

Washington Metropolitan Area Transit Authority  
**Board Action/Information Summary**

Action  Information

MEAD Number:  
200101

Resolution:  
 Yes  No

**TITLE:**

Approval to indemnify Business Entity Data B.V.

**PRESENTATION SUMMARY:**

To maintain Metro's ability to enter into diesel and electricity swap transactions to manage the price volatility of commodities, Metro must comply with provisions of the Dodd-Frank Act which requires WMATA to register with the Commodity Futures Trading Commission (CFTC) and obtain a "Compliance Identifier" (CICI).

**PURPOSE:**

The purpose of this action is to receive Board approval to grant the Business Entity Data B.V. (BEDBV), the company designated by CFTC, certain indemnities as listed in the Background & History section below.

**DESCRIPTION:****Key Highlights:**

Diesel fuel and electricity prices are volatile, and can have an adverse impact on Metro's operating expenses and cash flows. Hedging is an "insurance" policy that is intended to help Metro plan and manage its diesel fuel and electricity costs, reduce risk, and improve budget stability. As a hedge against the price volatility of diesel fuel and electricity, Metro has entered into Master Commodity Swap Agreements (the "Swap Agreements") for diesel fuel and electricity, using standard International Swaps and Derivatives Association Agreements and Schedules. To fix the price associated with the purchase of diesel fuel and electricity, the Chief Financial Officer or the Treasurer execute transactions under the Swap Agreements with responsible counterparties, based upon the most favorable quotation received through a competitive bidding process, provided that the diesel fuel and electricity budgets are not exceeded.

**Background and History:**

To comply with the requirements of the recently enacted Dodd-Frank Act, Metro is required to register with the Commodity Futures Trading Commission (CFTC) and obtain a "Compliance Identifier" if Metro desires to continue to have the ability to enter into hedging transactions. The CICI is intended to serve as a reference tool which identifies a counterparty and improves the ability to monitor and measure financial transactions for regulatory reporting requirements. BEDBV, the company designated by CFTC for registration purposes, requires Metro to indemnify, defend and hold BEDBV

and its affiliates, and its respective shareholders, directors, officers, employees, content and service providers, contractors, and agents, harmless from and against any claims, liabilities, losses, damages, costs and expenses, including reasonable attorneys' fees, arising from Metro's use and submissions to its website, or any violation of the Terms of Use, or applicable law, by Metro or by someone accessing the site via Metro's account. BEDBV reserves the right, at its own expense, to assume the exclusive defense and control of any matter subject to indemnification by Metro, in which event Metro would agree to cooperate with BEDBV in defending such claims. This indemnification, defense and hold harmless obligation will survive these Terms of Use and the termination of Metro's use of BEDBV's website.

**Discussion:**

Metro foregoing the CICI registration would result in the inability to enter into diesel fuel or electricity swap agreements.

**FUNDING IMPACT:**

The CICI registration fee is \$200.	
Project Manager:	Raj Srinath
Project Department/Office:	CFO/TRES

**TIMELINE:**

<b>Previous Actions</b>	10/2010 – There are no previous actions related to this indemnification request. The most recent set of swaps were authorized in Resolution 2010-62.
<b>Anticipated actions after presentation</b>	04/2013 – Issue signed indemnification to permit obtaining CICI.

**RECOMMENDATION:**

Approval to grant the requested indemnification to the Business Entity Data B.V.

**SUBJECT: INDEMNIFICATION OF BUSINESS ENTITY DATA B.V.**

**2013-12**  
RESOLUTION  
OF THE  
BOARD OF DIRECTORS  
OF THE  
WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY

WHEREAS, Metro uses financial swap agreements to minimize the risk to the Metro Operating Budget that diesel fuel and electricity costs will exceed the budget for those items; and

WHEREAS, The recently enacted Dodd-Frank Act requires all financial counterparties to “know their customer;” and

WHEREAS, The United States Commodity Futures Trading Commission has implemented this statutory requirement by requiring all parties to swap transactions to obtain a Commodity Futures Trading Commission Interim Compliant Identifier (CICI); and

WHEREAS, A CICI number is obtainable only through the registration website administered by Business Entity Data B.V.; and

WHEREAS, As a condition of using that website, all users must agree to the following indemnification provision:

You [the user] agree to indemnify, defend and hold us [Business Entity Data B.V.] and our affiliates, and our respective shareholders, directors, officers, employees, content and service providers, contractors, and agents, harmless from and against any claims, liabilities, losses, damages, costs and expenses, including reasonable attorneys' fees, arising from your use of this site, your submissions to this site, or any violation of these Terms of Use, or applicable law, by you or by someone accessing the site via your account. We reserve the right, at our own expense, to assume the exclusive defense and control of any matter subject to indemnification by you, in which event you agree to cooperate with us in defending such claims. This indemnification, defense and hold harmless obligation will survive these Terms of Use and the termination of your use of this site; and

**Motioned by Mr. Downey, seconded by Mr. Dyke**

**Ayes: 8 - Mr. Downs, Mr. Downey, Mr. Nichols, Mrs. Hynes, Mr. Dyke, Ms. Bowser, Mr. Acosta and Ms. Porter**

WHEREAS, The Board of Directors' approval is required for Metro to indemnify a third-party; now, therefore be it

*RESOLVED*, That the Board of Directors approves the granting of the requested indemnification described in this Resolution; and be it finally

*RESOLVED*, That this Resolution shall be effective immediately.

Reviewed as to form and legal sufficiency,

  
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Carol B. O'Keeffe  
General Counsel