Presentation Outline

• Program Purpose
• Historical Data
• Conclusions and Next Steps
Fuel Hedging Program Overview

• Began in FY2010
• Designed to reduce volatility and uncertainty in the budget for fuel expenses
• In FY2010, fuel budget was reduced by $2.5 million due to the hedging program
• Price cap option is akin to insurance
• Cap gives protection against price increases, allows JPB to benefit from price decreases
• JPB and SamTrans together hedge approximately 50% of their total projected fuel usage
# Historical Data

<table>
<thead>
<tr>
<th></th>
<th>FY2010</th>
<th>FY2011</th>
<th>FY2012</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cap Price</strong></td>
<td>$2.00</td>
<td>$2.25</td>
<td>$2.90</td>
</tr>
<tr>
<td><strong>Cost of Cap</strong></td>
<td>$293,000</td>
<td>$383,000</td>
<td>$506,000</td>
</tr>
<tr>
<td><strong>Payments Rec’d</strong></td>
<td>$108,000</td>
<td>$784,000</td>
<td>$231,000*</td>
</tr>
<tr>
<td><strong>Total Fuel Exp</strong></td>
<td>$10.3 million</td>
<td>$12.9 million</td>
<td>$15.2 million**</td>
</tr>
<tr>
<td><strong>Counterparty</strong></td>
<td>Deutsche Bank</td>
<td>Barclays Bank</td>
<td>Deutsche Bank</td>
</tr>
</tbody>
</table>

*data through March 2012 only

**FY2012 revised budget for fuel
Associated Parties

• Orrick, Herrington & Sutcliffe LLP
  - Negotiate with counterparties
  - Review documents
  - Advise on technical legal matters

• Financial Advisors
  - Identify bidders
  - Develop bidding package
  - Review and evaluate bids
  - Monitor market
  - Monthly calculation of price differences and evaluation of counterparty credit ratings
Next Steps

• Solicit bids from selected counterparties for FY2013 transaction
• Review bids and make go/no-go decision
• At the request of the San Mateo County Transit District, staff will offer to present the fuel hedging program to local city and county financial officers
Questions?