

**MINUTES  
METROPOLITAN TRANSIT AUTHORITY  
BOARD OF DIRECTORS  
REGULAR BOARD MEETING  
May 21, 2009**

Beginning at 12:10 p.m., an Executive Session with the Board of the Metropolitan Transit Authority of Harris County, Texas ("METRO") preceded the regularly-scheduled board meeting. The Executive Session, which was publicly announced, concluded in the board room at 12:31 p.m. The regularly-scheduled monthly Board of Directors' ("Board") meeting was convened and called to order at 1:12 p.m. by Board Chairman David S. Wolff. Board Members present were Mr. George DeMontrond, III, Vice Chairman; Mr. Gerald B. Smith, Vice Chairman; Mr. Jackie L. Freeman, Board Secretary; and Board Members Mr. Burt Ballanfant, Ms. Carmen Orta, and Mr. C. Jim Stewart, III. Board Members Bishop James W.E. Dixon, II, and Mrs. Trinidad Mendenhall Sosa were not present. The members present constituted a quorum.

MOTION NO. 2009 -14

Board Chairman David S. Wolff convened the meeting and called for a motion for approval of the minutes of the regularly-scheduled Board Meeting of April 23, 2009. Vice Chairman Gerald B. Smith moved for approval of the minutes. The motion was seconded by Board Member C. Jim Stewart, III. All Board Members present voted in favor and the motion to approve the April 23, 2009, minutes passed.

Board Chairman Wolff invited those members of the public who had requested to speak before the Board to make their individual presentations. The public speakers and their comments are summarized below:

1. **Ms. Roberta Prazek**: When called for her presentation to the Board, Ms. Prazek did not appear.
2. **Mr. Michael Champion**: When called for his presentation to the Board, Mr. Champion did not appear.
3. **Mr. Jeffrey Williams**: Mr. Williams read a brief statement regarding rude bus and rail passengers. He stated that METRO should create a code of conduct for riders. He also stated his opinion that METRO Police should have a greater presence and visibility on transit.

Chairman Wolff invited Vice President of Operations David Feeley and Police Chief Thomas Lambert to respond. Chief Lambert stated that it was good that Mr. Williams was reporting what he sees on the transit system. He encouraged him to report what he sees when he sees it. Chief Lambert noted that METRO is working on curbing bad behavior and is trying to encourage passengers and citizens to report unacceptable behavior. Mr. Feeley informed Mr. Williams that METRO has been working on a code of conduct for some months and is working

to develop them in order to encourage passengers to be considerate of each other.

4. **Ms. Angie Diaz**: When called for her presentation to the Board, Ms. Diaz did not appear.
5. **Mr. James Partsch-Galvan**: When called for his presentation to the Board, Mr. Partsch-Galvan did not appear.
6. **Ms. Mary K. Wiens**: Ms. Wiens introduced herself as a METRO rider since 1986 and a disabled rider since 2003. She stated that she rides the 20 Longpoint from her home near Conrad Sauer. The City of Houston installed a waiting pad and ramp for her to accommodate her transit needs. Now that METRO is changing the route, she does not have a clear path to the stop. She has placed a request for accommodation (a ramp) with the City, but it will take several months for them to respond. In the interim, she would like METRO to provide alternate transportation for her, to and from the Transit Center and home, Monday through Friday. Ms. Wiens also stated that if METRO had given more notice of the planned changes, she could have made appropriate arrangements.

Vice President of Planning John Haley stated that METRO would attempt to accommodate her temporary needs through METROLift in the short term and that METRO will work with her for a long-term solution. Ms. Wiens stated that her employer is not happy about METROLift's half-hour window timeframes because it results in her being late for work.

