

MINUTES
METROPOLITAN TRANSIT AUTHORITY
BOARD OF DIRECTORS
REGULAR BOARD MEETING
OCTOBER 26, 2006

The regularly scheduled monthly meeting of the Metropolitan Transit Authority Board of Directors was called to order at 1:05 p.m. by Chairman David S. Wolff. Vice Chairman Gerald Smith, Board Secretary Jackie Freeman, and Board Members George DeMontrond, III, James W. E. Dixon, II, Carmen Orta, Rafael Ortega, Louise Richman and C. Jim Stewart, III were all present and constituted a quorum.

As the first item for business, Chairman Wolff called for approval of the Minutes of the Regular Board Meeting of September 21, 2006. Board Member George DeMontrond moved approval of the Minutes, as written. The Motion was seconded by Board Member Stewart and all Board Members voted to approve the Minutes.

MOTION NO. 2006 – 47

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

1. Mr. Justin Brown – opposes the planned discontinuance of discounted transit fares for students under the UPass program. He explained that he has a low wage job and high tuition costs. He stated that he cannot afford the cost and inconvenience of the Smart Card.

In response to inquiry from Chairman Wolff, Mr. Brown stated that he studies computer systems technology at a technology institute. The cost of tuition is \$23,000.00.

President & Chief Executive Officer Frank Wilson explained that students will be able to continue using their UPass until the end of their semester or current school period.

Mr. Brown responded that his current financial obligations and the greater expense of using the Smart Card will cause a hardship. He added that he works at the Galleria Skating Rink. Board Member Dixon then stated that he would pay for Mr. Brown's transit card for next year.

Members of the audience applauded.

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2. Ms. Nicolette Bynum – President of Platinum Tours, has provided special event transit services, primarily for the Rodeo. She complained that contracts have not been awarded to the service providers. Ms. Bynum stated that her company is qualified, and can provide quality service at a competitive price.

Mr. Wilson explained that the process has been delayed, largely due to ongoing discussions with Rodeo representatives about next year's service. Mr. Wilson stated that she should hear from METRO when those discussions end.

3. Mark Hogue – offered suggestions for the 82 and 53 bus routes. Mr. Hogue stated that other patrons have also recommended more service on the 82 bus route.

Mr. Wilson expressed his appreciation for Mr. Hogue's suggestions and invited further comment from Operations Department staff.

David Feeley, Senior Vice President of Operations, stated that the January service changes include some of Mr. Hogue's suggestions. Evening service will also increase.

4. Jennifer Jacobs - of Jennifer Jacobs & Associates, requested reconsideration of the decision to exclude 21st Century Laboratories as a Program Advisor. Ms. Jacobs explained that her firm works in collaboration with 21st Century Laboratories, and summarized its services in the areas of business consulting, the procurement process and technology.

Deborah Richard, Vice President of Administrative Services, explained that the consortium of which Ms. Jacobs spoke sought to provide service as the external program advisor.

Mr. Wilson offered suggestions that might improve Ms. Jacob's opportunities for selection and explained how the METRO Solutions Program is a large, long-term undertaking. If a firm is qualified, METRO can assist toward informing the Community of that firm's availability. Mr. Wilson invited Ms. Jacobs to meet with staff for further discussions.

5. Eetion Narcesse – introduced Kristopher Overhold, who spoke on behalf of students at the University of Houston Downtown. Mr. Overhold voiced objections to the planned discontinuance of the UPass. He explained that the UPass is cheap and easy to use, but is now to be replaced by a costlier, more complicated system. The fare re-structuring is not in the best interest of the students. Mr. Overhold suggested that METRO focus on its “core qualities” and “level of service” through reliable bus schedules, energy efficient buses, and better customer service. He asked if METRO’s only concern is to increase revenues.

Chairman Wolff stated that METRO is very concerned about providing service, as evidenced by the presence of the UH Downtown METRORail station. Changes will simplify the fare system. The large number of discounts previously offered were unwieldy and in some cases, abused. Chairman Wolff explained that METRO only recovers approximately \$0.16 for each dollar spent on operations. While METRO is not seeking to make a profit, the subsidy for transit service far surpasses that of most other consumer goods or services. He explained how the Board seeks to operate METRO in a business-like way and recognizes its obligations to a wide range of people, including the taxpayers.

Mr. Overhold responded that while the fare re-structuring may serve to simplify the system, its result is to increase fares by three to nine times for students.

