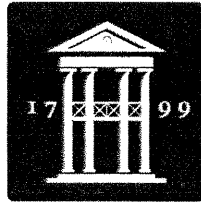


#7 A

ADMINISTRATION

Russell B. Truell
Assistant City Administrator, CFO
Finance



John C. Schroer
Mayor of Franklin

Eric S. Stuckey
City Administrator

H I S T O R I C
F R A N K L I N
T E N N E S S E E

MEMORANDUM

August 12, 2010

TO: Eric Stuckey, City Administrator

FR: Russ Truell, ACA/CFO

RE: Fuel Hedging Report

Attached is a copy of the final fuel hedging statistics for the FY2009-2010. It shows a savings of approximately \$43,000 for the hedging arrangement conducted through an interlocal agreement with Metro Nashville and Fifth Third Bank.

As I reported at the last Committee meeting, the intention of the joint parties was to enter a further agreement for the period July, 2011 through June, 2012. Orders were placed at rates below the futures market prices and, during a dip in the markets, we were able to obtain our price on half of the projected volumes. [Keep in mind that we split orders in order to avoid locking the full volume at one particular time or price.] The prices obtained were \$2.10 for gasoline and \$2.30 for diesel fuel.

The second half of the order is still open and at a slightly higher price.

For the coming fiscal year, we still have roughly sixty percent of anticipated usage locked at last year's price of \$1.82 for gasoline and \$1.88 for diesel.

9.52%	4.44%	4.40%
12,000 gallons	5,600 gallons	7,400 gallons

Gas		Diesel		Month	Gas		Diesel		Total
Gas Price	Contract	Price	Contract		contract	Contract 1	Contract 2	Contract 2	
\$1.7979	1.820	\$1.6626	1.884	July	-\$265.58	-\$1,189.13	-\$1,682.36	-\$3,137.07	
2.0181	1.820	1.8849	1.884	August	2,377.14	55.73	-37.35	2,395.52	
1.7594	1.820	1.7586	1.884	September	-736.17	-647.41	-966.51	-2,350.09	
1.9034	1.820	1.9552	1.884	October	1,001.45	449.25	482.65	1,933.35	
1.9760	1.820	2.0205	1.884	November	1,872.12	814.69	965.55	3,652.36	
1.9332	1.820	1.9977	1.884	December	1,358.73	687.02	796.85	2,842.60	
2.0452	1.820	2.0609	1.884	January	2,702.02	1,040.77	1,264.31	5,007.10	
1.9993	1.820	1.9872	1.884	February	2,151.73	628.20	719.12	3,499.05	
2.2540	1.820	2.0944	1.884	March	5,207.69	1,228.45	1,512.30	7,948.44	
2.3185	1.820	2.2304	1.884	April	1,990.51	5,982.34	2,519.31	10,492.16	
2.1061	1.820	2.0478	1.884	May	3,432.60	967.68	1,167.72	5,568.00	
2.0806	1.820	2.0047	1.884	June	3,127.53	961.47	1,159.51	5,248.51	
2.0160	-4.9%	1.9754	-2.3%	Fiscal Yr Total	24,219.77	10,979.06	7,901.10	43,099.93	

FIFTH THIRD BANK ~ 38 FOUNTAIN SQUARE PLAZA~ CINCINNATI, OHIO 45263

Confirmation

DATE: 07/01/2010
 TO: Metropolitan Government of Nashville and Davidson County
 FROM: Fifth Third Bank
 REFERENCE NUMBER: 20699290

The purpose of this communication (this "Confirmation") is to confirm the terms and conditions of the above-referenced transaction entered into on the Trade Date specified below (the "Transaction") between Fifth Third Bank ("Fifth Third") and Metropolitan Government of Nashville and Davidson County ("Counterparty").

This communication constitutes a "Confirmation" as referred to in, and supplements, forms part of, and is subject to, the 1992 ISDA Master Agreement (Multicurrency-Cross Border) dated as of December 23, 2008, as amended and supplemented from time to time (the "Agreement"), between Fifth Third and Counterparty. This Confirmation shall supersede and replace any standard short form foreign currency option confirmation or electronic confirmation message that is sent to you in connection with this Transaction.

Upon execution and delivery of an Agreement governing transactions of this type, such Agreement shall supersede the ISDA Terms, and all transactions then outstanding shall be governed thereby.

1. Transaction Terms.

Trade Date: 07/01/2010
 Transaction Type: Fixed Swap
 Fixed Price Payer: Metropolitan Government of Nashville and Davidson County
 Floating Price Payer: Fifth Third Bank
 Commodity: NYMEX NYH RBOB Gasoline
 Total Quantity: 1,008,000 gal
 Determination Periods: Twelve (12) monthly period(s) commencing with the Effective Date and ending on the Termination Date.

<u>Effective Date</u>	<u>Termination Date</u>	<u>Quantity (U.S Gallons)</u>	<u>Price</u>
01 July 2011	30 June 2012	84,000 per month	2.1000 USD per U.S. Gal

Floating Price: For each Determination Period, the average of the closing settlement prices for Pricing Days (referenced below) for the New York Mercantile Exchange's (NYMEX) NYH RBOB Futures Contract for the Reference Month.

Settlement Date(s): The last trading day of each Determination Period

Pricing Dates: Daily – Bus. Day
Payment Frequency: Monthly
Settle Rules: T + 5
Holiday Calendar: New York

2. **Account Details.**

Payments to Fifth Third:

Pay: FIFTH THIRD BANK
For the Account of: Commodities Settlements
Account Number: 7023331098
Fed. ABA No.: 042000314

3. **Offices.**

- (a) The Office of Fifth Third for the Transaction is Cincinnati, OH; and
-
- (b) The Office of Metropolitan Government of Nashville and Davidson County for the transaction is Nashville, TN.

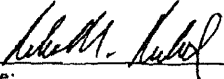
4. **Other Provisions.**

Please acknowledge that you are an "eligible contract participant" under the Commodities Exchange Act and also please confirm that the foregoing correctly sets forth the terms of the Transaction entered into between us by executing a copy of this Confirmation and returning it to us or by sending us a letter substantially similar to this letter, which letter sets forth the material terms of the Transaction to which this Confirmation relates and indicates your agreement to those terms and represents that you are an "eligible contract participant."


Commodity Operations Fax: 513-534-3461

Confirmed as of the date below:

Metropolitan Government of Nashville and Davidson County

By: 
Name: _____
Date:

FIFTH THIRD BANK

By: 
Name: MARK A. KAPPAS
Date: 7-1-10