

A RESOLUTION

AUTHORIZING THE GENERAL MANAGER TO EXECUTE AND DELIVER A CONTRACT TO INSTALL AUTOMATIC UNDERGROUND STORAGE TANK MONITORING SYSTEMS AT THE NORTHWEST BUS OPERATING FACILITY, HIRAM CLARKE BUS OPERATING FACILITY, POLK STREET BUS OPERATING FACILITY AND THE METRO FIELD SERVICE CENTER WITH THE FIRM OF BILL HAGERMAN ELECTRIC, INC.; AND MAKING FINDINGS AND PROVISION RELATIVE TO THE SUBJECT.

WHEREAS, METRO invited bids for the supply and installation of automatic underground storage tank monitoring systems at the Northwest Bus Operating Facility, Hiram Clarke Bus Operating Facility, Polk Street Bus Operating Facility and the METRO Field Service Center; and

WHEREAS, the firm of Bill Hagerman Electric, Inc. submitted the lowest responsive and responsible bid;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE METROPOLITAN TRANSIT AUTHORITY THAT:

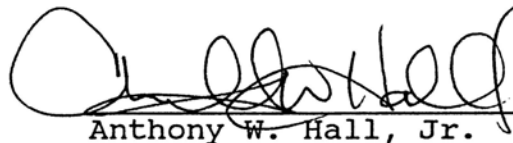
Section 1. The General Manager be and he is hereby authorized and directed to execute and deliver a contract with Bill Hagerman Electric, Inc. to supply and install automatic underground storage tank monitoring systems at the Northwest Bus Operating Facility, Hiram Clarke Bus Operating Facility, Polk Street Bus Operating Facility and the METRO Field Service Center at a cost not to exceed \$262,371.00.

Section 2. This resolution is effective immediately upon passage.

PASSED this 24th day of May, 1990.
APPROVED this 24th day of May, 1990.

ATTEST:


Assistant Secretary


Anthony W. Hall, Jr.
Chairman

A RESOLUTION

AUTHORIZING THE GENERAL MANAGER TO NEGOTIATE, EXECUTE AND DELIVER CONTRACTS FOR INSURANCE AGENT OF RECORD SERVICES; AND MAKING FINDINGS AND PROVISIONS RELATIVE TO THE SUBJECT.

WHEREAS, METRO solicited proposals for firms to provide insurance agent of record services for the Risk Management Division and the Human Resources Division; and

WHEREAS, the Board of Directors is of the opinion that the most qualified firm to provide insurance agent of record services for the Risk Management Division is Alexander & Alexander; and

WHEREAS, the Board of Directors is of the opinion that the most qualified firm to provide insurance agent of record services for the Human Resources Division is Foster Higgins Company;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE METROPOLITAN TRANSIT AUTHORITY THAT:

Section 1. The General Manager be and he is hereby authorized to negotiate, execute and deliver a contract with Alexander & Alexander for insurance agent of record services for the Risk Management Division in an amount not to exceed \$42,000.00.

Section 2. The General Manager be and he is hereby authorized to negotiate, execute and deliver a contract for insurance agent of record services with Foster Higgins Company for the Human Resources Division in an amount not to exceed \$64,000.00.

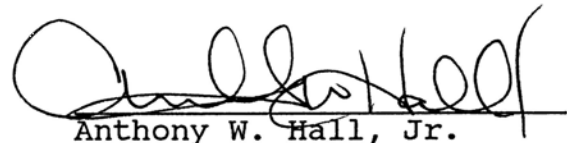
RESOLUTION NO. 90-54 (Page 2)

Section 2. This resolution is effective immediately upon passage.

PASSED this 24th day of May, 1990.
APPROVED this 24th day of MAY, 1990.

ATTEST:


Assistant Secretary


Anthony W. Hall, Jr.
Chairman

A RESOLUTION

AUTHORIZING THE GENERAL MANAGER TO EXECUTE AND DELIVER A MODIFICATION TO THE CONTRACT WITH LOUIS DREYFUS ENERGY CORPORATION; AND MAKING FINDINGS AND PROVISIONS RELATIVE TO THE SUBJECT.

