RESOLUTION NO. 2006- 9

A RESOLUTION

AUTHORIZING AND DIRECTING THE PRESIDENT & CEO TO EXECUTE AND DELIVER A CONTRACT WITH ABSOLUTE COLOR FOR OFFSET PRINTING; AND MAKING FINDINGS AND PROVISIONS RELATIVE TO THE SUBJECT.

WHEREAS, METRO requires services for the printing of bus schedules of the various bus routes; and

WHEREAS, METRO issued an invitation for bid for off-set printing services; and

WHEREAS, Absolute Color 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 President & CEO is hereby authorized and directed to execute and deliver a contract with Absolute Color for off-set printing services for an amount not to exceed $175,500.00.

Section 2. This resolution is effective immediately upon passage.

PASSED this 16th day of February, 2006
APPROVED this 16th day of February, 2006

METROPOLITAN TRANSIT METRO. AUTHORITY

ATTEST:

Rose M Gonzales
Assistant Secretary

David S. Wolff
Chairman

RESOLUTION NO. 2006- 10

A RESOLUTION

AUTHORIZING AND DIRECTING THE PRESIDENT & CEO TO EXECUTE AND DELIVER A MODIFICATION TO THE CONTRACT WITH JOHN L. WORTHAM & SON, L.L.P. TO EXERCISE THE OPTION FOR CONTINUED INSURANCE AGENT OF RECORD SERVICES; AND MAKING FINDINGS AND PROVISIONS RELATIVE TO THE SUBJECT.

WHEREAS, METRO entered into contract with John L. Wortham & Son, L.L.P. for insurance agent of record services; and

WHEREAS, the contract contains an option for two additional years of service; and

WHEREAS, John L. Wortham & Son, L.L.P. has performed satisfactorily and it is appropriate to exercise the option for continued services;

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

Section 1. The President & CEO is hereby authorized and directed to execute and deliver a modification to the contract with John L. Wortham & Son, L.L.P. to exercise the option for additional service for $55,000.00 of each option year, for a total amount not to exceed $110,000.00.

Section 2. This resolution is effective immediately upon passage.

PASSED this 16th day of February, 2006
APPROVED this 16th day of February, 2006

METROPOLITAN TRANSIT AUTHORITY METRO.

ATTEST:

Assistant Secretary

David S. Wolff
Chairman

RESOLUTION NO. 2006- 11

A RESOLUTION

AUTHORIZING AND DIRECTING THE PRESIDENT & CEO TO EXECUTE AND DELIVER A REQUISITION FOR THE PURCHASE OF FUEL TRANSPORT VEHICLES UNDER THE HOUSTON-GALVESTON AREA COUNCIL COOPERATIVE PURCHASING PROGRAM AND/OR THE STATE OF TEXAS COOPERATIVE PURCHASING PROGRAM'S TEXAS BUILDING & PROCUREMENT COMMISSION; AND MAKING FINDINGS AND PROVISIONS RELATIVE TO THE SUBJECT.

WHEREAS, the Board previously authorized METRO's execution of interlocal agreements with the Houston-Galveston area Council and with the State of Texas, enabling METRO's participation in their respective Cooperative Purchasing Programs; and

WHEREAS, METRO requires three fuel transport vehicles that can be purchased under the Houston-Galveston Area Council Cooperative Purchasing Program, or through the State of Teas Cooperative Purchasing Program's Texas Building & Procurement Commission; and

WHEREAS, participation in the Cooperative Purchasing Program satisfy State Competitive Bidding requirements; and

WHEREAS, staff seeks Board authorization to purchase the vehicles through the Houston-Galveston Area Council Cooperative Purchasing Program or the State of Texas Cooperative Purchasing Program, subject to a determination of the most favorable prices;

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

Section 1. Upon determination of the most favorable prices, the President & CEO is hereby authorized and directed to execute and deliver requisitions to the Houston-Galveston Area Council and/or the State of Texas Building & Procurement Commission, in accordance with their respective Cooperative Purchasing Program, for the purchase of three (3) fuel transport vehicles, for a total amount not to exceed $600,000.00.

