

MINUTES
METROPOLITAN TRANSIT AUTHORITY
OF HARRIS COUNTY, TEXAS
BOARD OF DIRECTORS
REGULAR BOARD MEETING
JULY 28, 2011

MOTIONS - 2011- 39 to 2011 - 46
RESOLUTIONS - 2011- 60 to 2011-70

Presiding - Chairman of the Board, Gilbert A. Garcia, CFA

Board Members Present:

Allen D. Watson, Vice Chairman
(City of Houston)
Burt Ballanfant (Multi-Cities)
Honorable Dwight Jefferson
(City of Houston)
Carrin A. Patman (City of Houston)
Christof Spieler (City of Houston)
C. Jim Stewart, III (Multi-Cities)
Gary Stobb (Harris County)

Board Member Absent:

Trinidad Mendenhall Sosa (Harris County)

The Regular Board Meeting of the Metropolitan Transit Authority Board of Directors was called to order at 9:05 a.m. by Chairman Gilbert A. Garcia.

Chairman Gilbert A. Garcia called for a motion for approval of the minutes for the Regular Board Meeting of June 23, 2011. Board Member Stewart moved for the approval of the minutes. Board Member Jefferson seconded the Motion. All Board Members present voted in favor.

MOTION NO. 2011-39

Chairman Garcia next called on the members of the public who had signed up in advance of the meeting to make their comments.

Public Speakers:

Paul Magaziner: Mr. Magaziner stated that in his opinion, METRO's fare policy was discriminatory. He also spoke regarding a real estate transaction between METRO and Houston Armature Works. He also spoke regarding the appraisals that were done on the East End Corridor for the acquisition of real property.

Diane Olmos-Guzman: Ms. Olmos-Guzman spoke regarding METRO's Business Assistance Program and the amounts she says are due from Unity Bank for work performed under her contract with Unity Bank.

Ms. Olmos-Guzman stated that she was a subcontractor with Unity Bank and she was in charge of assisting people in applying for benefits under the business assistance program. She stated that she was wrongfully terminated from her contract with Unity Bank. Ms. Olmos-Guzman also expressed concerns regarding the administration of METRO's Business Assistance Program.

Mark Rodriguez: Mr. Rodriguez commended the Chairman and the Board on the excellent job they are doing in helping the community on the East End Corridor. Mr. Rodriguez also commented that the people that were previously in charge of helping businesses to sign up for benefits under the business assistance program would miss appointments or would show up late.

Luciana Morales: Ms. Morales stated that she did not qualify to have her business relocated because she could not provide proof of residency. She also complained that she qualified under the business assistance program but that it was not sufficient to meet her needs.

Victor Gomez: Mr. Gomez complained that he had lost rental income because water service to his rental properties was cut off due to construction. He stated that the renters left because they did not have water service for five days. He also stated that a check given to him by Unity Bank was invalid.

Peter Wang: Mr. Wang thanked METRO for attending a community meeting at Lonestar College in Cyfair. He spoke regarding the transportation challenges and needs of the Energy Corridor and Westchase areas.

Percy Gonzalez: Mr. Gonzalez spoke about the hardship caused by construction on Harrisburg and real estate issues.

Robert Williams: Mr. Williams, a former METRO employee, requested that he be reinstated in his job.

Carlos Garcia: Mr. Garcia commented that he sold part of his property to METRO and that the portion that was left did not have sufficient parking.

Duvelza Nevarez: Ms. Nevarez requested assistance under the Business Assistance Program for losses she says her business has sustained due to construction along the rail line.

Robin Holzer: Ms. Holzer, chair of the Citizens Transportation Coalition and Rachel De Cordova, with the East End Chamber of Commerce congratulated the Board on coming to a resolution in cooperation with the City of Houston on the issue of an underpass for the rail line on Harrisburg at Hughes.

Chairman Garcia then called on George Greanias, President & CEO, for his report.

Mr. Greanias reported on the following matters:

Cost Control Initiatives: Mr. Greanias reported on the cost control initiative which involved soliciting cost-saving ideas from employees. Mr. Greanias reported that METRO is establishing a culture of thrift through these cost-saving measures.

