TOWNSHIP OF ST. CLAIR

BY-LAW NUMBER 47 of 2006

Being a by-law to approve a financial policy on
commodity price hedging for electricity procurement

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WHEREAS the Municipal Act, 2001 permits a municipality to enter into agreements in the exercise of it natural person power;

AND WHEREAS the Municipal Act, 2001 requires that a municipality develop a financing policy on commodity price hedging prior to entering into any such agreements.

NOW BE IT ENACTED;

1. **THAT** the Municipal Council of The Corporation of The Township of St. Clair adopt the "Finance Policy" as attached as Appendix A to this by-law.
2. **THAT** the Mayor and Clerk or their designates be authorized to sign any contracts, agreements or other documents appropriate and consistent with the finance policy.
3. **THAT** this by-law be effective on the passing thereof.

READ a first, second and third time and finally passed this 21st day of August, 2006.

MAYOR

CLERK

APPENDIX A

FINANCE POLICY

SUBJECT: COMMODITY PRICE HEDGING POLICY

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1. 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 the policy have the meanings applicable to those terms in the corresponding sections of the Act and the regulations.

2. Purpose

The purpose of this policy is to adopt a statement of the municipality's commodity price hedging policies and goals. 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.

3 Statement of Commodity Price Hedging Policies and Goals

(a) The Township 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 will 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.