

MINUTES  
METROPOLITAN TRANSIT AUTHORITY  
BOARD OF DIRECTORS  
REGULAR BOARD MEETING  
OCTOBER 16, 2008

The regularly scheduled monthly meeting of the Metropolitan Transit Authority Board of Directors was called to order at 1:06 p.m. by Chairman of the Board, David S. Wolff. Board Members present were Board Secretary Jackie L. Freeman, Vice Chairman Gerald B. Smith, Board Members Burt Ballanfant, Trinidad Mendenhall Sosa, George DeMontrond, III, Carmen Orta, W.E. Dixon, II and C. Jim Stewart III. The members present constituted a quorum.

MOTION NO. 2008 – 30

Chairman of the Board David Wolff convened the meeting and called for a motion for approval of the minutes of the regular board meeting of September 23, 2008. Board Member DeMontrond moved for approval of the minutes. The motion was seconded by Board Member Stewart. All Board Members present voted in favor and the motion passed.

Chairman of the Board Wolff then called for those members of the public who had requested to speak before the Board. The persons who requested to speak, and who spoke, and the substance of the comments are as follows:

1. Gwendolyn Babineaux: Ms. Babineaux signed up to make a public comment. However, she did not appear.
2. Rudy Sutherland: Mr. Sutherland signed up to make a public comment. However, he did not appear.
3. Mark Hogue: Mr. Hogue requested that First Transit be removed from Route 25 because the bus ran either late or too early.

Mr. Wolff suggested that perhaps Mr. Hogue should be taken to the facility and introduced. Mr. Wolff also informed Mr. Hogue that the Renwick route had been added to the business plan for fiscal year 2009 and thanked Mr. Hogue for his valuable suggestions. Mr. Wolff asked Mr. David Feeley, METRO's Vice President of Operations whether complaints against First Transit were tracked. Mr. Feeley informed that complaints were tracked whether they originated from METRO or First Transit.

At the conclusion of the public comment session of the Board Meeting, Chairman Wolff requested the President & CEO's business report.

President & CEO, Frank J. Wilson, reported that he intended to give a full end-of-year report at the November Board Meeting. Mr. Wilson stated that the financials being presented at this time were a end-of-year preview. He pointed out that the 2008 fiscal year ended on a very positive financial note, with an \$18 million positive variance. He also stated that the actual budget was \$281 million, which included \$3.5 million of expenditures that are expected to be reimbursed from FEMA. Mr. Wilson reiterated that the preview for November's end-of-year report is that METRO had a very solid financial year and that performance, programs and service would be discussed at the November's meeting.

Chairman of the Board David Wolff then called on Vice Chairman Smith for a motion on Item Number Five (5), which covers the budget and business plan, for consideration.

Vice Chairman Smith stated that the adoption of the budget and business plan had been postponed to October's Board Meeting due to Hurricane Ike, which occurred in September. In accordance with State Law, the budget was available for public review and comment and had been also reviewed by the members of the Board. Mr. Smith noted that promoting METRO's ridership was the top priority of the 2009 Business Plan. Other goals and objectives include increasing services strategically, continuing to establish METRO as the regional transit provider, optimizing existing parking capacity, evaluating bus routes and service, maintaining an operating ratio of at least 19 percent despite unprecedented budget pressures and providing more choices to move persons to more places. Mr. Smith advised that as part of METRO's business plan, there was an adjustment of the base fare in order to account for rising fuel costs. He further highlighted that METRO's current base fare, which is one dollar and was set fourteen years ago, is the lowest fare among comparable agencies. Mr. Smith explained that the base fare will be adjusted incrementally commencing in 2009 through 2011.

Mr. Smith moved that the Board adopt the business plan, the base fare adjustments and the budget for 2009, which includes the following: \$330 million operating budget, \$520,566,000, capital budget, \$163,758,000 general mobility budget, and \$10,559,000 debt service budget.

MOTION NO. 2008 -31

The motion was seconded by Board Member Dixon. All members present voted in favor and the motion passed.