METRO Rail Expansion Construction Progress: Mr. Greanias asked Mr. David Couch to report on the METRO Rail Expansion construction progress. Mr. Couch reported that METRO had laid its first segment of light rail track on the East End Corridor. Mr. Greanias reported that in recognition of the challenges faced by many businesses along the light rail construction, the Business Assistance Program was being re-tooled to better serve the needs of those businesses.

Budget Challenges: Mr. Greanias reported that it is the goal of the agency to continue to deliver smart service that is affordable, does not waste resources and that looks for ways to deliver service where possible. He also spoke about right-sizing the organization by rewarding high performers and looking at the appropriate size of the organization with the goal of reducing headcount for fiscal year 2012. Mr. Greanias spoke about the voluntary retirement program and the voluntary lay-off that will follow. He stated that there will be a reduction in force only if necessary.

Future Programs: Mr. Greanias reported that there will be a long-term planning update, a five year Capital Program and a five year cash flow plan.

FFGA Update: Mr. Greanias reported that the Federal Full Funding Grant Agreement was in the process of review by the Federal Transit Administration after which it will be sent to the Office of Management & Budget and the Secretary of Transportation for final review. Mr. Greanias also reported that after the review process the grant agreement will go to Congress after which the Secretary of Transportation will sign the two contracts with METRO.

METRO Awards: Mr. Greanias reported that METRO had received an award from the Houston Minority Suppliers Development Council for its efforts to provide small business opportunities.

Employee David Sayers: Mr. Greanias reported regarding the recent accidental death of bus operator David Sayers and the attendance at the memorial service by METRO employees and loved ones.

Chairman Garcia called on the Chairs of the METRO Board Committees to give their reports.

Vice Chairman Allen Watson, Chair of the People Committee reported that the committee had reviewed the METRO Ambassador Program and the Voluntary Retirement Program. He also reported that the committee had reviewed the voluntary retirement program.

Board Member Burt Ballanfant, Chair of the Capital Programs Committee, reported that the committee reviewed the Business Assistance Program and the audit done by Art Smiley, VP of Audit.

Board Member Jimmy Stewart, Chair of the Customer Service Committee, reported that the committee had reviewed a presentation to METROLift Program to cost effectively run the service.

Board Member Dwight Jefferson, Chair of the Finance/Audit Committee, reported that the committee had reviewed the action items and recommended them to the Board, including the commercial paper program, authorization for contractual obligations and the sales & tax use bonds. He also reported that the sales tax revenues were running 7.07% above last year. He also reported on the general fund.

Board Member Carrin Patman, Chair of the Government/Public Affairs Committee reported that Board Members Jefferson and Ballanfant along with the Greater Houston Partnership had recently visited the congressional delegation in Washington.

Chairman Garcia then called for a motion for passage of the Consent Agenda, Items Numbers 6, 7, 8, 10 and 12. Item Number 11 was not included in the consent agenda because it had been pulled from consideration. The Motion for passage of these items was made by Vice Chairman Watson and seconded by Board Member Stewart. All Board Members present voted in favor.

MOTION NO. 2011-40

By Motion, as reflected in these minutes, the Board approved the acceptance of the monthly committee reports including the financial and investment reports and passed the following resolutions:

RESOLUTION NO. 2011-60: Appointing Committee Members to serve on the Metropolitan Transit Authority's Non-Union Pension Plan Committee

RESOLUTION NO. 2011-61: Amending Fare Policy to remove the requirement of a photo identification on Metro Q Cards issued to post-secondary students and seniors participating in the Fare Discount Program

RESOLUTION NO. 2011-62: Authorizing the President & CEO to execute a modification to the Pumpelly Oil Company, LLC contract for 87 Octane Gasoline purchases by increasing the not-to-exceed amount from \$809,000 to \$1,038,200

RESOLUTION NO. 2011-63: Approving changes to METRO's Pension Plan for Non-Union employees to allow for a credited service incentive for retirement for eligible employees

Chairman Garcia then called for consideration of Item Number 9 on the Agenda. A Motion for its passage was made by Board Member Jefferson and Board Member Stewart seconded the Motion. Board Member Ballanfant and Board Member Patman

abstained from voting on this item. All other Board Members who were present voted in favor.

