



BY-LAW 2007-293

TO ADOPT A COMMODITY PRICE HEDGING POLICY

Whereas subsection 5(1) of Regulation 653/05 made under the *Municipal Act 2001*, as amended, permits a municipality to enter into financial agreements to minimize the cost or financial risk associated with purchase of commodities;

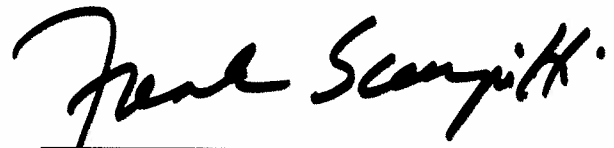
And Whereas subsection 6(1) of Regulation 653/05 requires the adoption of a statement of policies and goals relating to the use of financial agreements to address commodity pricing and costs prior to authorizing any such agreements;

NOW THEREFORE THE COUNCIL OF THE CORPORATION OF THE TOWN OF MARKHAM ENACTS AS FOLLOWS:

1. That the Commodity Price Hedging Policy attached hereto as Schedule A is hereby adopted.

READ A FIRST, SECOND, AND THIRD TIME AND PASSED THIS
11TH DAY OF DECEMBER, 2007.


SHEILA BIRRELL, TOWN CLERK


FRANK SCARPITTI, MAYOR

SCHEDULE "A"
**THE CORPORATION OF THE TOWN OF MARKHAM
COMMODITY PRICE HEDGING POLICY**

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 the regulations.

Purpose

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

Statement of Commodity Price Hedging Policies and Goals

- a) The Town will consider commodity price hedging agreements as a means of fixing, directly or indirectly, or enabling the Town to fix, the price or range of prices to be paid by the Town for the future delivery of some or all of the commodity or the future cost to the Town of an equivalent quantity of the commodity, where is advantageous for the Town to do so.
- b) In determining whether a particular commodity price hedging agreement is advantageous for the Town, the following considerations will be taken into account:
 - (i) Any and all commodity purchases for which commodity price hedging agreements will be appropriate, as determined by the Treasurer;
 - (ii) If, at the time, it is the opinion of the Treasurer that fixed costs and estimated costs of the Town will be reduced by virtue of the use of such an agreement;
 - (iii) If, at the time, it is the opinion of the Treasurer that the future price or cost to the Town of the applicable commodity will be lower or more stable than it would be without the agreement;
 - (iv) If, at the time the commodity purchase include a detailed estimate of the expected result of using such an agreement;
 - (v) If, at the time, it is the opinion of the Treasurer that the financial and other risks to the Town that would exist with the use of such an agreement will be lower than the financial and other risks to the Town that would exist without such an agreement; and
 - (vi) If, at the time, it is the opinion of the Treasurer 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, and
 - 3) ongoing monitoring with respect to the agreement.

Reporting Requirements

The Treasurer shall report to Council at least once each fiscal year with respect to any and all commodity price hedging agreements in place. The report shall contain, as a minimum, all requirements as set out in O. Reg. 653/05.