Section 2. This resolution is effective immediately upon passage.

PASSED this 16th day of February, 2006
APPROVED this 16th day of February, 2006

ATTEST: METROPOLITAN TRANSIT AUTHORITY METRO.

Rose M. Gonzales
Assistant Secretary

David S. Wolff
Chairman

RESOLUTION NO. 2006- 12

A RESOLUTION

AUTHORIZING AND DIRECTING THE PRESIDENT & CEO TO EXECUTE AND DELIVER A CONTRACT WITH AMERICAN JANITORIAL SERVICES, LTD. FOR JANITORIAL SERVICES AT METRO'S TRANSIT FACILITIES; AND MAKING FINDINGS AND PROVISIONS RELATIVE TO THE SUBJECT.

WHEREAS, METRO issued an invitation for bids for janitorial services at the Fallbrook, Field Service Center, Central Stores, Buffalo Bayou and Kashmere facilities; and

WHEREAS, American Janitorial Services, Ltd. 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 President & CEO is hereby authorized and directed to execute and deliver a contract with American Janitorial Services, Ltd. for janitorial services at designated transit facilities for an amount not to exceed $648,697.44.

Section 2. This resolution is effective immediately upon passage.

PASSED this 16th day of February, 2006
APPROVED this 16th day of February, 2006

ATTEST: METROPOLITAN TRANSIT METRO. AUTHORITY

Assistant Secretary

David S. Wolff
Chairman

RESOLUTION NO. 2006-13

A RESOLUTION

AUTHORIZING AND DIRECTING THE PRESIDENT & CEO TO NEGOTIATE, EXECUTE AND DELIVER A PERSONAL SERVICES AGREEMENT WITH JOE HUDEC CONSULTING FOR PROPERTY MANAGEMENT AND CONSTRUCTION MANAGEMENT CONSULTING SERVICES; AND MAKING FINDINGS AND PROVISIONS RELATIVE TO THE SUBJECT.

WHEREAS, METRO requires property management and construction management services for build-out of floors in METRO's administrative office building and assignment of personnel; and

WHEREAS, Joe Hudec, of Joe Hudec Consulting, is uniquely familiar with METRO's administrative office building and is most qualified to provide the necessary services;

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

Section 1. The President & CEO is hereby authorized and directed to negotiate, execute and deliver a personal services agreement with Joe Hudec Consulting, for an amount not to exceed $120,000.00.

Section 2. This resolution is effective immediately upon passage.

METROPOLITAN TRANSIT METRO. AUTHORITY

PASSED this 16th day of February, 2006
APPROVED this 16th day of February, 2006

ATTEST:

Rose M. Gonzales
Assistant Secretary

David S. Wolff
Chairman

RESOLUTION NO. 2006- 14

A RESOLUTION

AUTHORIZING AND DIRECTING THE PRESIDENT & CEO TO NEGOTIATE, EXECUTE AND DELIVER AN AGREEMENT WITH CIGNA INSURANCE FOR EMPLOYEE ASSISTANCE COUNSELING SERVICES; AND MAKING FINDINGS AND PROVISIONS RELATIVE TO THE SUBJECT.

WHEREAS, many employers offer counseling and personal support services through Employee Assistance Programs; and

WHEREAS, CIGNA Insurance has provisions for an Employee Assistance Program; and

WHEREAS, METRO currently uses CIGNA Insurance resources for long-term employee medical coverage; and

WHEREAS, it is cost effective and prudent to include employee assistance services through the existing insurance provider;

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

Section 1. The President & CEO is hereby authorized and directed to negotiate, execute and deliver an agreement with CIGNA Insurance for Employee Assistance counseling services for an amount not to exceed $250,000.00.

Section 2. This resolution is effective immediately upon passage.

PASSED this 16th day of February, 2006
APPROVED this 16th day of February, 2006

ATTEST: METROPOLITAN TRANSIT AUTHORITY METRO.

