

ORDINANCE NO. 011-11

AN ORDINANCE AUTHORIZING  
EXECUTION OF AN INDEX RATE  
NATURAL GAS CONTRACT AND  
PROVIDING THE AUTHORITY TO  
CONVERT PORTIONS OF THE  
CONTRACT AMOUNT TO FIXED-PRICE  
AGREEMENTS FROM TIME TO TIME

WHEREAS, The Chicago Transit Authority's ("Authority") collectively utilizes approximately 600,000 decatherms of natural gas per year; and

WHEREAS, The Authority's annual expenditure for natural gas is approximately \$6,000,000.00; and

WHEREAS, The Authority may obtain significant cost savings and increased budgeting accuracy by entering into fixed-price agreements for portions of its natural gas requirements; and

WHEREAS, Volatility in the natural gas market creates an imperative for the Authority to act in a matter of minutes to enter into fixed-price agreements that serve its best interests; and

WHEREAS, The Authority has issued a Request for Proposals ("RFP") to identify a responsible third-party natural gas supplier that can fulfill the Authority's natural gas needs; and

WHEREAS, Sealed proposals in response to the Authority's RFP are due in the second week of February 2011; and

WHEREAS, Under industry practice, proposals submitted for natural gas contracts are valid for very short time periods due to price fluctuations and changes in market conditions; and

WHEREAS, In order for the Authority to enter into a contract under such changing market conditions, it is necessary and desirable to obtain Chicago Transit Board ("Board") approval, in advance, to authorize execution of the contract; now, therefore:

BE IT ORDAINED BY THE CHICAGO TRANSIT BOARD  
OF THE CHICAGO TRANSIT AUTHORITY:

SECTION 1. Based on the statements set forth in the preamble of this ordinance, the Treasurer, or her designee, with the approval of the Chairman of the Board, shall evaluate opportunities from those responses submitted pursuant to the RFP to enter

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into a contract for natural gas with a suitable supplier that best meets the Authority's natural gas service and financial needs based on price and other factors stated in the RFP.

SECTION 2. The Board hereby provides the Treasurer, or her designee, with the approval of the Chairman, with the authority to execute fixed-price agreements converting portions of the Authority's natural gas supply from the indexed based price under the contract executed pursuant to this ordinance into short-term fixed-price agreements. Such conversion authority will be effective throughout the full term of the Authority's contract with the supplier.

SECTION 3. This ordinance shall be in full force and effect from and after its passage.

APPROVED:

PASSED:

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Chairman

February 9, 2011

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Assistant Secretary

February 9, 2011