

**CITY OF PRINCE GEORGE**

**BYLAW NO. 7601**

**A Bylaw to authorize the borrowing of funds to enable the City of Prince George to enter into a Capital Lease-In-Lease-Out arrangement with Terasen Gas Inc.**

**WHEREAS** Terasen Gas Inc. Ltd. (“TERASEN”) currently distributes and delivers natural gas in the City of Prince George through its natural gas distribution system under the terms of a Franchise Agreement between the City of Prince George and TERASEN:

**AND WHEREAS** the current Franchise Agreement provides the City of Prince George with an option to “buy-out” the existing natural gas distribution system within the boundaries of the City of Prince George;

**AND WHEREAS** TERASEN has expressed a desire to have the “buy-out” provisions removed from a renewal of the Franchise Agreement as such “buy-out” provision represents a source of future uncertainty for TERASEN;

**AND WHEREAS** the City of Prince George believes it has a fiduciary duty to protect the City’s assets and to realize optimum potential value from the contractual rights of an asset if the rights are going to lapse or be divested;

**AND WHEREAS** the City of Prince George has entered into agreements with TERASEN for the capital lease and operation lease back of the said natural gas distribution system;

**AND WHEREAS** the value of the City of Prince George’s rights in the capital lease is sixty million dollars (\$60,000,000);

**AND WHEREAS** the City of Prince George, under the terms of the capital Lease agreement has the right to prepay 95% of the annual rent payable for the value of the City of Prince George’s rights in the capital lease of the natural gas distribution system;

**AND WHEREAS** the value of the prepaid rent due under the capital lease is the sum of fifty-seven million (\$57,000,000);

**AND WHEREAS** an additional one million five hundred and ninety-six thousand dollars (\$1,596,000) is required to cover the financing costs and the costs of developing the agreements;

**AND WHEREAS** the estimated cost of this project, including expenses incidental thereto, is the sum of fifty-eight million five hundred and ninety-six thousand dollars (\$58,596,000), which is the amount of debt intended to be created by this Bylaw;

AND WHEREAS the maximum term for which debentures may be issued to secure the debt created by this Bylaw is seventeen (17) years;

AND WHEREAS Council has received a valid referendum result that would allow it to proceed with adoption of this Bylaw;

NOW THEREFORE the Council of the City of Prince George, in open meeting assembled, ENACTS AS FOLLOWS:

1. The Council is hereby empowered and authorized prepay the rent due under the terms of the Capital Lease from TERASEN of the Natural Gas Distribution System,—and to do all things necessary in connection therewith and without limiting the generality of the foregoing;
  - a) To borrow upon the credit of the Municipality a sum not exceeding fifty-eight million five hundred ninety-six thousand dollars (\$58,596,000);
  - b) To acquire all such real property, easements rights-of-way licenses, rights or authorities as may be requisite or desirable for or in connection with the prepayment of the lease of the Natural Gas Distribution System from Terasen Gas Inc.
2. The maximum term for which debentures may be issued to secure the debt created by this Bylaw is seventeen (17) years.
3. This Bylaw may be cited for all purposes as “Terasen Loan Authorization Bylaw No. 7601, 2004”.


READ A FIRST TIME THIS THE 18<sup>th</sup> DAY OF May , 2004.

READ A SECOND TIME THIS THE 18<sup>th</sup> DAY OF May , 2004.

READ A THIRD TIME THIS THE 18<sup>th</sup> DAY OF May , 2004.

All three readings passed by a unanimous decision of Members of City Council present and eligible to vote.

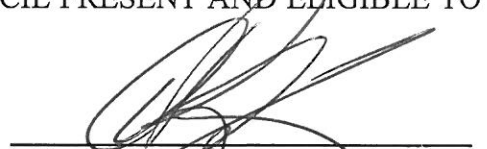
I hereby certify that this Bylaw has received three readings by City Council as outlined herein.


  
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 CLERK OF THE CITY OF PRINCE GEORGE

RECEIVED THE APPROVAL OF THE INSPECTOR OF MUNICIPALITIES  
PURSUANT TO THE PROVISION OF SECTION 179 OF THE COMMUNITY  
CHARTER, THIS THE \_\_\_\_\_ DAY OF \_\_\_\_\_, 2004.

*as per Statutory Approval*  
INSPECTOR OF MUNICIPALITES

ADOPTED THIS THE *5<sup>th</sup>* DAY OF *July*, 2004, BY A *unanimous*  
DECISION OF ALL MEMBERS OF CITY COUNCIL PRESENT AND ELIGIBLE TO  
VOTE.

  
\_\_\_\_\_  
MAYOR

  
\_\_\_\_\_  
CLERK



No. \_\_\_\_\_

## Statutory Approval

*Under the provisions of section* \_\_\_\_\_ 179 \_\_\_\_\_

*of the* \_\_\_\_\_ *Community Charter* \_\_\_\_\_

*I hereby approve Bylaw No.* \_\_\_\_\_ 7601 \_\_\_\_\_

*of* \_\_\_\_\_ *the City of Prince George* \_\_\_\_\_,

*a copy of which is attached hereto.*

*Dated this* 8<sup>th</sup> *day*  
*of* June *, 2004*

*Brendan Gibb*

Deputy Inspector of Municipalities



No. 15550

## Certificate of Approval

*In pursuance of the Local Government Act, I hereby certify that the within bylaw, being Bylaw No. 7601, cited as "Terasen Loan Authorization Bylaw No. 7601, 2004" of the City of Prince George.*

*has been lawfully and validly made and enacted, and that its validity is not open to be questioned on any ground whatever in any of the courts of the Province of British Columbia.*

*Dated this            10<sup>th</sup>            day  
                                 of            August            , 2004*

*Deputy Inspector of Municipalities of British Columbia*