BOARD OF DIRECTORS WORKSHOP MEETING
Friday, April 22, 2011

MINUTES

CALL TO ORDER

The Regular Meeting of the Santa Clara Valley Transportation Authority’s (VTA) Board of Directors was called to order by Chairperson Abe-Koga at 9:05 a.m. in the Board of Supervisors’ Chambers, County Government Center, 70 West Hedding Street, San José, California.

1. ROLL CALL

<table>
<thead>
<tr>
<th>Attendee Name</th>
<th>Title</th>
<th>Status</th>
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</thead>
<tbody>
<tr>
<td>Margaret Abe-Koga</td>
<td>Chairperson</td>
<td>Present</td>
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<tr>
<td>Marshall Anstandig</td>
<td>Alternate Board Member</td>
<td>Absent</td>
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<tr>
<td>Xavier Campos</td>
<td>Board Member</td>
<td>Present</td>
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<tr>
<td>Dave Cortese</td>
<td>Ex-Officio Board Member</td>
<td>Absent</td>
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<td>Rose Herrera</td>
<td>Board Member</td>
<td>Absent</td>
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<td>Ash Kalra</td>
<td>Board Member</td>
<td>Present</td>
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<td>Liz Kniss</td>
<td>Board Member</td>
<td>Absent</td>
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<tr>
<td>Rich Larsen</td>
<td>Board Member</td>
<td>Present</td>
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<tr>
<td>Sam Liccardo</td>
<td>Board Member</td>
<td>Present</td>
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<tr>
<td>Jamie Matthews</td>
<td>Alternate Board Member</td>
<td>Present</td>
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<tr>
<td>Pete McHugh</td>
<td>Alternate Board Member</td>
<td>Absent</td>
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<tr>
<td>Chris Moylan</td>
<td>Board Member</td>
<td>Present</td>
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<tr>
<td>Chuck Page</td>
<td>Board Member</td>
<td>Present</td>
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<tr>
<td>Nancy Pyle</td>
<td>Alternate Board Member</td>
<td>Absent</td>
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<tr>
<td>Chuck Reed</td>
<td>Board Member</td>
<td>Absent</td>
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<tr>
<td>George Shirakawa</td>
<td>Alternate Board Member</td>
<td>Absent</td>
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<tr>
<td>Perry Woodward</td>
<td>Board Member</td>
<td>Present</td>
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<tr>
<td>Ken Yeager</td>
<td>Vice Chairperson</td>
<td>Present</td>
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* Alternates do not serve unless participating as a Member.

A quorum was present.

2. RECESS TO CLOSED SESSION at 9:06 a.m.

Conference with Labor Negotiators
[Government Code Section 54957.6]

VTA Designated Representatives:
Joseph Smith, Chief Financial Officer
Bill Lopez, Chief Administrative Officer
Robert L. Escobar, Human Resources Manager
RECONVENED TO OPEN SESSION at 9:47 a.m.

3. CLOSED SESSION REPORT

Conference with Labor Negotiators
[Government Code Section 54957.6]

VTA Designated Representatives:
Joseph Smith, Chief Financial Officer
Bill Lopez, Chief Administrative Officer
Robert L. Escobar, Human Resources Manager

Employee Organizations:
American Federation of State, County and Municipal Employees (AFSCME), Local 101
Service Employees International Union (SEIU), Local 521
Transportation Authority Engineers and Architects Association (TAEA), IFPTE, Local 21

Kevin Allmand, General Counsel, noted there was no Closed Session Report.

4. PUBLIC PRESENTATIONS

Roland Lebrun, Interested Citizen, expressed appreciation to VTA for supporting Caltrain operating expenses and expressed concern for delivering electrification project and double tracking to Gilroy.

Chairperson Abe-Koga noted the effort that has gone into saving Caltrain service, and thanked the VTA Board members and staff for their hard work. Vice Chairperson Yeager commented on the problems that still exist and the critical need for a more stable funding source.

5. Fiscal Years 2012 and 2013 Recommended Biennial Budget

Michael T. Burns, General Manager, introduced the budget item, noting that as an organization VTA is fiscally sound because of sacrifices made by employees, contractors, fare increase, and service cuts. He noted there is still some uncertainty with the economy and VTA must continue to be prudent and cautious with short term decisions considering the overall implications for VTA in the long term.

Joe Smith, Chief Financial Officer, presented a PowerPoint presentation of the Draft Recommended Biennial Budget Fiscal Years 2012 and 2013 highlighting:

Jim Unites, Deputy Director Operations, provided information on VTA Annual Transit
Service Plan, highlighting the following; 1) Annual Transit Service Plan Key Considerations, 2) Annual Transit Service Plan Major Proposals 3) VTA Transit Ridership, and 4) Annual Transit Service Plan Public Outreach.

Member Liccardo left his seat at 10:10 a.m.

Mr. Smith continued the VTA Transit Report highlighting; 1) Major Operating Assumptions, 2) Operating Assumption Risks, 3) Operating Revenues, 4) Operating Expenses, 5) Capital Budget – New Appropriation, 6) Capital Appropriation Activities, 7) Total Available Capital Appropriation, and 8) Sources and Uses of Funds Summary.

