

TERM SHEET
REGARDING A SITE C REGIONAL LEGACY BENEFITS AGREEMENT

BETWEEN

BC HYDRO AND POWER AUTHORITY
("BC Hydro")

AND

PEACE RIVER REGIONAL DISTRICT

AND

District of Chetwynd

AND

City of Dawson Creek

AND

City of Fort St. John

AND

District of Hudson's Hope

AND

Village of Pouce Coupe

AND

District of Taylor

AND

District of Tumbler Ridge

(the "Region")

Background

BC Hydro is proposing to develop and construct the Site C Clean Energy Project (the "Project"). The Project is currently undergoing a federal and provincial environmental assessment process, including a review by an independent Joint Review Panel. The project has the opportunity to provide benefits to local communities, the Peace Region and the Province as a whole.

BC Hydro has committed to meaningful engagement of communities in addition to consultation throughout the environmental assessment process. In addition, BC Hydro is committed to constructing the project to meet international and Canadian industry standards for quality and safety.

BC Hydro is engaged in discussions regarding individual agreements with communities for the identification and mitigation of potential effects of the Project. While these mitigation initiatives and other related commitments may proceed immediately and/or through the construction period, BC Hydro and the Region (the "Parties") have agreed to take a regional perspective regarding additional ongoing legacy benefits once the Project is in operation. These discussions have been informed by a Peace River Energy Benefit Position Paper, developed by the Region and presented to BC Hydro on October 17, 2012 in addition to a request by the Region for BC Hydro to negotiate legacy benefits collectively through the PRRD.

A Site C Regional Legacy Benefits Agreement is intended to recognize the Region's contribution to hosting the Project, contribute to the longer-term self-sufficiency of the communities and the region, and to provide stable, predictable long-term benefits to the region and to leave the region better-off after construction.

Objective

The objective of this Term Sheet is to set out the substantive terms developed through discussions between representatives of the Parties regarding a Regional Site C Legacy Benefits Agreement.

It is agreed that these terms will be presented for review and approval by the Board of BC Hydro and the Board of the Peace River Regional District.

Legacy Benefits

BC Hydro will pay \$2,400,000 by April 15 of each year once the Project is operational. This amount will be adjusted annually, averaged for the preceding 12 months by the BC Consumer Price Index as published by Stats Can, effective beginning in the second year of payment.

The first payment will be calculated from the first month of power generation and prorated to the end of the calendar year, with the full CPI indexing to apply for the second year of the benefit and funded as per this agreement.

All payments will be made by BC Hydro to the PRRD.

Payments will be made annually over 70 years once the Project is operational (anticipated to be 2022 to 2092).

These benefits are in addition to any taxes and payments-in-lieu of taxes that may be paid by BC Hydro in relation to the Project. These benefits are also in addition to community specific agreements that may be entered into related to mitigation measures for specific effects of the project as determined by the Environmental Assessment Process.

Regional Allocation of Benefits

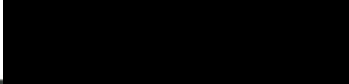
Benefits will be administered by the PRRD. The benefits will be allocated to the member jurisdictions, according to a formula established by the PRRD and its member communities, and to be set out in an Appendix to the Agreement. The funds allocated to each jurisdiction may be utilized for purposes determined by each jurisdiction at its sole discretion.

Certainty of Agreement

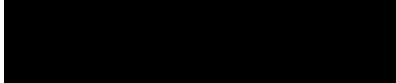
Both parties recognize that, through the proposed Site C Regional Legacy Benefits Agreement, BC Hydro and the Province of BC can be assured that the regional shared benefit issues of the Region are resolved.

Dated this day of , 2013.


PEACE RIVER REGIONAL DISTRICT
Karen Goodings, Chair


BC HYDRO AND POWER AUTHORITY
Susan Yurkovich
Executive Vice-President, Site C Clean Energy
Project


District of Chetwynd
Merlin Nichols, Mayor


Village of Pouce Coupe
Larry Fynn, Mayor


City of Dawson Creek
Mike Bernier, Mayor


District of Taylor
Fred Jarvis, Mayor


City of Fort St. John
Lori Ackerman, Mayor


District of Tumbler Ridge
Darwin Wren, Mayor


District of Hudson's Hope
Gwen Johansson, Mayor

APPENDIX A

Regional Allocation Formula

Site C Benefit Agreement Legacy Allocation Model

BC Hydro Legacy Benefit Allocation 60% population - 40% impact	100	to be adjusted annually			
	Population	Population Legacy	Services Impact Legacy	Total Legacy %	
Column 1	Column 2	Column 3	Column 4	Column 5	
District of Chetwynd	2,635	\$ 2.69	\$ 2.80	5.49	
City of Dawson Creek	11,583	\$ 11.82	\$ 1.20	13.02	
City of Fort St. John	18,609	\$ 18.99	\$ 15.60	34.59	
District of Hudson's Hope	970	\$ 0.99	\$ 10.00	10.99	
Village of Pouce Coupe	738	\$ 0.75	\$ 1.20	1.95	
Peace River Regional District – Regional Services Impact	20,193		\$ 12.36	12.36	
Peace River Regional District – Rural Population	20,193	\$ 8.24		8.24	
District of Taylor	1,373	\$ 1.40	\$ 8.00	9.40	
District of Tumbler Ridge	2,710	\$ 2.76	\$ 1.20	3.96	
TOTALS	58,811	\$ 47.64	\$ 52.36	100.00	