1. RESOLUTION NO. 2008 -77 : Adoption of a resolution to postpone the approval and adoption of the Fiscal Year 2009 Budget and authorization to continue operations under the current budget of fiscal year 2008.

Board Member Dixon stated that he would hope that the fact that METRO's fare is one of the lowest in the country, as compared to other cities, is included and reported adequately and fairly in media sources.

Chairman Wolff added that it's the Board's responsibility to operate this authority responsibly on a fiscally responsible and prudent basis and that the responsibility extends to everyone in the service area and includes appropriate fares.

Chairman of the Board David Wolff then called on Vice Chairman Smith to bring forth for the Board's consideration Agenda Item Number 6.

Vice Chairman Smith stated that as part of the plan to move forward with METRO Solutions, there is a need for an insurance program to protect all aspects of the project. Vice Chairman Smith moved for approval of the contract with FM Global for the purchase of the builder's risk insurance policy.

Chairman of the Board Wolff stated that Agenda Item Number 6 would be considered on the summary agenda. Chairman Wolff then asked Vice Chairman Smith to present Agenda Item Number 7 for consideration.

Vice Chairman Smith presented Item Number 7 to authorize METRO's President & CEO to negotiate with underwriting investment firms for services related to the sale and delivery of METRO's second series of tax exempt revenue certificates for the purchase of buses, rapid transit vehicles and rail rapid transit vehicles.

MOTION NO. 2008 – 32

The motion was seconded by Board Member DeMontrond. All members present voted in favor and the motion passed.

2. RESOLUTION NO. 2008 –78: Authorization for the President & CEO to negotiate, execute, and deliver contracts with one or more underwriting investment banking firms for services related to the sale and delivery of METRO's second series of tax-exempt Lease Revenue Certificates of Participation pursuant to METRO's Master Lease Purchase Program and to execute the required legal documents in support of this transaction.

Chairman of the Board David Wolff then called on Board Member Stewart to present for consideration Agenda Item Number 8.

Mr. Stewart stated that this item was in response to the public's growing demand for transportation services. He further explained that Harris Community Services Department and METRO have partnered to provide commuter service from Pasadena to the Houston Downtown Business District. The agreement demonstrates METRO's continued commitment to the traveling public and its efforts to partner with other

agencies to provide safe, meaningful, and efficient transportation services. Board Member Stewart moved that the Board authorize the President & CEO to enter into this agreement.

Chairman Wolff commented that this is an important part of METRO's agenda to extend the service area to communities that are not presently in the service area and to reach out to other communities such as Pasadena, Baytown, and Fort Bend County.

MOTION NO. 2008 –33

The motion was seconded by Board Member DeMontrond. All members present voted in favor and the motion passed.

3. RESOLUTION NO. 2008 –79: Authorization for the President & CEO to negotiate, execute, and deliver a contract with Harris County to provide commuter bus service between the Pasadena Town Square and Downtown Houston.

Chairman Wolff then called for consideration of the Summary Agenda containing Agenda Items 6, 9 and 10. Board Member Stewart moved for approval of the Summary Agenda. Board Member DeMontrond seconded the Motion and all Board Members present voted in favor.

MOTION NO. 2008 –34

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

4. RESOLUTION NO. 2008 – 80: Authorization for the President & CEO to negotiate, execute and deliver a contract with FM Global for Builder's Risk Insurance for the METRO Solutions Program.
5. RESOLUTION NO. 2008 – 81: Authorization for the President & CEO to negotiate, execute and deliver a modification to the personal services contract with Clyde Garrison for consultant services in support of the METRO Solutions Program.
6. RESOLUTION NO. 2008 –82: Authorization for the President & CEO to negotiate, execute and deliver a modification to the personal services contract with Dhiren Chakraborty for consultant services in support of METRO Solutions.

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October 16, 2008

There being no other matters to come before the Board for consideration, the meeting adjourned at 1:25 p.m.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "P. Higgins". The signature is fluid and cursive, with a large initial "P" and a long, sweeping underline.

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Pauline E. Higgins  
Senior Vice President, General Counsel and Corporate Secretary  
Metropolitan Transit Authority of Harris County, Texas