6. Shannon Kilpatrick – spoke on behalf of students at the University of Texas and Baylor University in the Medical Center. Ms. Kilpatrick presented a petition in support of retaining the UPass and student fare discounts. She explained that the students are also future consumers and are more likely to continue to use transit if the service remains convenient and economical.

7. Joseph Charles – requested the return of an ADA Paratransit card and certain stolen property.

8. G. Hartwell Remsburg – complained that patrons who carry their bicycles on the METRORail cars often block the aisles and interfere with on-board movement. Mr. Remsburg then reported an incident in which a passenger intentionally pelted him with a soft drink after he complained of someone eating while on the bus. He asked whether the bus operator is authorized to take action.

David Feeley, Senior Vice President of Operations, explained that bus operators are instructed to contact METRO police when incidents occur on the bus. They should not try to enforce the laws or remove a patron.

METRO Police Captain Tim Kelly added that patrons can report disturbances directly to the METRO Police dispatcher by calling “#MPD” on their cell phones.

9. Mike Downey – spoke on behalf of the Mental Health and Mental Retardation Authority of Harris County. Mr. Downey explained that this agency serves over 35,000 patients each year, and most live on fixed incomes. He reminded METRO that its policies have broad impacts on others, and the change in fare structure will negatively impact patients.

10. Joseph Omuari – disagrees with the changes to the fare system and questioned whether METRO considered other options, such as a hiring freeze, expanding service to 24 hours per day, or eliminating METRORail.

Chairman Wolff responded that METRO has been fiscally responsible. METRO’s budget remained “flat” for the prior two fiscal years, notwithstanding increased costs for fuel and health care. Twenty-four hour service adds additional costs for labor and fuel.

Mr. Omuari then questioned the appropriateness of providing employee health care benefits. He alleged that METRO has retained transit passes for “the right people.”

Vice Chairman Smith explained the Board Members’ careful deliberation of the fare restructure. METRO has not increased fares in over 12 years. He further explained that METRO’s fares remain among the lowest in the country.

Chairman Wolff added that METRORail carries approximately 40,000 passengers per day, and its elimination is not a practical alternative. Plans to expand bus service require additional funding. Transit fares remain low, especially when compared to other items that have experienced cost increases, such as coffee from Starbucks, tuition, or the cost of operating an automobile. Chairman Wolff further explained how the light rail system moves more passengers with less personnel and has the added benefits of improving air quality. METRO must balance differing concerns to make the best decisions possible.

Board Member Dixon explained the difficulty of making decisions which carry such broad impact. However, he noted, that “progress has a price.” If Houston is to compete with other major cities, it must have a reliable mass transit system. This cannot be accomplished under the current fare system.

11. William Barker – complimented METRO for its services. Mr. Barker stated that he has used transit in other cities and agreed that METRO’s fares remain comparatively low.

At the end of the Public Comment portion of the meeting Chairman Wolff called upon the President & Chief Executive Officer for his Monthly Report. President & Chief Executive Officer, Frank Wilson, announced the retirement of Marvin Sheffield, METRO’s Vice President of Audit and turned to Chairman Wolff for his presentation. Mr. Wolff then presented Mr. Sheffield with a plaque commemorating his service to METRO and to the Board of Directors.

Mr. Wilson announced that METRO’s employees raised \$60,000 for the March of Dimes. This year, METRO employees will participate in fundraising activities to support the American Diabetes Association. Board Member Carmen Orta stated that diabetes is a very serious illness which has affected her personally, including family members. She expressed appreciation for METRO employee’s participation. She asked the Board Members and others to join in the fight against diabetes.

Mr. Wilson then summarized METRO’s performance. He first commented on METRO’s ridership, which was the highest ever recorded. METRO’s 125 million riders exceeded the 25 million served by Amtrak, the 48 million served by the Bush and Hobby airports, and the 61 million riders served by Continental Airlines, worldwide. Park & Ride ridership grew by 10 percent. METRORail ridership also grew by 10 percent. Mr. Wilson stated that the goal for the operating ratio was 16%. METRO’s operating ratio for FY06 increased to 17.5%, from a low of only 13% in 2004. METRO hopes to achieve a 19% operating ratio next year. Mr. Wilson explained graphic indicators showing an overall decline in METRORail accidents. He then discussed the new fare system and the careful thought that went into the decision to make adjustments. The base fare will remain the same, although various discount passes will be discontinued. Before the new fare system is implemented, METRO will conduct an education and marketing campaign so that the public is fully informed.