Assistant Secretary

David S. Wolff
Chairman

RESOLUTION NO. 2006- 15

A RESOLUTION

AUTHORIZING AND DIRECTING THE PRESIDENT & CEO TO NEGOTIATE, EXECUTE AND DELIVER CONTRACTS WITH DESIGNATED FIRMS FOR PROFESSIONAL LAND SURVEYING AND MAPPING SERVICES; AND MAKING FINDINGS AND PROVISIONS RELATIVE TO THE SUBJECT.

WHEREAS, METRO solicited Letters of Interest and Qualifications Statements from interested firms for land surveying and mapping services; and

WHEREAS, six firms were determined most qualified to provide the necessary services;

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

Section 1. The President & CEO is hereby authorized and directed to negotiate, execute and deliver contracts with the firms identified herein for land surveying and mapping services with each contract in the not-to-exceed amount of $700,000.00. The firms are:

Baseline Corporation
Clark-Romero Surveying Company
Cobb-Fendley & Associates
Cotton Surveying Company
Landtech Consultants, Inc.
Terro Surveying Company

Section 2. This resolution is effective immediately upon passage.

PASSED this 16th day of February, 2006
APPROVED this 16th day of February, 2006

ATTEST:

METROPOLITAN TRANSIT AUTHORITY METRO.

Assistant Secretary

David S. Wolff
Chairman

RESOLUTION NO. 2006- 16

A RESOLUTION

AUTHORIZING AND DIRECTING THE PRESIDENT & CEO TO NEGOTIATE, EXECUTE AND DELIVER AGREEMENTS FOR THE ACQUISITION OF TRANSIT VEHICLES; AND MAKING FINDINGS AND PROVISIONS RELATIVE TO THE SUBJECT.

WHEREAS, the City and County of Honolulu, Hawaii, entered into contract with New Flyer Industries for the acquisition of transit buses; and

WHEREAS, Sound Transit Authority in Seattle, Washington, entered into contract with Motor Coach Industries for the acquisition of transit buses; and

WHEREAS, the Utah Transit Authority, of Salt Lake City, Utah, entered into contract with Motor Coach Industries for the acquisition of transit buses; and

WHEREAS, each of the contracts identified herein contain options for the purchase of additional transit buses; and

WHEREAS, the City and County of Honolulu, Sound Transit Authority and Utah Transit Authority have each decided not to exercise their respective options for the purchase of additional transit buses; and

WHEREAS, METRO desires to acquire transit buses under the options contained in the contracts between the City and County of Honolulu and New Flyer Industries, between Sound Transit Authority and Motor Coach Industries, and between Utah Transit Authority and Motor Coach Industries; and

WHEREAS, the Interlocal Cooperation Act authorizes local governments to contract with each other for the purchase of goods or services; and

WHEREAS, New Flyer Industries and Motor Coach Industries have complied with applicable federal regulations for the manufacture and supply of transit vehicles;

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

Section 1. The President & CEO is hereby authorized and directed to negotiate, execute and deliver appropriate agreements with the City and County of Honolulu, Sound Transit Authority, Utah Transit Authority, New Flyer Industries and Motor Coach Industries for the purchase of transit buses. The combined total cost for the purchase of the transit buses shall be in the not-to-exceed amount of $33,286,760.00.

Section 2. This resolution is effective immediately upon passage.

PASSED this 16th day of February, 2006
APPROVED this 16th day of February, 2006

METROPOLITAN TRANSIT AUTHORITY METRO.

ATTEST:

Rose M. Gonzales
Assistant Secretary

David S. Wolff
Chairman

RESOLUTION NO. 2006-17

A RESOLUTION

CREATION OF AN ADDITIONAL RESERVE ACCOUNT; APPROVING THE ALLOCATION OF FUNDS TO RESERVE ACCOUNTS; AND MAKING FINDINGS AND PROVISIONS RELATIVE TO THE SUBJECT.