WHEREAS, the Board of Directors has previously authorized METRO to enter into a contract with Louis Dreyfus Energy Corporation for supply and delivery of unleaded gasoline on the basis of Louis Dreyfus Energy Corporation being the lowest responsive and responsible bidder; and

WHEREAS, METRO's contract with Louis Dreyfus Energy Corporation contains an option for METRO to extend the performance period if it determines it desirable to do so; and

WHEREAS, Louis Dreyfus Energy Corporation has satisfactorily performed under this contract and the contract price appears favorable compared to the existing market;


NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE METROPOLITAN TRANSIT AUTHORITY THAT:

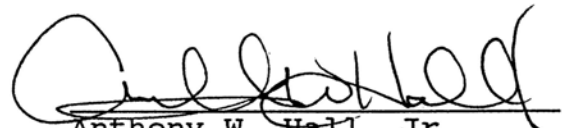
Section 1. The General Manager be and he is hereby authorized and directed to execute and deliver a modification to the Louis Dreyfus Energy Corporation contract for supply and delivery of unleaded gasoline by extending the performance period for one year and increasing the maximum authorized expenditures under the contract by \$579,000.00.

Section 2. This resolution is effective immediately upon passage.

PASSED this 24th day of May, 1990.
APPROVED this 24th day of MAY, 1990.

ATTEST:


Assistant Secretary


Anthony W. Hall, Jr.
Chairman

A RESOLUTION

CERTIFYING IMPROVEMENTS TO EDGEBROOK DRIVE BETWEEN BALCONES AND SOUTH SHAVER AS AN ELIGIBLE PROJECT FOR EXPENDITURE OF EXPANDED BASE SALES TAX REVENUE FUNDS BY THE CITY OF HOUSTON; AND MAKING FINDINGS AND PROVISIONS RELATIVE TO THE SUBJECT.

WHEREAS, the Board of Directors has established a program for distribution of sales tax revenues resulting from expansion of the items subject to sales tax by the 1987 session of the Texas Legislature; and

WHEREAS, the city of Houston has proposed improvements to Edgebrook Drive between Balcones and South Shaver as a project for expenditure of a portion of its expanded base sales tax revenue funds; and

WHEREAS, the Board of Directors is of the opinion that this project is appropriate for expenditure of such revenues;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE METROPOLITAN TRANSIT AUTHORITY THAT:

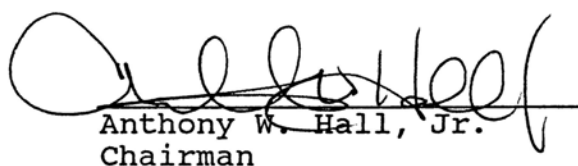
Section 1. Improvement to Edgebrook Drive between Balcones and South Shaver is hereby certified as an eligible project for expenditure of expanded base sales tax revenue funds by the city of Houston.

Section 2. This resolution is effective immediately upon passage.

PASSED this 24th day of May, 1990.
APPROVED this 24th day of May, 1990.

ATTEST:


Assistant Secretary


Anthony W. Hall, Jr.
Chairman

A RESOLUTION

APPROVING GENERAL TERMS AND CONDITIONS FOR INTERGOVERNMENTAL AGREEMENTS FOR DEVELOPMENT OF GENERAL MOBILITY PROJECTS; AND MAKING FINDINGS AND PROVISIONS RELATIVE TO THE SUBJECT.

WHEREAS, the METRO Board had approved of a program for development of street and road improvement projects within the METRO service area, known as the general mobility program; and

WHEREAS, effective September 1, 1989 Article 1118x, METRO's enabling legislation, requires the consent of the governmental jurisdiction in which a general mobility project is developed; and

WHEREAS, Article 1118x envisions governmental consent being given through an intergovernmental agreement; and

WHEREAS, the Board of Directors has reviewed the terms and conditions of a typical governmental agreement and believes that it is appropriate to approve these terms and conditions for use in developing appropriate intergovernmental agreements for the general mobility program;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE METROPOLITAN TRANSIT AUTHORITY THAT:

Section 1. The general terms and conditions contained in the typical general mobility intergovernmental agreement attached hereto as Exhibit A are hereby approved for purposes of negotiating general mobility intergovernmental agreements.

RESOLUTION NO. 90-57 (Page 2)

Section 2. The General Manager may negotiate and execute general mobility intergovernmental agreements in general conformance with the typical agreement attached hereto.

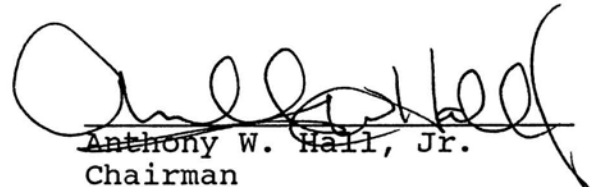
Section 3. If the General Manager cannot negotiate a general mobility intergovernmental agreement for a particular project in general conformance with the typical agreement attached hereto, the General Manager shall seek approval of the Board of Directors for any agreement deviating significantly from the general terms and conditions approved by way of this resolution.

Section 4. This resolution is effective immediately upon passage.