He also provided information on the Harvey Rose Report highlighting: 1) Harvey Rose Recommendation and FY 2012 and FY 2013 Budget Assumptions, and 2) Other Post Employment Benefits (OPEB) Trust Funding Status.

Mr. Smith presented the 2000 Measure A Recommended Budget highlighting; 1) Revenues and Non-Project Expenses 2) Capital Budget New Appropriation, 3) New Capital Appropriation Activities.

Carolyn Gonot, Chief Silicon Valley Rapid Transit (SVRT) Officer, presented slides on the SVRT program, highlighting; 1) Silicon Valley Berryessa Extension (SVBX) Milestones, 2) Appropriation, 3) BART Core Systems, 4) Freight Railroad Relocation, Phase II Planning and Programming, and 5) Total SVRT Appropriation.

Mr. Smith continued with the budget presentation highlighting; 1) The Congestion Management Program work Program Elements, 2) Congestion Management Program Revenues and Expenses 3) Congestion Management Program Sources and Uses of Funds, 4) Congestion Management Program Member Assessments 5) VTP Highway program Project – New Appropriation, 6) Joint development Program Revenues and Expenses, 7) Joint Development Program Sources and Uses of Funds, 8) Silicon Valley Express Lanes Program Revenues and Expenses, 9) Silicon Valley Express Lanes Program Sources and Uses of Funds, 10) BART Operating Sales Tax Program Revenues and Expenses, 11) BART Operating Sales Tax Program Sources and Uses of Funds, 12) Recommended Budget Addresses Key Principles, Prioritization and Objectives, and 13) Budget and Service Plan Outreach and Meeting Schedule.

Michelle Hatfield, Transportation Authority Engineers and Architects Association (TAEA), read into the record a statement from Marc DeLong, VTA Employee and TAEA member. Mr. Delong thanked the Board for working with stakeholders and implementing recommendations presented by Harvey Rose and encouraged continued collaboration.

Tammy Dhanota, VTA Employee and Service Employees International Union (SEIU) Local 521 Chapter Chairperson, thanked the Board for their leadership and thanked staff for considering the Harvey Rose recommendations to help stabilize the organization. She expressed concern with the budget assuming continued denial of step increases.

Steve Barber, VTA Employee and SEIU Member expressed appreciation of staff working with Harvey Rose and noted the sacrifices made by VTA employees. He expressed
concern with the assumption in the budget of continued step increase freezes.

Loretta Springer, VTA Amalgamated Transit Union (ATU), thanked the Board for entering into joint research with Ad-Hoc Financial Recovery Committee (FRC) and its willingness to implement some of the cost saving recommendations found in the Harvey Rose Audit.

Roland Lebrun, Interested Citizen, expressed concern with inadequate appropriation for Caltrain capacity improvements and electrification.

Member Larsen commented on initiatives to increase ridership and indicated the need to see information presented on specific activities to promote sustainable growth. He noted more funds need to be allocated in the budget for the marketing program.

Mr. Burns indicated a series of recommendations were made as a result of the peer review by the American Public Transit Association (APTA) and the details and numbers will be added when the budget item is presented again.

Member Moylan proposed redirecting some of the reserves from Other Post Employment Benefits. He suggested the creation of a budget stabilization fund to offset the volatility of sales tax receipts.

Vice Chairperson Yeager questioned the proposed appropriation for the Auditorium upgrade and if VTA could contribute to County’s additional costs to webcast and continue to hold the Board meetings at the County Chambers. He requested the $2 million for the Caltrain Right of Way be added to the budget and that staff spend some time coordinating with Caltrain to address the electrification issue.

Mr. Burns commented on minor conflicts and challenges that have occurred with the use of the County building, and noted the auditorium upgrade would allow more meetings to be held at the River Oaks Campus.

Member Kalra expressed appreciation to staff for incorporating Harvey Rose recommendations into the budget. He acknowledged union contracts have not been negotiated but requested to see the numbers with step increases assumed in the budget to have a clearer picture. Member Kalra expressed concern with putting 100 percent of excess funds into OPEB, and suggested staff considers other options. He indicated he would like the Auditorium upgrade evaluated and indicated support if it will increase efficiency.

Member Campos recognized the collaboration of bargaining units and staff which has helped stabilize VTA. He questioned what avenues other than being discontinued could be taken with underperforming bus lines. He noted several of the lines are in his district where many people are transit dependent and a large number are seniors. He questioned the fuel cost assumptions noting the need to get as close as possible to actual numbers so major adjustments don’t have to be made.
Member Page echoed comments regarding staff, bargaining units, and fuel cost estimates. He commented on the service cuts in Saratoga and indicated the struggles of the elderly and service workers who utilize transit to travel.

Chairperson Abe-Koga expressed appreciation to AdHoc FRC and stakeholders for their work. She questioned the three categories of the excess funds and their amounts and supported the requests for staff to provide options for the use of those funds noting the need for a balanced approach as VTA moves forward. Chairperson Abe-Koga expressed concern with cuts in bus lines and indicated the need to look at different ways to preserve service.

6. ADJOURNMENT

On order of Chairperson Abe-Koga and there being no objection, the meeting was adjourned at 11:23

Respectfully submitted,

Menominee L. McCarter, Board Assistant
VTA Office of the Board Secretary