WHEREAS, by way of Resolution 2005-99, the METRO Board of Directors approved the creation of certain reserve accounts for sales tax revenues, and approved the allocation of specific funds to the reserve accounts; and

WHEREAS, a reserve account should be created to address special needs for claims resolutions and expenses; and

WHEREAS, as a result of a recent State audit, METRO has received additional sales tax revenues; and

WHEREAS, it is appropriate that these additional funds be allocated to reserve accounts to meet emergencies or special needs;

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

Section 1. The Board of Directors hereby approves and authorizes the creation of a Legal Reserve Account, and directs the deposit of funds into reserve accounts as designated below:

Account	Allocation
Fuel	$3,695,121
METRO Solutions	$4,608,523
New Service	$2,767,881
Emergency Management	$2,767,881
Legal Reserve	$3,000,000

Section 2. This resolution is effective immediately upon passage.

PASSED this 16th day of February, 2006
APPROVED this 16th day of February, 2006

ATTEST:

METROPOLITAN TRANSIT AUTHORITY METRO.

Assistant Secretary

David S. Wolff
Chairman

RESOLUTION NO. 2006- 18

A RESOLUTION

APPROVAL AND ADOPTION OF A FUEL PRICE RISK MANAGEMENT POLICY; AND MAKING FINDINGS AND PROVISIONS RELATIVE TO THE SUBJECT.

WHEREAS, METRO requires a dependable source of fuel with minimal price variability to meet the public transportation needs of this region; and

WHEREAS, price fluctuations in the fuel market can create budgetary uncertainty; and

WHEREAS, it is in METRO's best interest to pursue sound and prudent financial transactions which reduce budgetary exposure to fuel price volatility; and

WHEREAS, METRO staff, with the assistance of financial consultants, have prepared a Fuel Price Risk Management Policy to provide guidance for physical and financial purchase contracts and which allows and directs specific actions given certain market conditions; and

WHEREAS, the Fuel Price Risk Management Plan has been carefully reviewed by the Board of Directors; and

WHEREAS, it is the opinion of the Board of Directors that the Fuel Price Risk Management Plan provides a fiscally sound framework for minimizing operating budget variances caused by volatile fuel prices;

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

Section 1. The Board of Directors hereby adopts the Fuel Price Risk Management Policy, attached hereto, as Attachment A.

Section 2. This resolution is effective immediately upon passage.

PASSED this 16th day of February, 2006
APPROVED this 16th day of February, 2006

ATTEST:

METROPOLITAN TRANSIT AUTHORITY METRO.

Rosy M Gonzales
Assistant Secretary

David S. Wolff
Chairman

METROPOLITAN TRANSIT AUTHORITY

Fuel Price Risk Management Policy

February 16, 2006

Preface

The Metropolitan Transit Authority (METRO) recognizes that the purchase of fuels and energy necessary to provide mass transit to the public exposes its operating budget to the volatility inherent in the energy markets. METRO wishes to reduce, as much as practical, budgetary exposure to fuel price volatility by hedging with physical and/or financial contracts.

Goal

METRO will minimize operating budget variance attributable to fuel price variability through physical forward contracts and/or financial contracts. METRO will develop and implement a plan which will provide fuel and energy commodity price certainty for up to 24 months of expected consumption such that the operating budget expense is assured with some potential to realize savings if prices decline.

Philosophy

METRO's Fuel Price Risk Management Policy (the "Policy") is an executable hedge plan which both allows and directs specific actions given certain market conditions. The tactics discussed in the Policy allow METRO alternatives to achieving the goal. The policy applies to all contracts for the purchase of fuel subsequent to the date hereof.

METRO will define the total amount of fuel and energy, which is eligible to be hedged for each budgetary cycle. These quantities will be set as the result of collaboration between the appropriate departments including operations, finance, procurement and the executive office. The volume of any physical or financial contract(s) will never exceed the eligible volume for any period. By July 15 of each year, the following fiscal year's budget cycle shall be hedged to be within the guidelines of the Policy.