PASSED this 24th day of May, 1990.
APPROVED this 24th day of May, 1990.

ATTEST:


Assistant Secretary


Anthony W. Hall, Jr.
Chairman

TRANSPORTATION IMPROVEMENT
A G R E E M E N T
[Jones Road - FM 1960 To Louetta]

THE STATE OF TEXAS §
COUNTY OF HARRIS §

This Agreement made and entered into by and between Harris County, a body corporate and politic under the laws of the State of Texas, hereinafter called "County," and the Metropolitan Transit Authority of Harris County, Texas, a body corporate and politic under the laws of the State of Texas, hereinafter called "METRO,"

W I T N E S S E T H:

WHEREAS, pursuant to Article 1118x, Section 6(t), Texas Revised Civil Statutes, METRO has adopted a program to participate with other governmental entities in development of transportation improvement projects within the METRO service area; and

WHEREAS, the construction of Jones Road between FM 1960 and Louetta Road as a half boulevard section from Cypresswood to Normont (approximately 0.33 mile) and a four-lane boulevard section from that point to the existing road in Lakewood Forest Subdivision (approximately 0.7 mile) including two sets of twin bridges (hereinafter referred to as the "Project") will be a benefit to transportation in the METRO service area and is to the mutual benefit of the parties hereto; and

WHEREAS, METRO is willing to acquire the necessary right-of-way, design and construct the Project at its sole cost or expense; and

WHEREAS, upon completion of the Project the County is willing to assume ownership of the Project and to maintain it in accordance with its usual customs and practices; and

WHEREAS, by this Agreement the parties wish to specify their respective rights and obligations with respect to Project;

NOW, THEREFORE, for and in consideration of the mutual covenants, agreements and benefits to the parties herein named, it is agreed as follows:

I.

METRO shall at its sole cost or expense, prepare, or cause to be prepared, plans and specifications for the Project and will perform other necessary engineering services in connection with the Project. METRO will submit the plans and specifications to the County for its review and approval. The County shall promptly review said plans and specifications and its approval shall not be unreasonably withheld.

II.

METRO will undertake on behalf of the County to acquire all rights-of-way necessary for the Project by purchase, gift, donation or exercise of the power of eminent domain. Such right-of-way shall be acquired in the name of and title shall vest in the County. Prior to acquisition of each parcel of right-of-way, METRO shall provide to the County all surveys, geotechnical test results, environmental assessments and any other information or data in METRO's possession regarding the particular parcel of real property proposed for acquisition. The County shall review and approve each

proposed right-of-way acquisition prior to acquisition. METRO shall pay all costs associated with acquisition of such right-of-way.

III.

METRO will advertise for and receive bids for the construction of the Project in accordance with the approved plans and specifications in the manner similar to that of other METRO projects. Upon receipt and tabulation of bids, METRO will determine the lowest responsive and responsible bid and recommend award. METRO shall promptly notify the County of the recommended award. The County shall review and approve METRO's determination prior to award of construction contract(s). Upon receipt of the County's approval, METRO shall award the construction contract(s) and pay all costs associated therewith.

IV.

METRO shall administer and supervise the construction of the Project, provided, however, that the County shall have access at all reasonable times to the construction site and to all relevant plans, specifications, contract documents and records in order to verify that the Project is being constructed in compliance with this Agreement.

V.

METRO may make such changes and amendments in the plans and specifications within the general scope of the Project as METRO deems necessary or desirable during construction of the Project.

VI.

METRO may erect signs at the limits of the Project of a size and design approved by METRO acknowledging METRO's participation in the Project.

VII.

Upon completion of construction, METRO shall prepare and deliver to the County plans showing the Project facilities as constructed (the "As-built Plans"). At that time, the County shall assume full ownership of and responsibility for the maintenance and repair of the Project facilities to the extent and in the same manner as for other like facilities within the County. In particular, but not by way of limitation, it is specifically agreed that, after completion of construction, METRO shall have no responsibility for the condition or maintenance of Project facilities, including, but not limited to, pavement, curbs, gutters, drainage facilities or signage.

VIII.

Notwithstanding any other provisions of this Agreement, METRO may, in its sole discretion, terminate the Project at any time if it determines that it is in its best interest to do so; provided, however, that if METRO elects to terminate the Project after construction has begun but prior to completion of construction and acceptance by the County, it shall do so in such a manner so that the Project site and/or facilities are not unreasonably hazardous.

IX.

No party hereto shall make, in whole or in part, any assignment of this Agreement or any obligation hereunder without the prior written consent of the other party hereto.

X.

