RESOLUTION NO. 2005-53

RESOLUTION AUTHORIZING FUEL HEDGE PROGRAM AND IMPLEMENTATION THEREOF AND APPROVING RELATED DOCUMENTS AND OTHER MATTERS RELATING THERETO

WHEREAS, the purchase of fuel is necessary to the transit system operated by the Metropolitan Transit Authority of Harris County, Texas (the “Authority”);

WHEREAS, in recent years the market price of oil has been extremely volatile and such volatility has resulted in budgetary uncertainties with respect to the Authority’s expenditures for fuel;

WHEREAS, in an effort to offset market price volatility and provide greater stability for the Authority’s operating budget for fuel costs, in Fiscal Year 2005 the Authority instituted a bulk purchasing program with its contract supplier pursuant to which the Authority has achieved a total of $1.311 million in cost avoidance against market fluctuations;

WHEREAS, in an effort to further offset market price volatility the Board of Directors (the “Board”) desires to authorize the establishment and implementation of a fuel hedge program with JPMorgan Chase Bank, N.A. (the “Counterparty”), as further described in this resolution;

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

Section 1. Board Determination. The Board hereby finds, determines and certifies that the facts and recitations contained in the preamble of this Resolution are true and correct; and that entering into fuel hedge transactions in order to achieve more predictable fuel expenditures is necessary, convenient or useful to providing mass transit in the Authority’s service area.

Section 2. Authorization of Fuel Hedge Program. The Board hereby authorizes and establishes a fuel hedge program and directs the Authority’s staff to develop and implement the fuel hedge program with the following features:

- Cover the Authority and Contracted Service Providers for up to eighteen (18) months duration
- Provide for an equivalent of 12-18.0 million gallons of ULSD, Diesel and Gasoline (80% to 120% of the Fiscal Year 2006 Estimate)
- Provide for a minimum hedge period of twelve months from October 2005 to September 2006
- Provide for a fixed price contract with JPMorgan Chase Bank, N.A., as the Counterparty
- Provide for monthly settlements of transactions
- Develop a monitoring program and present the monitoring program to the Board for approval at the next Board meeting following the approval of this resolution

Section 3. Approval of Fixed Price Contact. The form of the fixed price contract is attached to this Resolution as Exhibit A and consists of an ISDA Form of Master Agreement, a
Schedule to the Master Agreement and a Confirmation (collectively, the “Fixed Price Contract”).
The Board hereby directs the President and Chief Executive Officer or his designees to negotiate
and finalize the form of Fixed Price Contract with the Counterparty. The Board further directs
and delegates authority to the President and Chief Executive Officer and such other officers or
representatives of the Authority as may be designated by the President and Chief Executive
Officer (each an “Authorized Representative”), or any of them to take all actions necessary,
desirable or appropriate to confirm the terms of the Fixed Price Contract and to implement all
necessary and proper actions for the fuel hedge program.

Section 4. Authorization to Execute and Deliver Other Documents and Approval of
Other Matters. The Board hereby authorizes the Chief Executive Officer or any Authorized
Representative to execute and deliver, or to cause to be executed and delivered, one or more
Fixed Price Contracts with the Counterparty consistent with the features of the fuel hedge
program described above, and any other agreements, documents, instruments and certificates, as
any such Authorized Representative, in his or her discretion, may deem necessary, advisable or
appropriate to effectuate or carry out the Authority’s responsibilities and obligations under
the fuel hedge program or the purpose and intent of this Resolution, and the taking of any such
action shall conclusively evidence the appropriateness or necessity of any such agreements,
documents, instruments and certificates.

Section 5. Further Actions. The Board hereby authorizes the Authorized
Representatives to take all other actions and do all other things, as may be necessary, desirable or
appropriate to carry out or assist in carrying out the Authority’s responsibilities and obligations
under the fuel hedge program and the purpose and intent of this Resolution.

Section 6. Enforceable and Binding Act. Any agreement authorized by this
Resolution shall become the enforceable and binding act and obligation of the Authority upon
execution and delivery thereof.

Section 7. Severability. Any section, paragraph, clause, or provision of this
Resolution shall for any reason be held to be invalid or unenforceable, the invalidity or
unenforceability of such section, paragraph, clause, or provision shall not affect any of the
remaining provisions of this Resolution.

Section 8. Open Meeting. It is hereby found, determined, and declared that a
sufficient written notice of the date, hour, place, and subject of the meeting of the Board at which
this Resolution was adopted was posted at a place convenient and readily accessible at all times
to the general public and the location and for the time required by law preceding this meeting, as
required by the Open Meetings Act, Chapter 551, Texas Government Code, and that this meeting
has been open to the public as required by law at all times during which this Resolution and the
subject matter thereof has been discussed, considered, and formally acted upon. The Board
further ratifies, approves, and confirms such written notice and the contents and posting thereof.

Section 9. Exhibit A Incorporated. The form and substance of each of the documents
attached hereto as Exhibit A, as such documents have been and may be revised and updated in
accordance herewith, are hereby approved and all of the terms and provisions of each of such
documents shall be and are hereby incorporated into and made a part of this Resolution for all purposes.

Section 10. **Power to Revise Form of Documents.** Notwithstanding any other provision of this Resolution, the Authorized Representatives, or any of them, are hereby authorized to make or approve such revisions, additions, deletions, and variations in the form of the documents attached hereto as Exhibit A as, in the judgment of such Authorized Representative or in the opinion of legal counsel to the Authority, may be in the best interests of the Authority or otherwise necessary or convenient to carry out or assist in carrying out the purposes of this Resolution.

Section 11. **Ratification and Confirmation.** All acts, transactions or agreements undertaken prior to the adoption of this Resolution by any member of the Board or any representative of the Authority in connection with the matters authorized by this Resolution and all actions incidental thereto are hereby ratified, confirmed and adopted by the Authority.

[SIGNATURE PAGE FOLLOWS]
APPROVED AND ADOPTED this June 16, 2005.

METROPOLITAN TRANSIT AUTHORITY OF HARRIS COUNTY, TEXAS

By: ________________________________

Chairman, Board of Directors

ATTEST:

By: ________________________________

Secretary, Board of Directors
EXHIBIT A

FIXED PRICE CONTRACT