All hedges will be constructed so as to be qualified for hedge accounting treatment under FASB guidelines. (This means that any financial hedge instrument must settle against or be directly linked to the index used as the pricing reference in the applicable procurement contract. For example, if METRO has a contract for delivery of fuel based on Platt's Gulf Coast Low-Sulfur Diesel Index, then the financial hedge must also be based on Platt's Gulf Coast Low-Sulfur Diesel Index.) Therefore, all physical procurement contracts must be priced by an index for which there exists a liquid forward market. In other words, each hedging instrument must match the commodity that is ultimately being used by METRO.

METRO intends to enter into both physical and financial purchase contracts. METRO will use a broad-based competitive process to ensure the lowest possible price. METRO recognizes that both physical and financial alternatives must be examined to achieve the best results in varying markets. No tactics involving financial leverage or even modest basis risk will be utilized. All tactics will be reviewed in the context of how a prudent man would react to learning of an adverse move in that instrument.

Appropriate procedures will regulate the amount of counterparty credit/performance risk taken by METRO. These procedures will address minimum counterparty credit ratings and collateralization requirements.

Proper reporting practices will insure that both METRO's management and Board will be kept appropriately informed of the relevant metrics of the program. Separation of execution and reporting responsibilities will insure that timely and accurate information is being reported. The Procurement Department will be responsible for competitively bidding and awarding the contracts and executing transaction confirmations. The Treasury Department will be responsible for verifying all orders based on duplicate confirmations from the suppliers and the transaction clerk's daily log. All reports, internal and to the Board, will be produced by the Office of Management and Budget. Monthly reports will be made to the Finance/Audit Committee of the Board.

Procedures and Guidelines

1. Management shall set specific commodity price targets with corresponding authorized quantities to be hedged. The resulting table of price and quantity for each commodity will serve as the "executable hedge plan" which will dictate the course of action for the authorized transaction clerk.

2. Select (and train if necessary) two persons from the Procurement Department who shall be authorized to execute transactions when and as directed with authorized counterparties. The designated fuel transaction clerks shall complete a transaction record the day a transaction is executed to ensure a timely record of each and every transaction. Copies will be distributed to Operations, Finance–Treasury & OMB and Procurement management daily.

3. Select and set up master swap agreements (International Swaps and Derivatives Association, Inc.; ISDA agreements; "Guaranteed Price Contract") with as many pre-qualified financial counterparties as possible in order to assure through competition that METRO transacts "at the market" and diversifies counterparty performance/credit risk. All agreements shall require that Counterpartys shall either have a minimum long-term rating of "A3" or "A-" by at least two of the three nationally recognized rating agencies or have collateral posting requirements for entities with ratings below this level.

4. Structure an information system to capture and report physical and financial positions so that each can be reviewed separately and in total so that net price risk and collateralization requirements can be accurately assessed and managed in real time. This system will also serve as a central check and balance tool; therefore, it should allow for reconciliation of physical and financial confirmations with transactional input. The confirmations are generated by the designated fuel transaction clerk. The information system will be maintained by the Finance Department which reports separately to the President & CEO. All reports, internal and to the Board, will be produced by the Office of Management and Budget.

5. Financial transactions will match the physical risk they are intended to hedge in duration, quantity, and price (basis) risk. At no time shall the quantity of executed financial contracts exceed the quantity of fuel METRO has budgeted for delivery in a given period.

6. By July 15th of each year, the coming fiscal year's fuel/energy budget shall be hedged in such a way that the budget calculations can determine a maximum expense for each budget category.

Tactics

1. Fixed Price Future Delivery Contracts (Fiscal Year 2006 Cost Price Averaging Technique):

   a. Discuss purchasing opportunities with multiple major suppliers;
   b. Negotiations with a selected contractor on the component parts of the total price of Number 2 Diesel (base, Txled, transportation);
   c. Guaranteed delivery within a specified future period;
   d. METRO pays after delivery. No deposits or collateralization required.