MOTION NO. 2011-41

RESOLUTION NO. 2011-64: Authorizing the President & CEO to execute a modification to the Motiva Enterprises, LLC contract for Diesel Fuel purchases by increasing the not-to-exceed amount from \$37,695,800 to \$44,363,500

Chairman Garcia then called for consideration of Item Number 13 on the Agenda. A Motion for its passage was made by Board Member Jefferson and Vice Chairman Watson seconded the Motion.

MOTION NO. 2011-42

RESOLUTION NO. 2011-65: Amending Board Resolution 2010-102 to authorize the President & Chief Executive Officer to issue Commercial Paper to include bus purchase financing METRORail expansion activities and other capital program expenditures as allowed by law pending issuance of Sales and Use Tax Contractual Obligations

Chairman Garcia then called for consideration of Item Number 14 on the Agenda. A Motion for its passage was made by Board Member Jefferson and Vice Chairman Watson seconded the Motion.

MOTION NO. 2011-43

RESOLUTION NO. 2011-66: Resolution authorizing the issuance, sale and delivery of Metropolitan Transit Authority of Harris County, Texas, Sales and Use Tax Contractual Obligations, Series 2011B in an amount not to exceed \$60,000,000 (which includes costs of issuance) and related agreements; Authorizing authorized representatives to approve the amount, interest rates, price and terms thereof and certain other procedures and provisions related thereto; and containing other matters related thereto

Chairman Garcia then called for consideration of Item Number 15 on the Agenda. A Motion for its passage was made by Board Member Jefferson and Vice Chairman Watson seconded the Motion.

MOTION NO. 2011-44

RESOLUTION NO. 2011-67: Resolution authorizing the issuance, sale and delivery of Metropolitan Transit Authority of Harris County, Texas, Sales and Use Tax Contractual Obligations, Series 2011A in an amount not to exceed \$462,980,000 (which includes costs of issuance) and related agreements; Authorizing authorized representatives to approve the amount, interest rates, price and terms thereof and certain other procedures and provisions related thereto; and containing other matters related thereto

Chairman Garcia then called for consideration of Item Number 16 on the Agenda. A Motion for its passage was made by Board Member Ballanfant and Board Member Stewart seconded the Motion.

MOTION NO. 2011-45

RESOLUTION NO. 2011-68: Authorizing the President & CEO to execute and deliver a modification to the Houston Rapid Transit (HRT) contract for an amount not to exceed \$3.347 Million for additional City of Houston (COH) Betterments

Chairman Garcia then called for consideration of Item Number 17 on the Agenda. A Motion for its passage was made by Board Member Ballanfant and Board Member Stewart seconded the Motion.

MOTION NO. 2011-46

RESOLUTION NO. 2011-69: A Resolution declaring the existence of a public necessity for METRO to acquire certain properties and interests in properties; Declaring that the acquisition of those certain property rights is necessary and proper for the construction, extension, improvement or development of METRO's transit system

Chairman Garcia then called for consideration of Item Number 18 on the Agenda. A Motion for its passage was made by Board Member Ballanfant and Board Member Spieler seconded the Motion.

MOTION NO. 2011-47

RESOLUTION NO. 2011-70: Authorizing the President & CEO to approve and amend plans for East End METRORail Expansion

At 11:21 a.m., Chairman Garcia convened the meeting into EXECUTIVE SESSION, pursuant to the Texas Government Code §551.071, §551.072, §551.074, and §551.076 to consult with the Board's attorneys regarding pending or potential litigation, legal matters in which the attorneys' duties are governed by the State Bar of Texas Code of Conduct; deliberations pursuant to the Act, to deliberate the purchase, lease, exchange or value of real property; personnel matters, security matters and devices, and legal issues regarding contract negotiations that may result in potential litigation.

The regular Board meeting re-convened into public session at 12:39 p.m.

After convening into public session, the Chairman of the Board of Directors announced that George Greanias, President & Chief Executive Officer of METRO had been suspended without pay for one week for violating METRO's Electronic Communications Policy/Guideline.

There being no other matters to come before the Board, Board Member Jefferson moved to adjourn. The motion was seconded by Board Member Ballanfant. All Board Members present voted in favor.

The meeting adjourned at 12:42 p.m.

The date for the next Regular Board Meeting is Monday, August 29, 2011 at 9:00 a.m.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Alva I. Treviño". The signature is fluid and cursive, with a horizontal line extending from the end of the name.

Alva I. Treviño
General Counsel and Assistant Secretary