



Via Facsimile and Regular Mail

AFFILIATED AGENCIES

Orange County
Transit District

Local Transportation
Authority

Service Authority for
Freeway Emergencies

Consolidated Transportation
Service Agency

Congestion Management
Agency

Service Authority for
Abandoned Vehicles

May 4, 2007

Patrick D. Kelly
Secretary Treasurer
140 S. Marks Way
Orange, CA 92868-2698

Subject: Response to May 2, 2007 Letter

Dear Mr. Kelly:

I am in receipt of your letter dated May 2, 2007 and received May 3, 2007. In that letter, you incorrectly refer to an agreement between the Orange County Transportation Authority ("OCTA") and Teamsters, Local 952 regarding the proposed Extension Agreement ("Agreement"). Contrary to your contention, the parties never reached agreement on this matter.

As you know, on April 25, 2007, I faxed and mailed a letter and a proposed Agreement to you. The terms set forth in that proposed Agreement included (1) extension of the current collective bargaining agreement until a new agreement is negotiated or upon expiration of 72-hour written notice to the other party and (2) payment of retroactive wages and benefits to May 1, 2007.

On April 26, 2007, you stated that you would not accept the proposed Agreement until the "Governor decides to take action." You further stated that even if you signed the Agreement you would not engage in further negotiations unless OCTA was willing to offer the union more money.

I informed both the state and federal mediators that because the union was refusing to participate in further negotiations, OCTA would not be entering into the Agreement. I also informed Donna Metcalfe of OCTA's position. Thus, the parties never agreed to enter into the Agreement.

Further, to the extent you believe the Agreement is enforceable, please consider this letter to be OCTA's notice to terminate the Agreement.

Please be aware that OCTA's decision to not sign the Agreement based on the union's unwillingness to meet again unless OCTA offered more money is not considered bargaining in bad faith. In fact, OCTA would like to continue

Patrick D. Kelly
May 4, 2007
Page 2

negotiations in good faith with Teamsters Local 952. We hope to do so at today's meeting.

Sincerely,



Sherry Bolander
Section Manager Employee/Labor Relations

C: Arthur T. Leahy, CEO
Carolyn Cavecche, Chair OCTA Board of Directors
Tony Butka, Mediator, DIR
Raul Lopez, Commissioner, FMCS