

MINUTES
METROPOLITAN TRANSIT AUTHORITY
BOARD OF DIRECTORS
REGULAR BOARD MEETING
JULY 26, 2007

The regularly scheduled monthly meeting of the Metropolitan Transit Authority Board of Directors was called to order at 1:08 p.m. by Chairman David S. Wolff. Vice Chairman Gerald Smith, Board Secretary Jackie Freeman, and Board Members George DeMontrond, III, Rafael Ortega and C. J. Stewart, III, were present and constituted a quorum. Board Members Burt Ballanfant, James W. E. Dixon, II and Carmen Orta were absent.

Chairman Wolff first called for approval of the Minutes of the Board Meeting of June 29, 2007. Board Member DeMontrond moved approval of the Minutes, as written. The Motion was seconded by Board Member Stewart and all Board Members present voted their approval.

MOTION NO. 2007 – 32

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. Ms. Dee Simon – a resident of the MacGregor communities, alleged inadequate notice of public meetings to discuss the Southeast corridor alignments. She complained that more attention was given to the residents along Richmond. She opposes the construction of transit improvement on Martin Luther King Boulevard and the impact on her community. Ms. Simon stated that she is particularly concerned about safety and stray current.

In response to questions from Chairman Wolff, Ms. Simon stated that she had attended two meetings held at the Judson Robinson Center, where a Scott Street alignment was discussed as a primary option.

Chairman Wolff summarized the extensive public awareness efforts regarding the Southeast Corridor alignment, including some 140 public meetings, newspaper articles and discussions with community leaders and with City of Houston Council Member Ada Edwards. Most residents objected to a Scott Street alignment and, in response to those concerns, the route was changed. Additionally, there is nothing to support the claims of damages caused by stray electrical currents. Chairman Wolff explained that there was widespread dialogue and an ongoing process (which was) sensitive to neighborhood concerns. However, light rail must be built in an area where it is accessible to those who wish to use it and can serve as many people as possible. The planned alignment along Martin Luther King Boulevard also has the support of Council Member Edwards.

Minutes of the Regular Meeting
of the Metropolitan Transit
Authority Board of Directors
July 26, 2007
Page Two

President & Chief Executive Officer Frank J. Wilson added that over 14,000 notices were placed on the front doors of neighborhood homes and businesses, four (4) public hearings were held in 2006, and six (6) community meetings have been held, to date, in 2007. Mr. Wilson emphasized the previous efforts toward community interaction and the ongoing process for continued dialogue.

2. Reverend Hunt L. Harris – supports light rail but prefers an alignment at Spur 5. Rev. Harris stated that neighborhood residents received insufficient notice of public meetings. He expressed concern that the location of light rail near Peck Elementary school poses a danger to the children.

3. Mr. Herbert Hamilton – expressed concerns that the rail alignment might compromise area safety. He suggested a route near Spur 5. He also stated that the suggested station locations would not adequately serve transit patrons.

Chairman Wolff read into the record a letter from Council Member Ada Edwards. (A copy of the letter is attached to these Minutes and incorporated herein, as Attachment A).

After reading the letter in its entirety, Chairman Wolff called upon the remaining speakers as follows:

4. Mr. Baba Shango – expressed concern for the potential hazards caused by the presence of light rail near a community center and an elementary school. He complained that he was first informed that the Southeast alignment would not impact his business. He was later informed that the project will require some seven (7) feet of property, and then some 40 feet of right of way.

Chairman Wolff explained that METRO will work with area schools to provide information and education to ensure continued safety. METRO has learned much since the implementation of the Main Street Line, and METRO is committed to the highest level of care to ensure the safety of the children. Chairman Wolff further explained that as a project develops and plans are refined, it is possible that the final facts will differ from the preliminary assessments.

Bryan Pennington, METRO's Vice President of Planning, Engineering and Construction, suggested that Peter Ubiaro, METRO's Project Director for the Southeast Line, address some of his concerns.

Minutes of the Regular Meeting
of the Metropolitan Transit
Authority Board of Directors
July 26, 2007
Page Three

Mr. Ubiaro explained that the project would certainly not impact 40 feet of his property.

Vice Chairman Smith stated his commitment to be responsive to the concerns of area business owners as well as homeowners.

