
Memorandum

To: City of Cartersville City Council

cc: Matt Santini, Mayor
Dan Porta, City Manager

From: Brian Friery, Gas System Assistant Director

Date: November 6, 2023

RE: Resolution for the Authorization for
Hedging Natural Gas Through
Municipal Gas Authority of Georgia

As you know, by Contract entered into September 1, 2023 between the City of Cartersville and the Municipal Gas Authority of Georgia (MGAG), the City became a member of MGAG to manage the City's natural gas supply. As a benefit of being a member of MGAG, the City has the option to be part of MGAG's natural gas price hedging programs known as Member Elective Price Hedging. These programs were developed to manage price risk associated with natural gas prices giving the Member an opportunity to lock in future prices for natural gas purchases. Since these programs typically have a time limit associated with the natural gas purchases, the purpose of this resolution is to allow the City Manager, Gas System Director or Assistant Gas System Director to execute the elective forms, transaction confirmations and any other documents, agreements or instruments associated with any Member Elective Price Hedging contemplated by this resolution. This resolution was approved by the City Attorney's office. The Gas System recommends Council approval of this resolution.

RESOLUTION NO. _____

**AUTHORIZATION FOR HEDGING NATURAL GAS THROUGH
MUNICIPAL GAS AUTHORITY OF GEORGIA**

WHEREAS, the City of Cartersville is a Member (the “Member”) of the Municipal Gas Authority of Georgia (the “Gas Authority”) and has entered into a Gas Supply Contract, dated as of _____ (the “Gas Supply Contract”), with the Gas Authority; and

WHEREAS, the Member acknowledges that natural gas prices have historically been very volatile, and the use of hedging as provided for in the Gas Supply Contract can help mitigate price risk to the Member; and

WHEREAS, the Gas Authority’s staff has studied the use of hedging strategies to mitigate price risk associated with market conditions for residential and commercial customers (“R&C Customers”), poultry growers (“Poultry Growers”) and for industrial and other large end-users (“Industrial Customers”), and the staff has heretofore determined that it was feasible and desirable from a competitive standpoint to offer such hedging strategies to Members; and

WHEREAS, the Gas Authority has developed elective hedging programs under the provisions of the Gas Supply Contract to offer to Members to manage price risk associated with service to R&C Customers, Poultry Growers, Industrial Customers and other end-users; and

WHEREAS, under the Pricing Policy approved by the Board, Members are billed based on spot market prices adjusted for any hedges elected by the Members;

NOW, THEREFORE, BE IT RESOLVED as follows:

Section 1. Approval of Hedging. The governing body of the Member hereby approves the use of the Gas Authority Member elective hedging programs under the Gas Supply Contract that enable the Member to offer hedged prices to its R&C Customers, Poultry Growers, Industrial Customers and other end-users (“Member Elective Price Hedging”). The Member hereby elects to limit its Member Elective Price Hedging authority under the Gas Supply Contract to hedges of 36 months or less.

Section 2. Hedging Elections and Transaction Confirmations. The governing body of the Member hereby authorizes the City Manager, Gas System Director and/or Gas System Assistant Director of the Member (the “Authorized Member Representatives”) to complete the election forms and/or transaction confirmations to enter into Member Elective Price Hedging and to deliver such election forms and/or transaction confirmations on behalf of the Member as its authorized act. The election forms and transaction confirmations shall be in substantially the form attached hereto as Exhibit “A” and incorporated herein by this reference.

Section 3. General Authorizations, Incorporation of Recitals and Ratification of Actions. The Authorized Member Representatives are hereby authorized and directed to take such further actions and execute and deliver such certificates or other documents, agreements or instruments as shall be necessary or convenient to effect any Member Elective Price Hedging contemplated by this Resolution. The preambles hereto are hereby incorporated herein by this

reference and approved, and all actions of the Authorized Member Representatives in the review and finalization of election forms and transaction confirmations under Member Elective Price Hedging are hereby ratified and approved.

BE IT AND IT IS HEREBY RESOLVED AND ADOPTED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF CARTERSVILLE, this ____ day of November, 2023.

ATTEST:

/s/ _____
Julia Drake, City Clerk
City of Cartersville, Georgia

/s/ _____
Matthew J. Santini, Mayor
City of Cartersville, Georgia

Exhibit A (Election Form Examples)

HEDGE PROGRAM Option 2 (R&C Gas Authority Pool) Participation with Gas Authority Decisions

Member: _____ Contact Person: _____

A Member's election to participate in Option 2 of the hedge program is pursuant to the Gas Supply Contract between the Municipal Gas Authority of Georgia ("Gas Authority") and the Member and does not in any way alter the terms or supersede the Gas Supply Contract.

Please hedge the following monthly volumes (in MMBtu) on an ongoing basis at the Gas Authority's discretion. This is a rolling 24 month program. Future requests to change Option 2 hedge volumes must be made in writing and are subject to limitation based on hedges already placed by the Gas Authority on behalf of the Member. Member may be obligated to pay for natural gas based on hedges already in place for as long as 24 months following written election to exit the Option 2 program or reduce hedged volumes. This election form supersedes all prior hedge elections or agreements.

Signed: _____ as its: _____ Date: _____

Gas Authority Accepted: _____ as its: _____ Date: _____

| Month (do not specify year) | Monthly Volume (MMBtu) |
|-----------------------------|------------------------|
| April | |
| May | |
| June | |
| July | |
| August | |
| September | |
| October | |
| November | |
| December | |
| January | |
| February | |
| March | |
| | |

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