



THE CORPORATION OF THE CITY OF BRAMPTON

# BY-LAW

Number 404-2007

To adopt a Commodity Price Hedging Policy pursuant  
to O.Reg 653/05 to the Municipal Act, 2001

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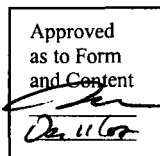
**WHEREAS** the Council of the Corporation of the City of Brampton contemplates entering into agreements for the supply of a commodity required for a municipal system that involves commodity price hedging;

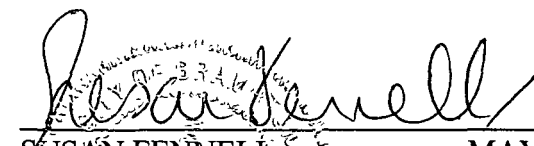
**AND WHEREAS** O.Reg 653/05 to the *Municipal Act, 2001* requires that Council adopt a statement of policies and goals relating to the use of financial agreements to address commodity pricing and costs prior to passing a By-law authorizing entering into a commodity price hedging agreement;

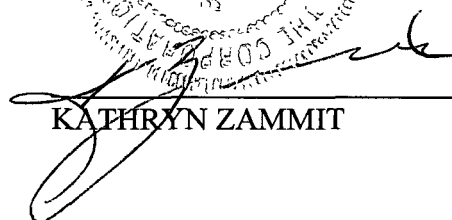
**NOW THEREFORE** the Council of The Corporation of the City of Brampton ENACTS AS FOLLOWS:

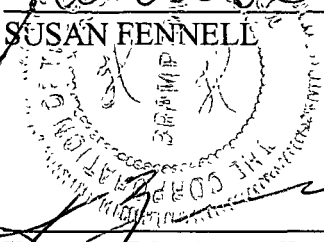
1. The Commodity Price Hedging Policy attached as Schedule "A" is hereby adopted.

**READ a FIRST, SECOND and THIRD TIME and PASSED** in Open Council this 12<sup>th</sup> day of December, 2007.



  
\_\_\_\_\_  
SUSAN FENNELLE MAYOR

  
\_\_\_\_\_  
KATHRYN ZAMMIT CLERK



# Corporate Policies

SECTION: FINANCE		DEPT: Finance Department
SUBJECT: Commodity Price Hedging		
POLICY NO.	SUPERCEDES POLICY DATED: N/A	PAGE: 1 OF 3
EFFECTIVE DATE:	APPROVED BY: Council (XXXX-2007)	APPROVAL DATE:

**POLICY STATEMENT:**

This policy is pursuant to, and to be interpreted and applied in accordance with, the requirements of the *Municipal Act, 2001* ("the Act") and any regulations passed thereunder ("the Regulations") including Ontario Regulation 653/05.

**PURPOSE:**

The purpose of this policy is to adopt a statement of The Corporation of the City of Brampton's ("City") commodity price hedging policies and goals. Section 6(1) of O. Reg. 653/05 requires the adoption of such a statement before the City may enter into commodity price hedging agreements.

**SCOPE:**

This policy applies to all agreements where commodity price hedging is utilized.

**DEFINITIONS:**

Terms used in this policy have the meanings applicable to those terms in the corresponding sections of the Act and the Regulations.

**STATEMENT OF COMMODITY PRICE HEDGING POLICIES AND GOALS:**

1. The City will consider commodity price hedging agreements as a means of fixing, directly or indirectly, or enabling the City to fix, the price or range of prices to be paid by the City for the future delivery of some or all of the commodity or the future cost to the City of an equivalent quantity of the commodity, where it is advantageous for the City to do so.



# Corporate Policies

SECTION: <b>FINANCE</b>		DEPT: Finance Department
SUBJECT: <b>Commodity Price Hedging</b>		
POLICY NO.	SUPERCEDES POLICY DATED: N/A	PAGE: 2 OF 3
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2. In determining whether a particular commodity price hedging agreement is advantageous for the City, the following considerations will be taken into account:
- a) Any and all projects of the City are projects for which commodity price hedging agreements will be appropriate;
  - b) If, at the time, it is the opinion that fixed costs and estimated costs of the City will be reduced by virtue of the use of such an agreement;
  - c) If, at the time, it is the opinion that the future price or cost to the City of the applicable commodity will be lower or more stable than it would be without the agreement;
  - d) If, at the time, the project includes a detailed estimate of the expected result of using such an agreement;
  - e) If, at the time, it is the opinion that the financial and other risks to the City that would exist with the use of such an agreement will be lower than the financial and other risks to the City that would exist without such an agreement;
  - f) If, at the time, it is the opinion that the agreement contains adequate risk control measures relating to such an agreement, such as,
    - i) Limited credit exposure based on credit ratings and/or on the degree of regulatory oversight and/or on the regulatory capital of the other party to the agreement,
    - ii) a standard agreement,
    - iii) ongoing monitoring with respect to the agreement.

**PROCEDURE:**

If the City has any subsisting commodity price hedging agreements in the fiscal year, the Commissioner of Finance and City Treasurer shall provide an annual report in that fiscal year to Council that will include the following:

# *Corporate Policies*

SECTION: <b>FINANCE</b>		DEPT: Finance Department
SUBJECT: <b>Commodity Price Hedging</b>		
POLICY NO.	SUPERCEDES POLICY DATED: N/A	PAGE: 3 OF 3
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1. A statement about the status of the agreements during the period of the report, including a comparison of the expected and actual results of using the agreements;
2. A statement by the City Treasurer indicating whether, in his or her opinion, all of the agreements entered during the period of the report are consistent with the City's statement of policies and goals relating to the use of financial agreements to address commodity pricing and costs; and
3. Such other information as Council may require; and
4. Such other information as the City Treasurer considers appropriate to include in the report.

**ACCOUNTABILITY:**

The City Treasurer shall be responsible for this policy.

**ADMINISTRATION:**

The Finance Department will be responsible for keeping this policy up to date. The City Treasurer is authorized to create, amend and delete procedures necessary for the implementation/administration of this policy.

**CONTACT:**

Senior Manager, Investments, Insurance & Risk.