This instrument contains the entire Agreement between the parties relating to the rights herein granted and the obligations herein assumed. Any modifications concerning these instruments shall be of no force and effect excepting a subsequent modification in writing signed by all parties hereto.

IN TESTIMONY OF WHICH, this Agreement, in duplicate originals, each having equal force has been executed on behalf of the parties hereto as follows, to wit:

- a. It has on the _____ day of _____, 1990, been executed on behalf of the County by the County Judge of Harris County, Texas, pursuant to an Order of the Commissioners' Court of Harris County authorizing such execution.
- b. It has on the _____ day of _____, 1990, been executed on behalf of METRO by its General Manager and attested by its Assistant Secretary, pursuant to the Resolution of its Board of Directors authorizing such execution.

HARRIS COUNTY

By _____
Jon Lindsay, County Judge

APPROVED AS TO FORM:

MIKE DRISCOLL
County Attorney

By _____

METROPOLITAN TRANSIT AUTHORITY
OF HARRIS COUNTY, TEXAS

By _____
Robert G. MacLennan
General Manager

Executed for and on behalf of
the Metropolitan Transit
Authority pursuant to
Resolution No. 88-164 the
Board of Directors passed on
the 27th day of October, 1988
and on file in the Office of
Assistant Secretary of METRO.

ATTEST:

Assistant Secretary

APPROVED:

Staff Counsel

Assistant General Manager -
Finance

RESOLUTION 90-58

A RESOLUTION

AMENDING RESOLUTION NO. 90-49 BY INCREASING THE SCOPE OF THE EASTEX FREEWAY TRANSITWAY PROJECT; AND MAKING FINDINGS AND PROVISIONS RELATIVE TO THE SUBJECT.

WHEREAS, by way of Resolution No. 89-60 adopted on January 29, 1989, the Board of Directors modified the Phase 2 Mobility Plan to include a median transitway on U.S. Highway 59 North, also known as the Eastex Freeway, with approximate limits being between the Houston Central Business District and the Kingwood area; and

WHEREAS, by way of Resolution No. 90-49 adopted on April 26, 1990, the Board of Directors designated the first segment of the Eastex Freeway Transitway with approximate limits from the Houston Central Business District to Tidwell as METRO's fiscal year 1991 Program of Projects for METRO's Section 9 funding allocation from the Urban Mass Transportation Administration; and

WHEREAS, METRO in conjunction with the Texas State Department of Highways and Public Transportation is investigating means to accelerate the construction of the full Eastex Freeway Transitway at least to the vicinity of Will Clayton Parkway; and

WHEREAS, in order to accommodate accelerated Eastex Freeway Transitway construction if possible it is appropriate to amend Resolution No. 90-49 to designate the full Eastex Freeway Transitway as METRO's fiscal year 1991 Program of Projects;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE METROPOLITAN TRANSIT AUTHORITY THAT:

Section 1. Board of Directors Resolution No. 90-49 is hereby amended to the extent that the fiscal year 1991 Section 9 Program of Projects is the full Eastex Freeway Transitway with approximate limits from the Houston Central Business District to the Kingwood area.

Section 2. Except as modified herein, all provisions of Board Resolution No. 90-49 remain in full force and effect.

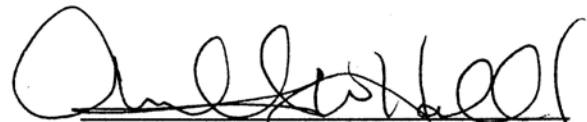
Section 3. This resolution is effective immediately upon passage.

PASSED this 24th day of May, 1990.
APPROVED this 24th day of MAY, 1990.

ATTEST:



Assistant Secretary



Anthony W. Hall, Jr.
Chairman

A RESOLUTION

AUTHORIZING THE GENERAL MANAGER TO NEGOTIATE, EXECUTE AND DELIVER AN AMENDMENT TO THE MOTORIST ASSISTANCE PROGRAM INTERAGENCY AGREEMENT TO CONTINUE METRO'S PARTICIPATION FOR AN ADDITIONAL YEAR AND INCREASE THE MAXIMUM AUTHORIZED CONTRIBUTION TO THIS PROGRAM; AND MAKING FINDINGS AND PROVISIONS RELATIVE TO THE SUBJECT.