7. **Mr. Jerry Asher**: When called for his presentation to the Board, Mr. Asher did not appear.
8. **Ms. Sharon Jones**: When called for her presentation to the Board, Ms. Jones did not appear.
9. **Reverend Holmes**: When called for his presentation to the Board, Reverend Holmes did not appear.
10. **Mr. Tom Bazan**: When called for his presentation to the Board, Mr. Bazan did not appear.
11. **Joseph Charles**: Mr. Charles asserted allegations that the Board of Directors have committed murder, including the murder of some METRO bus operators. He also lodged a complaint about the revocation of his METROLift disability card. Finally, he complained that his cell phone is with Mayor White, and he has contacted Chief Lambert to get that stolen property back.

Senior Vice President and General Counsel Pauline E. Higgins informed Mr. Charles that his time had expired. Mr. Charles requested more time, was

allowed to speak, and reasserted his request to have his METROLift card back, and stated that he didn't want to be threatened by METRO police officers.

12. **Dominic Mazoch**: Mr. Mazoch suggested that to ease the traffic congestion caused by freight lines traversing through the City, METRO should enter into agreements with TxDOT, Union Pacific Railroad, Kansas City Southern Railroad, Burlington Railroad, and Sante Fe Railroad, and pool resources to create a holding yard on the outskirts of Houston. He also suggested the development of a central dispatch center for the freight trains at Spring Yard. It is Mr. Mazoch's belief that his suggestion would improve traffic flow and keep the buses rolling.

13. **Barry Klein**: Mr. Klein introduced himself as a member the Houston Property Rights Association. He passed out a sheet containing figures that purported to support his ongoing assertions. He asserted his belief that the actual costs for rail extensions greatly exceed the amount publicized. He further asserted that METRO's bond capacity is less than the amount needed to fund the projects. Mr. Klein invited the Board to challenge his numbers and asked the Board Members and management to explain how METRO will build five corridors.

Chairman Wolff informed Mr. Klein that a number of his statements were based on incorrect information. Chairman Wolff stated that a number of changes have been made, including eliminating current plans for an intermodal terminal. Further, with regard to bus service reductions, Chairman Wolff noted, METRO has reduced a number of unprofitable lines as is responsible, but METRO has also increased Park & Ride service.

President & CEO Frank J. Wilson stated that it is difficult to hold Mr. Klein accountable for false information he obtained elsewhere. Mr. Wilson stated that the way that the federal government has asked METRO to calculate costs includes additional elements that are not expected to become actual costs. Mr. Wilson cautioned Mr. Klein to try not to take numbers out of context.

Ms. Higgins informed Mr. Klein that his time had expired. Mr. Klein asked for additional time for the time used by Chairman Wolff and President Wilson. Mr. Klein alleges that the numbers he cited are from trustworthy sources. Chairman Wolff disagreed.

14. **Mark Smith**: Mr. Smith asked for clarification on the direct-from-cell phone MPD number. Mr. Smith complained that he was verbally assaulted on the Rail, but the METRO Police did nothing about it. Mr. Smith expressed his dissatisfaction with the new QCard system, particularly the difficulty in getting transfers. He also complained that people with special pricing issues, such as the disabled or those with children, have difficulty making it to the single location that allows one to obtain the special pricing pass.

Ms. Higgins informed Mr. Smith that his time had expired.

Mr. Smith continued and stated that METRO needs no more rail, better buses, and more respect for bus passengers.

Chairman Wolff stated that METRO is trying to encourage people to use the QCard. Mr. Wilson explained that the reason for single-location availability of special passes is because METRO must verify the qualification of the persons seeking a special status in order to get a fare reduction.

15. **Rudy Sutherland:** [Mr. Sutherland read from Chapter 19 of METRO's Procurement Policy Manual.] He alleged that Black male-owned businesses have suffered as a result of METRO's procurement policies. He said that 0% of ascribed contracts have gone to Black male-owned businesses.

Vice President of Procurement and Materials Paul Como refuted Mr. Sutherland's allegations, but he deferred to Ms. Deborah Richard, Vice President of Business Services for a percentage.

Vice President of Business Services Deborah Richard stated that number is not correct, and there have been contracts awarded to Black male-owned businesses, though she did not have exact numbers immediately available.