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Mr. Wilson then showed a television news item about enhanced security measures at the Park & Ride facilities. He discussed the recent trend in law enforcement incidents but noted that increases are a reflection of overall increases in criminal activity in the Houston metropolitan area. The security enhancements have, however, begun to decrease the number of such incidents. He noted that transit is sometimes erroneously blamed for increases in criminal activity. METRO Police Captain Tim Kelly explained how Montrose area residents complained of transit's impact on security. The Department worked with the Community to address their concerns. Upon the involvement of the METRO Police Department, it was determined that most criminal incidents stemmed from the operation of a local convenience store which was not in compliance with state regulations for the sale of alcoholic beverages. Law enforcement officers arrested violators and the neighborhood is now more secure. Mr. Wilson concluded that transit does not bring crime into a neighborhood; but, transit can help deal with crime in the neighborhood.

Mr. Wilson also reported on the status of certain capital projects, such as the Cypress Park & Ride lot, and the fixed guideway modernization program. Sales tax revenues and interest income have also increased. METRO experienced only .7 bus-related incidents per 100,000 miles. Mr. Wilson explained that the distance is equivalent of 72 round trips between Houston and Denver, Colorado. While the number of complaints has shown a slight increase, some of the complaints stem from changes in METROLift service and increased fares for subscription taxi service. METRO is also working hard to reduce complaints regarding operator behavior. Mr. Wilson concluded his report with an explanation of how the implementation of new technology has improved the productivity of the call center.

(Vice Chairman Gerald Smith left the Board meeting at 2:30 p.m. Board Member George DeMontrond left the Board meeting at 2:35 p.m. Vice Chairman Smith and Board Member DeMontrond were not present for the remainder of the meeting and did not vote on the agenda items that came before the Board for consideration.)

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Chairman Wolff called for consideration of the Summary Agenda, containing agenda items 7 and 8. Board Member Stewart moved approval of the Summary Agenda. The Motion was seconded by Board Member Richman and all Board Members present voted in favor. (Board Members Dixon and Orta were not present for the vote on this matter. Vice Chairman Smith and Board Member DeMontrond were absent.) The Motion carried, 5-0.

MOTION NO. 2006 – 48

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

1. Ratification and approval of a three-year contract with Suez Energy Resources for electrical power at the unit price of \$0.09304 per kilowatt hour.

RESOLUTION NO. 2006 – 72

2. Authorization for the President & Chief Executive Officer to execute and deliver an agreement for transfer of title of six 29-foot transit vehicles to Island Transit in Galveston, Texas.

RESOLUTION NO. 2006 – 73

Board Member Richman moved adoption of an investment policy and strategies for fiscal year 2007. Board Secretary Freeman seconded the Motion and all Board Members present voted in favor. (Board Member Orta was not present for the vote on this matter. Vice Chairman Smith and Board Member DeMontrond were absent.) The Motion carried, 6-0.

MOTION NO. 2006 – 49

RESOLUTION NO. 2006 – 74

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Board Member Richman noted that the Board previously approved a fuel hedge program and authorized blanket purchases of fuel for fiscal year 2007. Board Member Richman then moved that authorization be extended to fuel purchases for fiscal year 2008. Board Member Stewart seconded the Motion and all Board Members present voted in favor. (Board Member Orta was not present for the vote on this matter. Vice Chairman Smith and Board Member DeMontrond were absent.) The Motion carried, 6-0.

MOTION NO. 2006 – 50
RESOLUTION NO. 2006 – 75

Board Secretary Freeman moved that the President & Chief Executive Officer be authorized and directed to negotiate, execute and deliver appropriate documents for the acquisition of a certain 9.7987 acre parcel, from the “CR V Hardy Yard” properties, located east of Main Street and south of Burnett Street in the John Austin Survey, A-1, in Harris County, Texas. The property shall be acquired for an amount consistent with Just Compensation. Board Member Dixon seconded the Motion. All Board Members present voted in favor with the exception of Board Member Rafael Ortega, who abstained. (Board Member Orta was not present for the vote on this matter. Vice Chairman Smith and Board Member DeMontrond were absent.) The Motion carried, 5-1-0.

MOTION NO. 2006 – 51
RESOLUTION NO. 2006 – 76

There being no other matters to come before the Board, the meeting adjourned at 2:50 p.m.

Respectfully submitted,

Paula J. Alexander
Assistant Secretary