WHEREAS, the Board of Directors authorized METRO's participation in a Motorist Assistance Program in conjunction with the State Department of Highways and Public Transportation, Harris County Sheriff's Department and the Houston Automobile Dealers' Association; and

WHEREAS, the first year of operation of this program has been successful; and

WHEREAS, the Board of Directors is of the opinion that it is appropriate for METRO to continue to participate in the Motorist Assistance Program;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE METROPOLITAN TRANSIT AUTHORITY THAT:

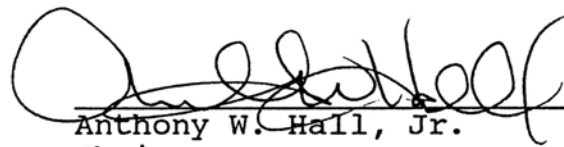
Section 1. The General Manager be and he is hereby authorized and directed to negotiate, execute and deliver an amendment to the Motorist Assistance Program interagency agreement to continue METRO's participation in the Motorist Assistance Program through July 1991 and to increase the maximum authorized contribution to this program by \$855,325.00.

Section 2. This resolution is effective immediately upon passage.

PASSED this 24th day of May, 1990.
APPROVED this 24th day of May, 1990.

ATTEST:


Assistant Secretary


Anthony W. Hall, Jr.
Chairman

A RESOLUTION

APPROVING USE OF THE NORTH FREEWAY TRANSITWAY BY CARPOOLS OF TWO OR MORE PERSONS; AND MAKING FINDINGS AND PROVISIONS RELATIVE TO THE SUBJECT.

WHEREAS, the North Freeway Transitway will be completed in June 1990 between Beltway 8 and the downtown Houston terminus; and

WHEREAS, upon completion of construction it is appropriate to permit carpools to utilize this transitway in the same fashion as on other transitways; and

WHEREAS, the master operations and maintenance agreement between METRO and the State Department of Highways and Public Transportation requires Board of Directors approval of such use for the transitways;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE METROPOLITAN TRANSIT AUTHORITY THAT:

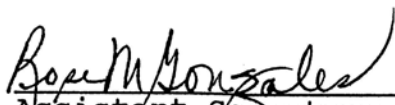
Section 1. Use of the North Freeway Transitway by carpools consisting of two or more passengers is hereby authorized upon completion of the North Freeway Transitway construction.

Section 2. The General Manager or his designated representative is hereby authorized to include in the operations plan for the North Freeway Transitway, use of that transitway by carpools consisting of two or more persons consistent with this resolution.

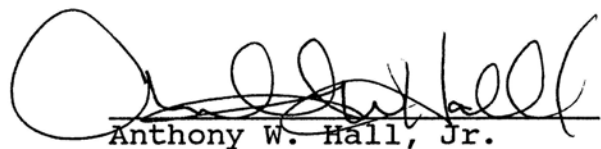
Section 3. This resolution is effective immediately upon passage.

PASSED this 24th day of May, 1990.
APPROVED this 24th day of May, 1990.

ATTEST:



Assistant Secretary



Anthony W. Hall, Jr.
Chairman

A RESOLUTION

DECLARING THE PUBLIC NECESSITY FOR ACQUISITION BY THE METROPOLITAN TRANSIT AUTHORITY OF HARRIS COUNTY, TEXAS OF PROPERTY REQUIRED FOR THE HEIGHTS TRANSIT CENTER; DECLARING THAT ACQUISITION OF SAID PROPERTY IS NECESSARY AND PROPER FOR THIS MASS TRANSPORTATION IMPROVEMENT PROJECT; DECLARING THAT ACQUISITION OF SAID PROPERTY IS IN THE PUBLIC INTEREST; AND AUTHORIZING THE GENERAL MANAGER TO PROCEED WITH ACQUISITION OF SAID PROPERTY BY EXERCISE OF THE POWER OF EMINENT DOMAIN; AND MAKING FINDINGS AND PROVISIONS RELATIVE TO THE SUBJECT.

WHEREAS, the Metropolitan Transit Authority of Harris County, Texas ("METRO"), has designated that construction of the Heights Transit Center, is a desirable transportation improvement project which is in the public interest, is a public necessity and is necessary and proper for the construction, extension, improvement or development of METRO's system; and

WHEREAS, METRO has been seeking to acquire by negotiated purchase the property, set forth on the metes and bounds description attached hereto as Exhibit A (the Property:), which acquisition, constitutes a public necessity, is in the public interest and is necessary and proper for the construction, extension, improvement or development of the system. To date METRO has been unable to acquire the Property by negotiated purchase; and

WHEREAS, the METRO Board of Directors, after due notice, held a public hearing on the issue of the acquisition of the Property; and

WHEREAS, the Board of Directors has considered the testimony and evidence presented at the public hearing and is of the opinion that the public necessity for the acquisition of the Property has been established; and

WHEREAS, the Board of Directors further is of the opinion that the acquisition of the Property should proceed expeditiously;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE METROPOLITAN TRANSIT AUTHORITY THAT:

Section 1. The Board of Directors hereby declares the public necessity for the acquisition of the Property; that the acquisition of the Property is necessary and proper for the construction, extension, improvement and development of its system, specifically for the construction of the Heights Transit Center, and is in the public interest and that the Property is desired for public use.