   Note: This is the tactic that METRO used to procure diesel fuel for December 2005 through May 2006.

2. Guaranteed Price Contracts (Swaps):

   a. Pre-qualify fuel vendors and financial companies to enter into guaranteed price contracts with METRO;
   b. Enter into master agreements with qualified companies; (ISDA Master swap agreements)
   c. Procure a fuel supplier using a competitive process;
   d. Procure a fuel deliverer using a competitive process;
   e. Procure a guaranteed price contract as per guidelines and procedures as described in the policy.

Example:

METRO separates fuel purchasing into two procurements, 1) physical and 2) financial. The physical contract combines the fuel supplier (refinery) and fuel deliverer (trucking company) into one contract. In the physical contract METRO bids out the right to deliver set quantities of diesel to METRO's tanks in December 2006. This is the same procurement method that METRO used prior to January 2005. The low bid specifies that METRO will pay in December 2006 the Platt's Gulf Coast Low Sulfur Diesel Index plus $0.02 per gallon (transportation). METRO conducts a separate bid process for a contract whereby METRO will sell the same quantity of fuel at the December 2006 index price for Platt's Gulf Coast Low Sulfur Diesel and METRO will simultaneously purchase such amount of fuel at a fixed price. The low bid for the guaranteed price contract is $1.90 per gallon. Hence, METRO's net cost will be $1.90 + 0.02 = $1.92.

Financial		Physical	
BUY	SELL	BUY	SELL
$1.90	Platt's	Platt's + .02	

Then in December 2006, the fuel is delivered and the Platt's Index is $2.50 per gallon. METRO pays the physical contract supplier $2.52 per gallon (Platt's Index and transportation). METRO receives $0.60 per gallon from the guaranteed price contract creating a net cost of $1.92 per gallon.

Financial		Physical	
BUY	SELL	BUY	SELL
$1.90	~~Platt's~~	~~Platt's~~ + .02	

Supplier	$2.52	
Swap	(.60)	Platt's = $2.50
METRO	$1.92	

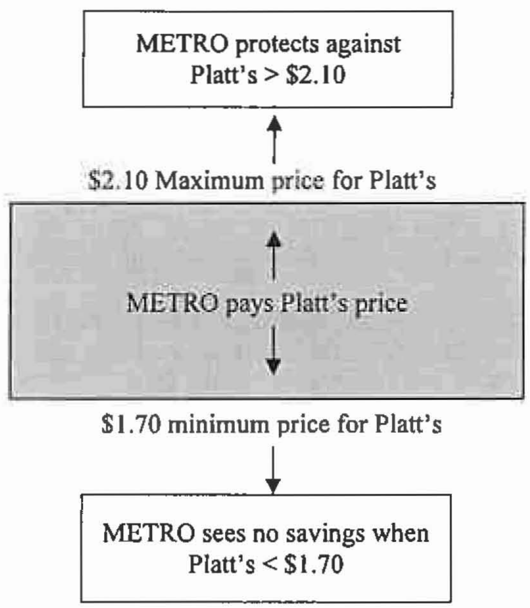
3. Maximum/Minimum Price Contracts (Collars):

   a. Pre-qualify fuel vendors and financial companies to enter into maximum/minimum price contracts with METRO;
   b. Enter into master agreements with qualified companies;
   c. Procure a fuel supplier using a competitive process;
   d. Procure a fuel deliverer using a competitive process;
   e. Procure a maximum/minimum price contract as per guidelines and procedures as described above. This tactic sets a maximum fuel price above which METRO will incur no cost, as well as a minimum price below which METRO will not participate in cost savings. In between the maximum and minimum prices, METRO will pay market price (such as a Platt's Index).