Mr. Ubiaro added that relocation of the alignment from Martin Luther King Boulevard would result in higher real estate costs, reduced travel time and lower ridership. There would be less flexibility for connectivity to Palm Center.

5. Ms. Monique Ward – presented a statement on behalf of Dr. Teddy McDonald.

6. Ms. Sarah Jammer – resides in the MacGregor Trails subdivision, and complimented METRO for its many community meetings and the use of electronic and printed media to inform the Community of the proposed alignment. She complimented METRO staff for its responsiveness.

7. Mr. Kenneth Simpson – a resident of MacGregor Trails subdivision, supports the alignment along Martin Luther King Boulevard. He suggested that neighborhood residents take a more active role to learn about community events. Mr. Simpson added that the community raised money for the “green space” on Martin Luther King Boulevard, which includes landscaping and irrigation. He requested reimbursement for their expenditures if light rail construction impacts the green space.

Mr. Frank J. Wilson explained METRO’s goal to create a better environment through safety improvements, noise reductions, beautification and aesthetics. Staff will work to preserve the Community’s investments.

8. Mr. Preston Roe – President of Super Neighborhood No. 68, explained how a committee of concerned citizens, joined by Council Member Ada Edwards, worked for the selection of an alignment that would best serve Community interests and area transit. After several studies and evaluations, it was determined that a Wheeler/Calhoun/Martin Luther King Boulevard route was best. METRO has continued to keep local civic groups informed of the status of the Project.

9. Mr. Dennis Leibham – complained that the existing Main Street light rail line impedes traffic, particularly when the rail cars stop at the traffic lights. He stated that Main Street Square is unattractive and the fountains are not properly maintained. Mr. Leibham stated that any future rail construction should be postponed until problems are addressed on the existing system. He also suggested that money allocated for General Mobility be used to fund public transit projects.

Chairman Wolff answered that METRO's Main Street light rail system is the most successful light rail system in the United States, carrying over 45,000 people per day. He explained that the trains may operate slowly in some areas in order to operate more safely. Chairman Wolff suggested that Mr. Leibham present his comments about General Mobility funding to the City or Harris County, although he likely would not receive support.

10. Mr. Mark Hogue – requested more late-night bus service for Route 53, and suggested expansion of Route 47 to Woodway and Winrock. Mr. Hogue also recommended changes to Route 88 so that service goes to the airport.

11. Mr. Jeffrey Nielsen – a member of the Houston Contractors Association, asked if a portion of the work, for construction of the METRO Solutions transit improvements, would be performed by local subcontractors.

Mr. Wilson responded that some 70% of the work currently performed during the “development phase” of the project is by Houston-based firms. He expects similar percentages for the next phase.

Board Member Ortega asked if the Facility Provider had committed to a certain level of local participation.

Mr. Wilson answered that the Facility Provider exceeded the 35% small business goal. He stated that he did not immediately recall a formal commitment for local firms.

12. Mr. Mark Smith – complained that the Q Card system had not been fully implemented. He also stated that a bus passed him by although he was standing at the bus stop. It was the last bus. He requested a Guaranteed Ride Home Program for users of the local bus system.

13. Mr. Bob Quinn – stated that METRO did not accept his expired California drivers license for renewal of his “70 Plus Lifetime” transit pass.

Chairman Wolff referred Mr. Quinn to George Smalley, METRO's Vice President of Communications & Marketing, for assistance.

14. Ms. Hilda Hyatt – stated that she waited an hour and a half for a bus. She stated that calls to the Operations Department were not returned. Ms. Hyatt accused METRO staff and officials of rudeness and made other comments regarding her phone calls to METRO and how her frozen meat had thawed while she waited for a bus.

Chairman Wolff admonished Ms. Hyatt to follow the rules for public speakers. Ms. Hyatt should put herself in the bus operators' shoes, and consider the dangers of allowing strangers on board the vehicle, and sometimes late at night. Chairman Wolff stated that bus operators do a good job and that Ms. Hyatt should be more considerate. Bus operators face a variety of people, some of whom are abusive and discourteous. Yet, METRO does the best it can to build the transit system.

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

MOTION NO. 2007 – 33

Vice Chairman Stewart introduced a member of the firm of Seifert Branford Shank. The firm will be a part of the financial advisory team.

