming. Mr. Greanias stated that he has proposed creation of a Customer Advisory Council to obtain community input on service improvements. He added that the light rail alignments will make travel more efficient.

6. Mr. Mark Hogue – questioned the need to re-procure the light rail vehicles. He also expressed support for the re-employment of Ms. Eloise Leza.

Mr. Greanias explained how the Federal Transit Administration had found flaws in the initial procurement.

7. Mr. Mark Rodriguez – stated that ongoing construction has severely damaged the street conditions on Harrisburg. The street has not been re-paved, as previously promised. He also complained that PVC pipe had been used for the underground water lines rather than a stronger grade.

Mr. David Couch, Managing Director of METRO Solutions, explained that the re-paving of segments of Harrisburg is proceeding.

Vice Chairman Watson stated that METRO has improved its communication with the community and complimented staff for its re-newed focus on community concerns. He explained that construction is often painful, but it is necessary to remember the end results.

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At the conclusion of the public comment portion of the meeting, Chairman Garcia reported on the recent meeting with FTA Officials, Mayor Parker, and the region's Congressional delegation. He stated that everyone remains committed to the completion of the light rail alignments. He further pledged that METRO will be a good steward of the taxpayers' dollars. The Chairman then called upon Mr. Greanias for an overview of the proposed budgets for fiscal year 2011.

Mr. Greanias first stated that the budget is an evolving process and that there will be regular reviews and updates through the course of the year. In building the new METRO, he explained new strategic priorities, seven operating principles and a new organizational structure. METRO's vision is a statement of its function as "an organization that provides safe, reliable, affordable and convenient public transit and mobility service." METRO is moving towards support for "an economically dynamic, environmentally sustainable regional community" where METRO's services improve the quality of life. Mr. Greanias articulated METRO's three strategic priorities – 1) to provide first class transit service, 2) to provide a great transit infrastructure, and 3) to be a trusted community partner. He then explained the seven operating principles that will support the strategic priorities. The principles are customer service, partnering, cost control, asset utilization, sustainability, safety and people. Mr. Greanias stated how the budget contemplates improved customer service, no fare increases, creation of a Customer Advisory Council, a candid reporting of METRO's finances, opportunities for alternative service delivery. He announced an end to the practice of borrowing in the Commercial Paper market to meet general mobility payment obligations. He explained how the Operating Budget also reflects adherence to accepted accounting standards which permit fewer capitalized expenses. He further explained how \$150 million for light rail expansion remains in the federal budget while METRO proceeds to re-procure the rail vehicles and continue negotiations with the FTA for the full funding grant agreement. However, the budget does not assume receipt of full funding grant agreement monies for the fiscal year.

Mr. Greanias then reviewed the proposed FY 2011 Budgets in further detail in light of the guiding principles, goals and METRO's current financial environment. He also recommended quarterly reviews and reports to the Board as circumstances change throughout the year.

In response to comments from Vice Chairman Watson about internal cost reductions, Mr. Greanias added that excess printers had been removed, employees would be assuming higher health insurance premiums, and management will be soliciting ideas for other cost control initiatives from their staff.

As the next item for business, Chairman Garcia called for consideration of the Consent Agenda, containing Agenda Items 6, 7, 8, 9 and 10. Board Member Stewart moved approval of the Consent Agenda. Judge Jefferson seconded the Motion and all Board Members present voted in favor.

MOTION NO. 2010 – 64

By way of the Consent Agenda, the Board of Directors approved the following:

1. Authorization for the President & CEO to negotiate, execute and deliver a contract with 2Plus of Texas, Inc. for Vanpool Management Services for STAR Regional Vanpool for a five-year period with a total not to exceed amount of \$31,000,000.00.

RESOLUTION NO. 2010 – 70

2. Authorization for the President & CEO to execute and deliver a contract with Thermo King of Houston for the purchase and delivery of Thermo King A/C parts for METRO's fleet of transit vehicles in an amount not to exceed \$1,239,455.00.

RESOLUTION NO. 2010 - 71

3. Authorization for the President & CEO to execute and deliver a contract in an amount not to exceed \$343,524 with Clifford Power Systems, Inc. for preventative maintenance and repairs for facility emergency generators.

RESOLUTION NO. 2010 – 72

4. Authorization for the President & CEO to execute and deliver an Interlocal Agreement between the Houston-Galveston Area Council and the Metropolitan Transit Authority of Harris County, Texas for the development of advanced practice travel demand models.

RESOLUTION NO. 2010 – 73

5. Authorization for the President & CEO to negotiate, execute and deliver a contract with Community Awareness Services for office support for the Community Outreach offices on the light rail alignments, for an amount not to exceed \$278,784.00.

RESOLUTION NO. 2010 – 74

Judge Jefferson reported that the Finance/Audit Committee met on September 13. The Committee received the Audit Corrective Action report, the audit work plan and also received sales tax and other financial reports. Mr. Greanias also presented the proposed budgets to the Finance/Audit Committee. Judge Jefferson stated that METRO is under budget by \$270,150,000.

Judge Jefferson then moved that the Board approve the list of Broker/Dealers, as listed in the Board materials, of those firms authorized to conduct METRO's securities transactions. The Motion was seconded by Board Member Sosa. All Board Members voted in favor except Chairman Garcia and Board Member Patman, who abstained. The Motion passed 6-0-2.

MOTION NO. 2010 – 65
RESOLUTION NO. 2010 – 75

Board Member Stewart moved that the President & CEO be authorized to execute and deliver a contract with Kellogg Brown & Root Services, Inc. for repairs to METRO's Administrative Office Building for an amount not exceed \$1,278,271.00. Repairs are needed for the exterior windows which were damaged during Hurricane Ike. The Motion was seconded by Vice Chairman Watson and all Board Members voted in favor except Board Member Patman, who abstained. The Motion passed 7-0-1.

MOTION NO. 2010 – 66
RESOLUTION NO. 2010 – 76

Chairman Garcia then convened the meeting into Executive Session pursuant to the TEXAS GOVERNMENT CODE Chapter 551. Executive Session began at 10:45 a.m.

The meeting re-convened into public session at 12:15 p.m.

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Board Member Stewart presented the final item for the Board's consideration. He first stated that it was an honor to present, for consideration, the appointment of the next President & CEO. He then moved execution of an employment contract with George Greanias as METRO's new President & CEO, effective immediately. The Motion was seconded by Board Member Sosa.

Judge Jefferson noted that he had also seconded the Motion and commended Mr. Greanias for his bold leadership.

(Board Member Ballanfant exited the Board meeting for another matter but asked that the record reflect his support and agreement to the appointment of Mr. Greanias as the new President & CEO. The record so reflects).

The Board Members, individually, expressed their confidence in Mr. Greanias and the leadership he brings.

Chairman Garcia then called for a vote and all Board Members present voted their unanimous approval. (Board Member Ballanfant was not present for the vote on this matter).


MOTION NO. 2010 – 67
RESOLUTION NO. 2010 – 77

There being no other matters to come before the Board for consideration, Board Member Sosa moved to adjourn the meeting. Board Member Spieler seconded the Motion and all Board Members voted in favor.

MOTION NO. 2010 – 68

The meeting adjourned at 12:30 p.m.

Respectfully submitted,



Paula J. Alexander
Assistant Secretary