Example:

METRO enters into a competitive procurement for physical delivery of diesel in December 2006. The low bidder agrees to provide to METRO's tanks the diesel fuel for Platt's Index plus $0.02 per gallon (transportation). A second procurement requests bids for the minimum price in a contract that specifies that METRO will purchase an amount of fuel at Platt's Index with a maximum price of $2.10 per gallon and that METRO will not make any upfront payment for this contract. The variable in the bid process is the minimum price that METRO will pay. In addition to this purchase the contract specifies that METRO will sell a like amount of diesel at the Platt's Index. The low bidder agrees to enter into a contract with a minimum price of $1.70 per gallon. Hence METRO pays a net price of Platt's Index within a collar of $2.10 and $1.70 plus the $0.02 transportation from the physical contract.

Assuming that Platt's Index is at $2.50 in December 2006, METRO will pay the physical supplier $2.52 per gallon. The collar contract will have METRO buying at $2.10 and selling at $2.50 for a net benefit of $0.40 per gallon. Hence METRO's net cost of fuel is $2.12 per gallon.



Supplier	$2.52
Collars	<.40>
METRO	$2.12

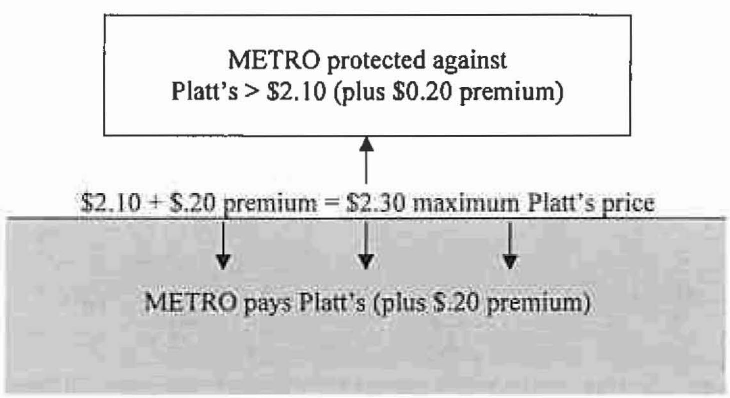
4. Maximum Price Contracts (Cap):

   a. Pre-qualify fuel vendors and financial companies to enter into maximum price contracts with METRO;
   b. Enter into master agreements with qualified companies;
   c. Procure a fuel supplier using a competitive process;
   d. Procure a fuel deliverer using a competitive process;
   e. Procure a maximum price contract as per guidelines and procedures as described above. This tactic sets a maximum fuel price above which METRO will incur no cost. Beneath the maximum, METRO will pay the market price (such as a Platt's Index) plus the contract premium price.

Example:

METRO enters into a competitive procurement for physical delivery of diesel in December 2006. The low bidder agrees to provide to METRO's tanks the diesel fuel for Platt's Index plus $0.02 per gallon transportation. A second procurement requests bids for a contract in which METRO will purchase fuel at Platt's Index with a specified maximum price of $2.10 per gallon. The variable in the bid process is the price premium that METRO will pay on the contracted volume. In addition to this purchase the contract specifies that METRO will sell a like amount of diesel at the Platt's Index. The low bidder agrees to enter into a contract with a premium of $0.20 per gallon. Hence METRO pays a net price of Platt's Index with a maximum price of $2.10, plus $0.20 premium and plus the $0.02 from the physical contract.

Assuming that Platt's Index is at $2.50 in December 2006, METRO will pay the physical supplier $2.52 per gallon. The cap contract will have METRO buying at $2.10 and selling at $2.50 plus paying a premium of $0.20 for a net benefit of $0.20 per gallon. Hence METRO's net cost of fuel is $2.32 per gallon.



Note: Maximum price tactic is analogous to purchasing $2.10 fuel price insurance for $.20/gallon.

Definitions

ARBITRAGE – The simultaneous purchase and sale of the same financial instrument or commodity in different marketplaces in order to profit from congruent price disparities.

BASIS RISK – The difference between the index used in a financial hedge versus the physical commodity being hedged. For example, if METRO hedged future purchases of #2 diesel with an index based on the price of heating oil, a risk would exist that the price of diesel would go up and the price of heating oil would not.