Ms. Higgins informed Mr. Sutherland that his time had expired.

Mr. Sutherland requested an extension of time and asked how the Board and President reconcile his assertion with their position of being diverse in contract awards. Mr. Wolff stated they couldn't respond because they disagree with the initial premise. The Chairman then referred Mr. Sutherland back to an allegation he made in the April Board meeting about his contact attempts not being returned. Mr. Wilson stated that he investigated and those allegations were not accurate. Mr. Sutherland stated he could provide the email trail. Mr. Wolff stated that he avoids contact with those attempting to do business with METRO.

There being no further comments from the public, Mr. Wilson delivered his business report.

Mr. Wilson began his report by highlighting points from the mid-year report. He stated that the FTA has awarded METRO six letters of no prejudice in excess of \$100 Million. This is an unprecedented achievement in the pursuit of a rail program in this country. He discussed the commitment of \$150 Million to METRO in the U.S. President's proposed budget. Mr. Wilson stated that this Presidential commitment has allowed METRO to put the financing plan in place and proceed with construction next month (June.)

Mr. Wilson discussed the use of technology at METRO, including our agreement with Google Transit. He stated that METRO has endeavored to be on the forefront to

determine what process, program, or procedure can be developed to increase our interaction with our customers. Mr. Wilson discussed the results of a customer service survey in which 94% of riders indicated that they are completely or mostly satisfied with METRO's overall service performance. The survey represented more than 800 riders of our Park & Ride services. METRO will use this as a baseline and continue surveying using different methods. METRO continues its strategic expansion by opening a new Park & Ride in Pasadena. METRO is also working on developing a Pearland line. Mr. Wilson discussed the "Fred the Tread" initiative to introduce young riders to transit.

Mr. Wilson then discussed ridership numbers, the apparent decrease in those numbers, and possible causes. He stated that we must review all indicators before pointing to fare structure as the reason. Mr. Wilson suggested that another factor may be structural.

Mr. Wilson stated that we are operating below budget and our revenues are exceeding budgeted projections. Our operating expense is significantly lower than projections, though by year end the difference in budget to actual will be lessened. METRO's labor expenses are down due to the delay in the labor agreement implementation and the hiring freeze for non-union positions. Finally, Mr. Wilson referred to the allocation to capital, which is lower due to intentionally-slowed capital expenditures.

Mr. Wilson then returned to the issue of decreased ridership. He referred to a comparison of other transit agencies, particularly Denver, stating that Denver is probably closest in size and scope to Houston. Denver is taking significant hits on sales tax yield and it is affecting their light rail expansion programs – something we do not face. We are actually expanding service, including the Quickline route and bus purchases.

In summary, Mr. Wilson stated that reduced ridership is a problem. However, the indicators usually used to evaluate this are up, including positive operating ratio and revenue figures, our improving reliability, decreases in accident, complaints, and crime. All those trends should reflect that ridership is holding, but it has shown a decrease. With all of these issues evaluated, Mr. Wilson stated he is willing to believe that reduced ridership has to do with the fare restructuring. However, given many other factors, including reduced gas prices, unemployment increases, decreased highway use, our ridership numbers should be even lower. The fact that they are not lower may indicate that our fare restructuring did not affect ridership as much as forecasted. METRO may see further drops in the next twelve (12) months, but it has not yet.

Mr. Wilson then concluded his business report. He requested that the Board recognize Mr. Art Smiley, Vice President of Audit, for 25 years of commitment to the organization. Chairman Wolff congratulated Mr. Smiley and presented him with a certificate in recognition of service.

Mr. Wilson yielded the floor back to Chairman Wolff.

Vice Chairman DeMontrond then mentioned his recollection that in the past few years, Katrina and other events may have inflated ridership numbers. Mr. Wilson responded

that certain Rodeo services contributed as well. Vice Chairman DeMontrond stated these factors would be discussed later.

