THE CORPORATION OF THE CITY OF BRANTFORD

Policy Manual

Policy Number: FINANCE-007

Subject: COMMODITY PRICE HEDGING

Policy Statement:

Purpose / Objective

The purpose of this policy is to adopt a statement of the City of Brantford's ("the City") policies and goals relating to the use of financial agreements to address Commodity pricing and costs. Section 6(1) of O. Reg. 653/05 requires the adoption of such a statement before the municipality may enter into Commodity Price Hedging Agreements.

Related Policy Guidelines

1.0 Interpretation

This policy is to be interpreted and applied in accordance with the requirements of the Municipal Act, 2001 (the "Act") and any regulations passed thereunder (the "regulations"). Terms used in this policy have the meanings applicable to those terms in the corresponding sections of the Act and regulations.

2.0 Definitions

a. Commodity - means, whether in the original or a processed state, an agricultural product, a forest product, a product of the sea, a mineral, a metal, a hydrocarbon fuel, electricity, a precious stone or other gem and other physical goods but does not include chattel paper, a document of title, an instrument, money or securities.

b. Commodity Price Hedging Agreement – A financial agreement entered into by a municipality for the supply of a commodity required for a municipal system to minimize the cost or financial risk associated with incurring debt for the commodity.

3.0 Statement of Commodity Price Hedging Policies and Goals

a. The City of Brantford will consider Commodity Price Hedging Agreements as a means of fixing, directly or indirectly, or enabling the municipality to fix, the price or range of prices to be paid by the municipality for the future delivery of some or all of the Commodity or the future cost to the municipality of an equivalent quantity of the Commodity, where it is advantageous for the municipality to do so.

b. In determining whether a particular Commodity Price Hedging Agreement is advantageous for the municipality, the following considerations will be taken into account:

i. Any and all projects of the municipality are projects for which Commodity Price Hedging Agreements will be appropriate;

ii. If, at the time, it is the opinion that fixed costs and estimated costs of the municipality will be reduced by virtue of the use of such an agreement;

iii. If, at the time, it is the opinion that the future price or cost to the municipality of the applicable Commodity will be lower or more stable than it would be without the agreement;

iv. If, at the time, the project includes a detailed estimate of the expected result of using such an agreement;

v. If, at the time, it is the opinion that the financial and other risks to the municipality that would exist with the use of such an agreement would be lower than the financial and other risks to the municipality that would exist without such an agreement;

vi. If, at the time, it is the opinion that the agreement contains adequate risk control measures relating to such an agreement, such as,

1. 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,
2. a standard agreement,
3. ongoing monitoring with respect to the agreement

Date of Enactment: March 6, 2006	**Related by By-law Number/ Staff Report Number:** 70-2010 (consolidation)
Review Date: 2009 **Amendment Dates:** September 13, 2023	**Department Responsible for Review:** Finance
Date of Next Review: September 13, 2027	**Applicable Legislation/ Legislative Authority:** Municipal Act, 2001