

MINUTES
METROPOLITAN TRANSIT AUTHORITY
BOARD OF DIRECTORS
REGULAR BOARD MEETING
November 20, 2008

The regularly scheduled monthly meeting of the Metropolitan Transit Authority Board of Directors was called to order at 1:29 p.m. by Vice Chairman Gerald Smith. Chairman of the Board David Wolff arrived at 1:35 p.m.. Board Members present were Board Secretary, Jackie Freeman, Vice Chairman Gerald Smith; Board Members Burt Ballanfant; Trinidad Mendenhall Sosa; George DeMontrond, III; Carmen Orta; and C. Jim Stewart III. Board Member Bishop Dixon was absent. The members present constituted a quorum.

MOTION NO. 2008 – 30

Vice Chairman Gerald Smith 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 Sosa. All Board Members present voted in favor and the motion passed.

MOTION NO. 2008-31

Vice Chairman Gerald Smith asked for a motion to close executive session. Board Member Stewart motioned for the closure of executive session. Board Member Ballanfant seconded the motion. All Board Members present voted in favor and the motion passed.

Vice Chairman Gerald Smith then called for those members of the public who had requested to speak before the Board. The persons who signed up and/or who spoke and the substance of the comments are as follows:

1. Mr. Joseph Charles: Mr. Charles signed up to make a public comment. However, Mr. Charles did not appear.
2. Mr. Mark Hogue: Mr. Hogue offered his suggestions for extending the hours of operation for route numbers 81 and 53. He also wanted the Board to recognize outstanding operators such as Mr. David Coyle who Mr. Hogue noted is courteous, has a good attitude, and is always on time.

Vice Chairman Smith thanked Mr. Hogue and offered appreciation for Mr. Hogue's feedback on the good services that are delivered by some of our drivers.

3. Mr. Dominic Mazoch: Mr. Mazoch stated that he was a regular rider of the Westheimer route and agreed that there is an increase of ridership on that

route. He also offered some suggestions for a "skip route" for quicker service to activity centers.

Chairman of the Board David Wolff arrived at 1:35 p.m. and Vice Chairman Smith turned board proceedings to him. Mr. Wolff called the next speaker.

4. Mr. Clifton Casimire: Mr. Casimire commended the good drivers who are on routes 50 and 83.
5. Ms. Elizabeth Norwood: Ms. Norwood stated that she was terminated when she went out on leave regarding some allegations, which she is refuting. She wants to meet with an Operations Management staff member to discuss getting her job back.

Chairman of the Board David Wolff requested that a member of the staff meet with Ms. Norwood to discuss her situation.

6. Mr. Richard Freeman: Mr. Freeman stated that he was injured on a bus when he alleges that the bus made a sudden motion. Mr. Freeman also stated that he was trying to obtain pension benefits that he believes are due to him for service to METRO.

Chairman Wolff explained to Mr. Freeman that he was not entitled to any pension benefits because he did not have a vested interest in the plan due to his tenure, and the circumstances of his departure, with the company forty years ago.

Chairman of the Board David Wolff then called for consideration of the Summary Agenda containing Agenda Items 5, 6, 7, 8, 9 and 10. Board Member DeMontrond moved for approval of the Summary Agenda. Board Member Stewart seconded the Motion and all Board Members present voted in favor.

MOTION NO. 2008-32

Through a Summary Agenda, the Board of Directors approved the following:

1. Resolution No. 2008-83: Authorizing and directing the President & CEO to negotiate, execute, and deliver a contract with Booz Allen Hamilton, Inc. to perform a state-mandated performance audit.
2. Resolution No. 2008-84: Approving and adopting investment policies and financial strategies for Fiscal Year 2009.
3. Resolution No. 2008-85: Approving the pricing of the second master lease for the purchase of rolling stock in support of the master lease purchase financing program and authorizing and directing the President & CEO to execute related and pertinent documents.

