

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

<input checked="" type="checkbox"/> Action <input type="checkbox"/> Information	MEAD Number: 99675	Resolution: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
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**PURPOSE**

To obtain Board approval to execute a commodity swap to limit the potential impact of adverse price movement on our FY08 diesel fuel supplies.

**DESCRIPTION**

The sheer magnitude of our daily consumption of fuel results in daily deliveries of fuel. The contract issued in coordination with COG provides for a pricing mechanism which is adjusted on a bi-weekly basis and is pegged against a regional average price for fuel. Rising prices of fuel are quickly translated into higher operating costs for the WMATA bus fleet.

The Authority has successfully insured itself against higher prices by executing financial transactions structured to fix the price of a portion or all of its annual fuel requirements and therefore eliminated the risk that approved diesel fuel budget could be exceeded.

**FUNDING IMPACT**

The execution of a swap transaction will limit the risk of diesel fuel costs exceeding budget.

**RECOMMENDATION**

That the Board approves the attached resolution which authorizes the Treasurer, as the designee of the Interim General Manager, to execute a diesel fuel price swap to reduce the market price fluctuations.

PRESENTED & ADOPTED:

SUBJECT: APPROVAL TO EXECUTE COMMODITY SWAPS TO LIMIT POTENTIAL  
IMPACT OF ADVERSE PRICE MOVEMENT ON DIESEL FUEL FOR FY 2008

PROPOSED  
RESOLUTION  
OF THE  
BOARD OF DIRECTORS  
OF THE  
WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY

WHEREAS, The Board of Directors of the Washington Metropolitan Area Transit Authority has noted the volatile and often adverse price movements of the Authority's fuel supplies; and

WHEREAS, The Board has determined that it may be in the Authority's best interest to enter into Master Commodity Swap Agreements in order to stabilize the costs for fuel; and

WHEREAS, These transactions are extremely time and market sensitive and require staff to have flexibility to achieve timely execution; now, therefore, be it

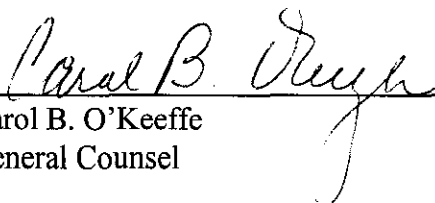
*RESOLVED*, That the Interim General Manager or the Treasurer, hereby is authorized to enter into Master Commodity Swap Agreements including those using standard ISDA agreements and schedules and to execute transactions under those Agreements for Fiscal 2008 with responsible and responsive dealers, as may be in the Authority's best interest, based upon most favorable quotations; and be it further

*RESOLVED*, That each such transaction shall be no more than one year in duration; and be it further

*RESOLVED* , That the indemnification provided in Rresolution 2006-43 shall be applicable; 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