



POLICY

COMMODITY PRICE HEDGING

Policy Type:	Administration	Effective Date:	2011-12-12
Department:	Corporate Services	Approval Level:	Council
Division:	Financial Services	Policy #:	0026
Section/Facility:	Property Maintenance	Revision #:	N/A

1.0 PURPOSE

- 1.1 The purpose of this policy is to ensure compliance with sections 5, 6, and 7 of Ontario Regulation 653/05, made under the Municipal Act, 2001, which provides a mandatory framework to be followed by a municipality regarding commodity price hedging agreements.

2.0 APPLICATION

- 2.1 This policy and its related procedure applies to all persons responsible for overseeing, developing, administering, processing, and/or entering into commodity price hedging agreements on behalf of the City, its agencies, boards, or commissions.
- 2.2 This policy applies to any commodity, as defined in this policy.

3.0 DEFINITIONS/ACRONYMS (As Required)

City - The Corporation of the City of Peterborough, its agencies, boards and commissions.

Commodity - "Commodity", as defined in Ontario Regulation 653/05 (the "Regulation"), under the Municipal Act, 2001, 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.



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3.0 DEFINITIONS/ACRONYMS (As Required)

Commodity Price Hedging Agreement - "Commodity price hedging agreement", as described in Section 5 of the Regulation, which essentially states that it is a financial agreement that:

- (a) A municipality has entered into, or plans to enter into, 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.
- (b) Fixes, directly or indirectly, or enables 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.

4.0 POLICY STATEMENT(S)

- 4.1 The City shall consider a commodity price hedging agreement when such an agreement is demonstrated to be advantageous for the City. Such an agreement shall be assessed, entered into, and administered in accordance with sections 5, 6, and 7 of the Regulation, as outlined in the related procedure.



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5.0 APPENDIX, RELATED POLICIES, PROCEDURES & LINKS

5.1 Pertinent Resources

Ontario Regulation 653/05, made under the [Municipal Act, 2001](#)
http://www.e-laws.gov.on.ca/html/regs/english/elaws_regs_050653_e.htm

5.2 Related Policies

N/A

5.3 Related Procedures

Commodity Price Hedging Procedure

5.4 Related Forms

N/A

5.5 Miscellaneous

N/A

6.0 AMENDMENTS/ REVIEWS

Next Review Date	2012-12-01
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Date (yyyy-mm-dd)	Section(s) Amended	Comments
2011-12-05		Committee of the Whole Report No. 21 of a Meeting of December 5, 2011 recommending that the Commodity Price Hedging Policy in Report CPFS11-047 be approved.
2011-12-12		City Council approved the Commodity Price Hedging Policy in Report CPFS11-047