Chairman Wolff called for consideration of the Summary Agenda, which included Agenda Items 5, 6, 7, 8, 9, 11, 13, 14, 15, 16, 17, and 18. Vice Chairman Smith moved for approval of the Summary Agenda. Board Member Stewart seconded the Motion and all Board Members who were present voted in favor of the motion to approve the Summary Agenda with the exception of Board Member Burt Ballanfant, who abstained from the vote on the Summary Agenda.

MOTION NO. 2009-15

RESOLUTION NO. 2009-36

Authorization for the President & CEO to negotiate, execute, and deliver a modification to the Global Structured Finance Advisors contract.

RESOLUTION NO. 2009-37

Authorization for the President & CEO to negotiate, execute, and deliver a contract for financial audit services for fiscal years 2009-2013.

RESOLUTION NO. 2009-38

Authorization for the President & CEO to enter into agreements to execute a Surety Bond program for METRO Solutions Phase II.

RESOLUTION NO. 2009-39

Approval of modifications to the Investment Policy.

RESOLUTION NO. 2009-40

Approval of the FY2009 Houston Urbanized Area Formula Section 5307 grant program of projects; authorization for the President & CEO to submit a grant application for this program, conduct required administrative grant actions, and to execute the subsequent FTA grant agreement.

RESOLUTION NO. 2009-41

Authorization for the President & CEO to execute and deliver a contract with SAP Public Services for software integration services to implement the Human Capital Management (HCM) component of METRO's SAP application.

RESOLUTION NO. 2009-42

Authorization for the President & CEO to execute and deliver a modification to the Motorist Assistance Program (MAP) Agreement.

RESOLUTION NO. 2009-43

Authorization for the President & CEO to negotiate, execute, and deliver a contract with BJ's Enterprises for landscape and maintenance services.

RESOLUTION NO. 2009-44

Authorization for the President & CEO to negotiate, execute, and deliver a contract with Simmons Machine Tool Corporation.

RESOLUTION NO. 2009-45

Authorization for the President & CEO to execute and deliver two contracts for the purchase of a total of 100 buses.

RESOLUTION NO. 2009-46

Authorization for the President & CEO to execute and deliver a contract for professional services to provide staffing to Customer Service areas.

Chairman Wolff called for consideration of individual Agenda items.

MOTION NO. 2009-16

Vice Chairman Smith presented Agenda Item 8, and moved for the approval of the issuance, sale, and delivery of sales and use tax bonds, and approval of the pricing methodology for those bonds. Board Secretary Freeman seconded the motion, which was then unanimously approved by all Board Members present.

RESOLUTION NO. 2009-47

Authorization for the issuance, sale, and delivery of Sales and Use Tax Bonds, and approval of the pricing methodology for debt pricing.

MOTION NO. 2009 -17

Vice Chairman Smith presented Agenda Item 12, and moved for the approval of a credit agreement with State Street Bank in an amount not to exceed \$75 Million. Board Secretary Freeman seconded the motion, which was then unanimously approved by all Board Members present.

RESOLUTION NO. 2009-48

Authorization for the President & CEO to negotiate, execute, and deliver a credit agreement with State Street Bank not to exceed \$75 Million.

MOTION NO. 2009 -18

Board Secretary Freeman presented Agenda Item 19, and moved that the President & CEO be authorized and directed to enter into an interagency agreement for the operation of the Katy Managed Lanes. Board Member Stewart seconded the motion, which was then unanimously approved by all Board Members present.

RESOLUTION NO. 2009-49

Authorization for the President & CEO to execute and deliver an interagency agreement with Texas Department of Transportation(TxDOT) and Harris County for the operation of the Katy Freeway Managed Lanes.

There being no other matters to come before the Board for its consideration, the meeting adjourned at 2:29 p.m. The next regularly-scheduled Board Meeting is scheduled for June 11, 2009, at 1:00 p.m.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "P. Higgins".

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