

Metropolitan Transit Authority

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Acting President & Chief Executive Officer
George Greanias

September 9, 2010

The Honorable Peter M. Rogoff, Administrator
Federal Transit Administration
1200 New Jersey Avenue, S.E.
Washington, D.C. 20590

Dear Administrator Rogoff:

On behalf of METRO, I want to thank you and Chief Counsel Dorval Carter for meeting yesterday with Mayor Parker, our Congressional members and their representatives, Board Chair Gilbert Garcia, and me to inform us of the results of the FTA's investigation of METRO's procurement of rail cars for the METRORail Expansion Project. We appreciate your willingness to travel to Houston to present the findings personally, and to afford us the opportunity to discuss in detail how METRO can constructively address the issues brought to light by the investigation and then resume the effort to conclude the Full Funding Grant Agreements in support of the North and Southeast lines.

METRO agrees with the findings of the investigation. Since meeting with you yesterday and receiving these results, we have:

- Issued a stop work notification to Construcciones y Auxiliar de Ferrocarriles (CAF);
- Issued a stop work notification to Houston Rapid Transit (HRT), the Facility Provider, for all work efforts on vehicle on-board equipment;
- Determined that we will terminate the CAF contract; and
- Begun preparing a recommendation to our Board of Directors regarding the specific means to formally terminate the CAF contracts, which we propose to present at the Board's regularly scheduled September 16th meeting, or as soon thereafter as possible.

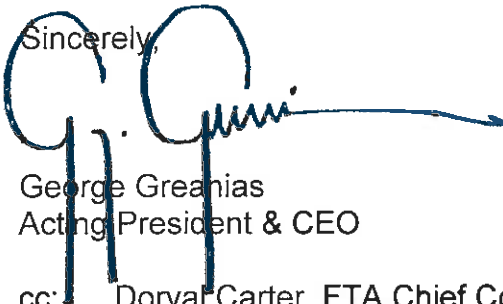
In addition, in regards to the reprourement and delivery of the light rail vehicles for the rail program, we will:

- Follow the procurement process outlined in the FTA procurement guidance and the process required by METRO's own Procurement Manual;
- Develop and as soon as possible submit for FTA review and comment an appropriately detailed plan for the reprourement; and
- Initiate the reprourement process only after FTA approval of the reprourement plan.

Finally, I want to give you my personal commitment that going forward all METRO staff, consultants, and advisors will be directed to work with everyone at FTA in a candid, transparent, and collaborative manner. I urge you to let me know whenever you believe we are not meeting that standard.

One of our three strategic priorities is to build a great transit infrastructure, including those projects voters approved in 2003, that will be the foundation of an integrated mobility network. We at METRO appreciate that despite the findings of your investigation, the FTA remains in support of our rail plan in Houston. Your decision allows us to continue on a path that fulfills this priority, and we look forward to justifying your judgment.

Sincerely,

A handwritten signature in blue ink, appearing to read 'G. Greanias', with a long horizontal flourish extending to the right.

George Greanias
Acting President & CEO

cc: Dorval Carter, FTA Chief Counsel
METRO Board of Directors