HEDGE – A physical or financial position, which matches the quantity, duration, and price risk of a natural or acquired physical risk. Example: METRO purchases fuel under a physical contract which is priced using the average of daily US Gulf Coast Platt's Low Sulfur Diesel Pipeline (Platt's Index) and has the "natural risk" of the Platt's Index increasing in value. In order to "hedge" these volumes, METRO might purchase a guaranteed price Platt's Index contract in an amount and term to match contracted volume. Because both the payment for physical volumes and the settlement of the financial swap are based on the same published Platt's Index, the fixed price at which METRO bought the Platt's Index swap will equal the price realized for those volumes hedged.

SUPPLY – refers to seller of physical volumes.

SWAP – A negotiated contract whereby one party sells and the other buys a fixed price (and quantity) which will be compared to an agreed market or index in order to determine which party pays in settlement.

Based on review by the Finance/Audit Committee on February 15, 2006, page 2 has been modified to add the following sentence to the third paragraph:

> "Monthly reports will be made to the Finance/Audit Committee of the Board."

RESOLUTION NO. 2006- 19

A RESOLUTION

AUTHORIZING AND DIRECTING THE PRESIDENT & CEO TO NEGOTIATE, EXECUTE AND DELIVER A CONTRACT WITH GLOBAL DATA SYSTEMS, INC. – HOUSTON FOR PHASE II OF THE METRONET INITIATIVE FOR CONVERSION TO VOICE-OVER IP TECHNOLOGY; AND MAKING FINDINGS AND PROVISIONS RELATIVE TO THE SUBJECT.

WHEREAS, Phase II of the METRONet initiative comprises telecommunications upgrades; and

WHEREAS, METRO issued a Request for Proposals for conversion of METRO's current voice telecommunications system to "Voice-over IP" technology; and

WHEREAS, "Voice-over IP" technology will enhance telecommunications capability and reduce ongoing operating costs; and

WHEREAS, Global Data Systems, Inc. – Houston has been determined most qualified to perform the conversion to the "Voice-over IP" technology and installation of necessary system components;

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

Section 1. The President & CEO is hereby authorized and directed to negotiate, execute and deliver a contract with Global Data Systems, Inc. – Houston for Phase II of the METRONet Initiative conversion to "Voice-over IP" technology for an amount not to exceed $1,715,962.00.

Section 2. This resolution is effective immediately upon passage.

PASSED this 16th day of February, 2006
APPROVED this 16th day of February, 2006

ATTEST:

METROPOLITAN TRANSIT AUTHORITY METRO.

Assistant Secretary

David S. Wolff
Chairman

RESOLUTION NO. 2006- 20

A RESOLUTION

AUTHORIZING AND DIRECTING THE PRESIDENT & CEO TO NEGOTIATE, EXECUTE AND DELIVER CONTRACTS WITH ELIGIBLE FIRMS FOR SPECIAL EVENT TRANSIT SERVICES; AND MAKING FINDINGS AND PROVISIONS RELATIVE TO THE SUBJECT.

WHEREAS, METRO issued a solicitation for Special Event Transit Services; and

WHEREAS, the solicitation included the requirements that contractors have all necessary METRO insurance coverage and have a drug and alcohol prevention program; and

WHEREAS, firms have been identified which meet METRO's insurance requirements, including worker's compensation or equivalent coverage, and have a drug and alcohol prevention program; and

WHEREAS, it is appropriate that staff negotiate with those eligible firms for Special Event Transit Services based upon the prices submitted in response to the solicitation;

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

Section 1. The President & CEO is hereby authorized and directed to negotiate, execute and deliver requirement-type contracts with eligible firms for Special Event Transit Services for a total amount not to exceed $2,000,000.00.

Section 2. This resolution is effective immediately upon passage.

PASSED this 16th day of February, 2006
APPROVED this 16th day of February, 2006

METROPOLITAN TRANSIT METRO. AUTHORITY

ATTEST:

Rose M Gonzales
Assistant Secretary

David S. Wolff
Chairman