Section 2. The Board of Directors finds that bona fide negotiations have been commenced by authorized representatives of METRO to acquire the Property; that such negotiations have not been successful to date; and that is such negotiations continue to be unsuccessful, the only way for METRO to acquire the Property in a timely manner is through the filing of eminent domain proceedings.


Section 3. Upon a determination by the General manager that there is not a reasonable prospect for a negotiated purchase, the General Manager is authorized to initiate and pursue eminent domain proceedings on behalf of METRO under any applicable provisions of law for the acquisition of the Property.

Section 4. This resolution is effective immediately upon passage.

PASSED this 24th day of May, 1990.
APPROVED this 24th day of May, 1990.

ATTEST:


Assistant Secretary


Anthony W. Hall, Jr.
Chairman

RESOLUTION NO. 90-62

A RESOLUTION

ADOPTING A FIRST AMENDMENT TO THE EMPLOYMENT AGREEMENT WITH ROBERT G. MACLENNAN; AND MAKING FINDINGS AND PROVISIONS RELATIVE TO THE SUBJECT.

WHEREAS, the Board of Directors on December 18, 1989 approved and authorized execution of an employment agreement with Robert G. MacLennan to engage Mr. MacLennan as METRO's General Manager; and

WHEREAS, certain changes in the Internal Revenue Code make certain adjustments to that employment agreement with respect to pension benefits appropriate in order to accomplish the intention of the parties;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE METROPOLITAN TRANSIT AUTHORITY THAT:

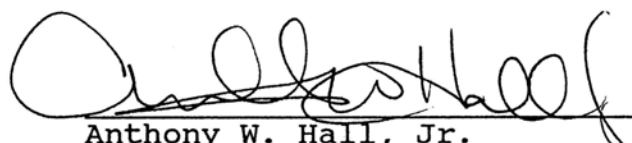
Section 1. The Board of Directors hereby approves of and authorizes execution of a first amendment to the employment agreement between the Metropolitan Transit Authority and Robert G. MacLennan essentially as set out in Exhibit A attached hereto.

Section 2. This resolution is effective immediately upon passage.

PASSED this 24th day of May, 1990.
APPROVED this 24th day of May, 1990.

ATTEST:


Assistant Secretary


Anthony W. Hall, Jr.
Chairman

FIRST AMENDMENT TO
EMPLOYMENT AGREEMENT

THIS AMENDMENT made and entered into this ____ day of May, 1990, by and between METROPOLITAN TRANSIT AUTHORITY OF HARRIS COUNTY, TEXAS ("Employer" or "Authority") and ROBERT G. MacLENNAN ("Employee"),

W I T N E S S E T H:

WHEREAS, Employee and Employer entered into that certain employment agreement, dated December 18, 1989 (the "Agreement"), which Agreement is automatically extended for one year periods unless proper notice of termination is given under the Agreement; and

WHEREAS, Employer and Employee deem it to their mutual best interests to amend the Agreement as hereinafter set forth; and

WHEREAS, the parties retained the right in Paragraph 13 of the Agreement to modify the Agreement by a subsequent written agreement executed by both the parties thereto;

NOW, THEREFORE, in consideration of the premises and mutual covenants herein set forth, the parties agree that Paragraph 11(c) of the Agreement is hereby amended in its entirety to provide as follows:

(c) Retirement Benefit.

(1) Accrual and Vesting of Initial Retirement Benefit: On the date of execution hereof, subject to the provisions of this Paragraph 11(c)(1), Employee shall accrue and be fully vested in a benefit which shall be equal to the commuted value of a monthly income of \$1,000, commencing on the first day of the month following the month in which Employee's 65th birthday occurs and terminating on Employee's death (Retirement Benefit), and which shall be paid in the form of a single premium deferred annuity contract (with retirement income payments in the normal form of a monthly income commencing on the first day of the month following the month in which Employee's 65th birthday occurs, and terminating on Employee's death), which annuity contract shall be purchased by Employer with the net amount remaining after Employer withholds and deposits with (or otherwise provides for payment to) the appropriate government authority the amount of taxes required to be withheld and deposited by Employer and issues and delivers to Employee a check payable to the appropriate government authority for the remaining amount of federal income tax due and payable by Employee, assuming that the Retirement Benefit will be taxed at the maximum marginal federal income tax rate in effect with respect to the 1989 calendar year in which the Retirement Benefit accrued and vested. Without limiting the scope of the immediately preceding sentence, for the purpose of clarity, the taxes described in the immediately preceding sentence shall be paid out of (and not in addition to) the commuted value of the Retirement Benefit. The above-described annuity contract shall be purchased from an insurance company (which is licensed to conduct business in the State of Texas) designated in writing by Employee and may contain such actuarially equivalent optional forms of payment, death benefits and other features as may be specified in writing by Employee as provided below. The Retirement Benefit which accrued and vested in 1989 shall be determined using a 7.25% annual interest rate (which is the immediate annuity rate that would be used by the Pension Benefit Guaranty Corporation to determine the present value of a lump sum distribution as of December 18, 1989 from a defined benefit plan subject to Title IV of the Employee Retirement Income Security Act of 1974, as amended, on plan termination) and the UP-1984 Mortality Table. Actuarial equivalence of any