4. Resolution No. 2008-86: Approving a second amendment to the revolving credit agreement to allow for the withdrawal of DEPFA bank as liquidity provider and authorizing the President & CEO to sign related and pertinent documents.
5. Resolution No. 2008-87: Authorizing the President & CEO to negotiate, execute, and deliver modifications to selected agreements for community outreach activities in support of METRO Solutions.
6. Resolution No. 2008-88: Authorizing the President & CEO to execute, and deliver a modification to the design management and other pre-construction activities contract with Granite Construction Company in furtherance of METRO Solutions.

Chairman of the Board, David Wolff, called for Board Member Freeman to present a motion for consideration of Agenda Item Number 11.

Mr. Freeman stated that this agenda item was for the Board to declare the existence of public necessity to acquire various parcels to build a METRO Solutions Transit System and moved for the approval of a resolution declaring such. The motion was seconded by Board Member DeMontrond and all members present voted in favor of the motion.

Motion Number 33

7. Resolution No. 2008-89: Declaring the existence of a public necessity for METRO to acquire certain properties and interests in properties and declaring that the acquisition of those properties is necessary for the proper construction, extension, improvement, or development of METRO's Transit System.

Chairman Wolff then asked for the President and CEO's business report.

President & CEO Frank J. Wilson reported on the review of the year-end business plan and financial statements. Mr. Wilson emphasized and articulated that the most important service that METRO does is to provide service for the citizens and reported that for the year end of fiscal '08, METRO was able to achieve a 10 percent growth rate over the prior fiscal year, carrying 101 million customers. He also reported that the fixed route service was significantly better year-to-year, METRORail was even from year-to-year, and all other services, i.e., HOV, the Vanpool, and others, were essentially the same.

Mr. Wilson also stated that with regard to the initiatives that were accomplished, METRO expanded our Park & Ride system with three new locations that were brought on line for a total of over 500 spaces. In addition, the hours and the miles of service

have been expanded and that ridership increased by about 3,000 people a day, for approximately a million rides over the course of a year.

Mr. Wilson reported that the local and express bus service had increased due to crowding conditions and overloading. Additional service was added that resulted in about 4,000 hours of service and 81,000 miles of service. Vanpool service was also increased with an addition of 177 units as part of the growth of service offerings.

Mr. Wilson reported that METRO Solutions was moving forward and that records of decision were reissued on both the work on the Southeast line and the North line. He also stated that the consent agreement with the City had been signed and there was work underway with the City on the implementation of that consent agreement line by line. He also stated that construction on the East End had begun. He also reported that, fortunately, the lawsuit filed on the University line was successfully dismissed.

Mr. Wilson stated that with regard to the University line, within a matter of a few short weeks and maybe even days, it was expected that the final environmental impact statement would be filed to move through the process so that METRO can move towards preliminary engineering.

Mr. Wilson stated that three field office locations had been opened and staffed to provide great community contact for METRO with great dividends. He also reported that a very important safety program was implemented as part of METRO Solutions to educate children in, and around, the construction zones in schools that will be served by or bypassing with construction activity.

Mr. Wilson reported that the implementation of the Q Card was done with very little disruption in the system. A very complex fare paying system was overhauled completely and that METRO is achieving about a 200,000 usage level of the Q Card. And that, additionally, such is distributed as 75 percent on the local bus system, close to 20 percent on Park & Ride, and the balance on METRO Solutions.

Mr. Wilson reported that the industry is coming here to an Annual APTA Conference on fare collection. METRO will be hosting a conference of fare collection experts from the APTA Organization.

Mr. Wilson also reported that there is a green initiative to replace one-twelfth of METRO buses every year that will better environmentally. He reported that this "green" fleet replacement program involves replacing road commuter buses, as well as transit buses and that the goal is to get a fuel reduction between 18 to 30 percent. This is METRO's way of making its contribution to a cleaner environment and tries to tame our appetite for fuel.