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

1. Authorization for the President & Chief Executive Officer to negotiate, execute and deliver a five (5) year contract with two one (1) year option periods with First Southwest Company for financial advisory services in the amount not-to-exceed \$4.4 million.

RESOLUTION NO. 2007 – 68

2. Approval of a Master Lease Purchase Financing Program in the amount of \$250 million, and authorization for the President & Chief Executive Officer to take such administrative action as necessary to implement the Program.

RESOLUTION NO. 2007 – 69

3. Authorization for the President & Chief Executive Officer to execute and deliver a requisition through the State of Texas Cooperative Purchasing Program for acquisition of hardware to cover lifecycle replacement of 21 Intel servers from Mobius Partners Enterprise Solutions, for an amount not to exceed \$313,184.20.

RESOLUTION NO. 2007 – 70

4. Authorization for the President & Chief Executive Officer to execute and deliver a contract with INIT, Inc. in an amount not to exceed \$360,000 for software and installation to display next bus arrival information to handheld devices, the Internet and passenger information signs.

RESOLUTION NO. 2007 – 71

Board Member Stewart moved that the President & Chief Executive Officer be authorized and directed to negotiate, execute and deliver an interlocal agreement with Harris County for Park & Ride services in the vicinity of the City of Baytown. The Motion was seconded by Board Member Ortega and all Board Members present voted in favor.

MOTION NO. 2007 – 34
RESOLUTION NO. 2007 – 72

(Board Secretary Freeman left the meeting at 2:28 p.m. and was not present for the remainder of the meeting).

Chairman Wolff then called upon Mr. Wilson for his Business Report. Mr. Wilson reported that METRO had received \$1.5 million in grant funds for more system safety and security measures. METRO is one of three transit entities selected for participation in the public/private partnership pilot program. Participation in the program will accelerate the federal process. Work is proceeding under the development agreement with Washington Group. Some 70% of the work will be performed by local firms. The work for this portion of the Project should be complete by December. Mr. Wilson reported on the new

Minutes of the Regular Meeting
of the Metropolitan Transit
Authority Board of Directors
July 26, 2007
Page Seven

service changes, which will include additional trips and extended schedules. He then stated that safety initiatives are underway with the deployment of more police officers throughout the transit system, and the implementation of a new METRO response website to better respond to emergencies.

Present ridership is equivalent to last year's ridership of 95 million. Budgeted fares were based upon the implementation of the Q Card. If this factor is removed, then METRO's fare collection is actually \$2 million ahead. Sales tax revenues are growing, and interest income is up. The end of the fiscal year should show a \$5 million positive variance in expenditures. Some expenditures are a little "off" due to timing, changed priorities or delays in the receipt of invoices.

Mr. Wilson noted that General Mobility expenditures reflect the City's more aggressive project schedules, although the County has been delayed in the start of its 2007 projects. General Mobility projects for the Multi-cities have accelerated, and some projects have experienced construction costs increases. Mr. Wilson explained that most of METRO's capital expenditures are related to METRO Solutions. Expenditures for real estate have been affected by the negotiation process and additional time needed for environmental assessments. The operating ratio is now at 18%.

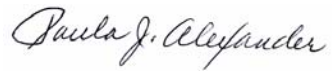
At the beginning of the fiscal year, performance reliability increased to 7,000 miles between failures. However, there was a slight decline in subsequent months. METRO is doing well against its goal for accidents, although the goal takes into account the tendency for more accidents due to the increased number of newly hired operators.

Mr. Wilson ended his report with an explanation of how METRO monitors complaints received. To date, METRO has received about 19,000 complaints. Inasmuch as there are 95 million trips on the METRO system, complaints are received at only .02 percent. However, METRO's goal is to reduce the number of complaints even further. Mr. Wilson noted refinement of the assessment of complaints to take into account multiple complaints raised in a single call. The wait time for responses to calls averaged only 57 seconds for the last quarter.

Minutes of the Regular Meeting
of the Metropolitan Transit
Authority Board of Directors
July 26, 2007
Page Eight

At the conclusion of the Business Report, there being no other matters to come before the Board, the meeting adjourned at 2:45 p.m.

Respectfully submitted,

A handwritten signature in cursive script that reads "Paula J. Alexander".

Paula J. Alexander
Assistant Secretary