optional forms of payment under the annuity contract shall be determined using the actuarial assumptions set forth in the annuity contract. Employer shall have no obligation to purchase any annuity contract hereunder prior to actual receipt of written instructions from Employee which instructions shall specify the name of the insurance company from which the annuity contract is to be purchased and any optional forms of payment, death benefits and other features which are to be included in the annuity contract, which optional forms of payment, death benefits and features must be offered or available to the insurance company's customers generally. Absent circumstances beyond the control of Employer, the annuity contract shall be purchased and delivered to Employee on or as soon as administratively practicable after the later of (i) May 31, 1990 and (ii) Employer's actual receipt of written instructions described in the immediately preceding sentence. In the event that Employee should die prior to Employer's purchase of such annuity contract, the net amount of the Retirement Benefit which accrued and vested in 1989 which otherwise would have been applied to purchase the annuity contract, shall instead be paid in the form of a single sum payment of cash to Employee's spouse, if any such spouse survives Employee, or, if not, to the executor or administrator of Employee's estate, or to such Employee's devisees or heirs at law, as applicable, if no administration is had on Employee's estate.

(2) Accrual and Vesting of Future Retirement Benefits: On each anniversary date of the initial execution of this Agreement on which Employee is in the active employment of Employer, commencing December 18, 1990, subject to the provisions of this Paragraph 11(c)(2), Employee shall accrue and be fully vested in a benefit which shall be equal to the commuted value of a monthly income of \$500, commencing on the first day of the month following the month in which Employee's 65th birthday occurs and terminating on Employee's death (Retirement Benefit), and which shall be paid in the form of a single premium deferred annuity contract (with retirement income payments in the normal form of a monthly income commencing on the first day of the month following the month in which Employee's 65th birthday occurs, and terminating on Employee's death), which annuity contract shall be purchased by Employer with the net amount remaining after Employer withholds and deposits with (or otherwise provides for payment

to) the appropriate government authority the amount of taxes required to be withheld and deposited by Employer and issues and delivers to Employee a check payable to the appropriate federal (and, if applicable, state) taxing authority for the remaining amount of income tax due and payable by Employee, assuming that the Retirement Benefit will be taxed at the maximum marginal federal (and, if applicable, state) income tax rate in effect with respect to the calendar year in which the Retirement Benefit accrued and vested. Without limiting the scope of the immediately preceding sentence, for the purpose of clarity, the taxes described in the immediately preceding sentence shall be paid out of (and not in addition to) the commuted value of the Retirement Benefit. The above-described annuity contract shall be purchased from an insurance company (which is licensed to conduct business in the State of Texas) designated in writing by Employee and may contain such actuarially equivalent optional forms of payment, death benefits and other features as may be specified in writing by Employee as provided below. The Retirement Benefit which accrues and vests in a given calendar year shall be determined using the immediate annuity annual interest rate which would be used (as of the first day of the calendar year in which the Retirement Benefit accrues and vests) by the Pension Benefit Guaranty Corporation to determine the present value of a lump sum distribution from a defined benefit plan subject to Title IV of the Employee Retirement Income Security Act of 1974, as amended, on plan termination, and the UP-1984 Mortality Table. Actuarial equivalence of optional forms of payment under each annuity contract shall be determined using the actuarial assumptions set forth in the annuity contract. Employer shall have no obligation to purchase any annuity contract hereunder prior to actual receipt of written instructions from Employee which instructions shall specify the name of the insurance company from which the annuity contract is to be purchased and the optional forms of payment, death benefits and other features which are to be included in the annuity contract, which optional forms of payment, death benefits and features must be offered or available to the insurance company's customers generally. Absent circumstances beyond the control of Employer, each annuity contract shall be purchased and delivered to Employee on or as soon as administratively practicable after the later of (i) the applicable anniversary date on which

the Retirement Benefit accrued and vested and (ii) Employer's actual receipt of written instructions described in the immediately preceding sentence. In the event that Employee should die prior to Employer's purchase of any such annuity contract, the net amount of the Retirement Benefit which accrued and vested in a given calendar year which otherwise would have been applied to purchase such annuity contract, shall instead be paid in the form of a single sum payment of cash to Employee's spouse, if any such spouse survives Employee, or, if not, to the executor or administrator of Employee's estate, or to such Employee's devisees or heirs at law, as applicable, if no administration is had on Employee's estate.