Mr. Wilson also reported on the success of the bikes on buses initiative. He stated that the program carries 5,000 bike users in a month. He reported that there was no difficulty in maintaining the bike racks and we're not finding any damage to the units. Mr. Wilson also reported on the Zonar device installed on all buses that saves time in doing pre-trip inspections, makes maintenance planning, and maintenance operations more cost effective.

Mr. Wilson also reported that defibrillation devices have been installed throughout every location and that METRO personnel have been trained on how to use them.

Mr. Wilson also reported on a partnership with Houston Community College for the construction and operation of a new training facility to train METRO police. This training helps keep our officers on the cutting edge of being equipped and keeps skills up to date and polished.

Mr. Wilson reported with regard to safety on our rail system. He stated that one of the ways to enhance safety was the use of in-ground LED lighting systems and the outline of overhead signals.

Mr. Wilson stated that with regard to accidents, there was a drop in bus accidents. He requested Police Chief Thomas Lambert to elaborate on rail accidents.

Chief Lambert stated that the Infrastructure and Service Development Traffic Manager Groups and the City are collaborating to improve traffic signals to enhance safety at various intersections for both vehicles and pedestrians.

Mr. Wilson reported that in '08 METRO hired, for the first time in a long time, an extremely high number of operators and is looking to be able to expand the staff but also control the costs.

With regard to complaints, Mr. Wilson reported that METRO is looking for ways to intervene to reduce the number of complaints by analyzing where the incidents are occurring.

With regard to safety and security, Mr. Wilson reported on the initiative to put cameras on buses as a deterrent and to aid in apprehension and conviction. He also reported on the Bus Marshall Program and other efforts to keep customers and bus operators safe both on the vehicles and locations.

Mr. Wilson also reported on the small business initiative as an important part of our business. He stated that this is where the entire community gets to participate and compete for the goods and services that METRO buys. He reported that METRO has met its 35 percent internal goal for small business.

Mr. Wilson also reported on efforts with respect to Hurricane Ike. Mr. Wilson reported that this was an opportunity for METRO to commit and deliver to this community, whether it was rescue missions before and after the storm; helping our own employees suffering through loss of their homes and power and water; helping the city and part of the region get back to business by going beyond our normal role. METRO was pressed to duty to clean up streets and roads of debris. METRO came to the rescue of the city when asked to put all the signals on Main Street back in good order. He also stated that there are future plans to evaluate how to provide power to METRO signals, Park & Ride lots, HOV lanes and rail lines.

Mr. Wilson also reported on charitable efforts to help the March of Dimes, Diabetes Association, and the American Heart Association and that this year the charity targeted for fund raising is the employee assistance fund.

Mr. Wilson also reported that METRO's operating ratio was 20 percent, which can be attributed partly to the implementation of the METRO Q Card, fare restructure, and the increase in ridership.

Mr. Wilson reported that there were concerns about the tax yield and what's going in the market and METRO's ability or inability to borrow at favorable rates. Mr. Wilson reported that a hiring freeze has been implemented and there are other efforts being reviewed in order to maintain low net expenditures.

Mr. Wilson reported that general mobility was off last year and that METRO had budgeted 185, and only got billed 160. He also stated that METRO has the funds to pay on general mobility.

Mr. Wilson also reported on the Adopt-A-Stop Program. The program assists in the mitigation of street crime at bus shelters. Mr. Wilson acknowledged the efforts and good citizenship on the part of Mr. John Branch who has adopted numerous bus stops as part of the program.

(Video presentation)

Mr. Wilson presented Mr. Branch with the first Outstanding Community Advocate Award, stating that: "In special recognition for your dedication to this program and your unwavering commitment to our community. The METRO Board and staff would like to honor you with this plaque and ask that you stay with us. You're doing a fantastic job."

This concluded the President & CEO's business report.

There being no other matters to come before the Board for consideration, the meeting adjourned at 2:39 p.m.

Respectfully submitted,



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