(3) Offsets, Costs of Collection, Binding Effect: Employer shall pay all attorneys fees and other expenses incurred by Employee in connection with, or arising out of, (i) enforcing Employee's right to the Retirement Benefit provided in this Paragraph and (ii) any amendment of Employee's 1989 federal income tax return which is made as the result of the adoption of this First Amendment to the Agreement. It is hereby agreed that the Authority's obligations under this Paragraph shall be binding on the Authority's successors, including trustees and receivers.

IN WITNESS WHEREOF, the Employer and the Employee have executed this Amendment in multiple counterparts, each of which shall be deemed to be an original, as of the date above first written, to be effective as of December 18, 1989.

Robert G. MacLennan

"EMPLOYEE"

METROPOLITAN TRANSIT AUTHORITY
OF HARRIS COUNTY

ATTEST:

By: _____

Typed Name: _____
Typed Title: _____

"EMPLOYER"

SUMMARY EXPLANATION OF THE NEED TO ADOPT
THE FIRST AMENDMENT TO THE GENERAL MANAGER'S
EMPLOYMENT AGREEMENT WITH METRO

METRO

Statement of the Problem

Under Section 11(c) of the General Manager's currently operative employment agreement (the "Agreement"), if the General Manager works throughout the full term of the Agreement and lives to age 65, METRO will have exposure for liability to pay from its general assets accrued and vested retirement benefits in the aggregate amount of \$3,500/month for the life of the General Manager or an actuarially adjusted monthly income for the joint lives of the General Manager and his surviving spouse. For the purpose of this portion of the summary, it is assumed that the General Manager will attain his life expectancy. It is possible that the General Manager could outlive his life expectancy (or the General Manager and his spouse could outlive their joint life expectancy) resulting in increased liability of METRO. Thus, the Agreement has the effect of (i) shifting currently incurred liabilities to later years and (ii) exposing METRO to increased liability for retirement benefits that may be due if the General Manager lives beyond his life expectancy (or the General Manager and his spouse live beyond their joint life expectancy). Such liability is not funded, but instead must be paid from the funds available to METRO at the time the payments to the General Manager or his spouse are due.

Proposed Solution

The First Amendment of the Agreement provides for immediate satisfaction of METRO's liability for retirement benefits which accrue and vest under Section 11(c) each year. Accordingly, currently incurred liabilities are not shifted to later years and such liabilities are determined assuming that the applicable life expectancy will not be exceeded. This is accomplished without any increase in the General Manager's compensation.

GENERAL MANAGER

Statement of the Problem

Under Section 11(c) of the Agreement the General Manager accrues and vests in retirement income each year. Unlike participants in METRO's qualified retirement plans which provide for

prefunding of retirement benefits which are held in a separate trust, the General Manager's retirement income payable under Section 11(c) of the Agreement is not funded, but instead is payable from funds available to METRO at the time the benefits must be paid. In addition, he must live to age 65 in order to commence receiving monthly payments of such retirement income and will receive no benefit if he dies prior to age 65.

Under currently applicable federal income tax law, the lump sum present value of the monthly retirement income which accrues and vests each year is currently taxable to the General Manager even though (i) his retirement income is not funded, but instead is payable from the general assets of METRO and (ii) he will not begin to receive any payments of retirement income until he attains age 65. In addition, if the General Manager were to die after paying income taxes due on retirement income but before receiving retirement income payments, it is not clear that he or his estate would be entitled to a loss, or any other tax benefit, attributable to the unrecovered tax basis in the retirement benefits on which he paid income tax.

Proposed Solution

The First Amendment of the Agreement provides for immediate satisfaction of METRO's liability for retirement benefits which accrue and vest each year under Section 11(c) of the Plan, and further provides for withholding and payment of income tax owed by the General Manager. In addition, in the event that the General Manager dies before receiving retirement income payments, the First Amendment provides for (i) payment of a death benefit equal to the remaining after-tax amount of each year's accrued and vested retirement benefit or (ii) the purchase of an annuity contract that could provide a similar death benefit. This is accomplished without any increase in the General Manager's compensation.

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