Column 1 = Peace Region Legacy Benefit Agreement partners.

Column 2 = Population stats adjusted annually using BC Stats annual projections for current year of allocation.

Column 3 = The regional percentage of the local government's population weighted at 60% of the benefit allocation.

Column 4 = Projected service impact associated with long-term effect of the Site C project. Impact associated to servicing is calculated at 40% of the benefit allocation. Impact weighting is calculated and based upon the following impact table:

Service providers impacted:

Chetwynd	7
Dawson Creek	3
Fort St. John	39
Hudson's Hope	25
Pouce Coupe	3
Taylor	20
Tumbler Ridge	3
	100

Column 5 = The total Legacy Benefit calculation resulting from the combined 60% population weighting and 40% services impact weighting.

NOTE 1 - The Peace River Regional District only participates in population legacy benefit of which 60% is allocated for impacted regional servicing and 40% for unincorporated population allocation.

Note 2 - This funding allocation model is an example of the calculations considering annually the BC Hydro legacy benefit allocation dollar value and the current year's local government population. As these two variables change yearly, so too will the local government share of legacy funding.

Note 3 - Annual funds received through the legacy benefit agreement shall be allocated and spent at the sole discretion of each municipal council. Annual funds received by the Regional District allocated to regional servicing shall be proportionally applied to all region wide service functions, those funds allocated to rural population allocation shall spent through Rural Budgets Administration Committee allocation policy.

Note 4 - Regional District population does not include on reserve statistics



District of Chetwynd

Box 357
Chetwynd, BC
Canada V0C 1J0

tel: (250) 401-4100
fax: (250) 401-4101
email: d-chet@gochetwynd.com

Peace Region Site "C" Energy Legacy

The District of Chetwynd has reviewed and considered the proposed Site "C" Legacy Term Sheet as presented by the Peace Region CAO group March 26, 2013.

Council is somewhat concerned with the conclusions, and the process used to reach the '**mitigation formula**' presented by the CAO group. The formula is "odd" to say the least. Chetwynd feels that the CAO group missed its opportunity to find a 'fair and equitable' formula in this matter.

Further, in a position paper submitted to the CAO group by Chetwynd, emphasis was placed upon principles of **Equity and Fairness, Governance by Representation and Democratic Role** (*Democratic Role being the principle that the **minority** should not monopolize the **majority***). The later principle was **not** reflected in the CAO's presentation March 26, 2013.

- Pause -

While not fully in support of the final recommendations of the CAO group, the District of Chetwynd,

- Pause -

in the spirit of cooperation, endorses the Peace River Site "C" Dam Energy Legacy Term Sheet and agrees to act as a signatory to the final agreement with BC Hydro.

Merlin Nichols

Mayor

G:\SITE C\Peace Region Site C Energy Legacy - March 26, 2013.docx

Vision Statement

Chetwynd exists in order that area residents have sustainable opportunities for

Security, Health, Safety and Prosperity

in surroundings that display the best of our natural environment.

IC
H. G. G. G.
10-1-13



the City of
Dawson Creek

BRITISH COLUMBIA
"the Capital of the Peace"



April 9, 2013

File No.: 4-2-0

Chair Goodings and Board Members
Peace River Regional District
1981 Alaska Avenue
Box 810
Dawson Creek, BC, V1G 4H8

"Hand Delivered"

Dear Chair Goodings & Board Members:

Re: Site C Regional Legacy Benefit Agreement

At its In Camera Meeting held Monday, April 8, 2013, the Council of the City of Dawson Creek passed the following resolution:

*"MOVED, SECONDED and CARRIED,
That Report No. 13-068 from the Chief Administrative Officer re: Site C Regional Legacy Benefit Agreement be received; further, that Council approve the attached Term Sheet."*

If further clarification is required, please contact Jim Chute, Chief Administrative Officer, at 250.784.3613.

Yours truly,

[Redacted Signature]

/ Brenda Ginter
Director of Corporate Administration

/cf

CERTIFIED A TRUE AND CORRECT COPY OF
THE RESOLUTION OF COUNCIL FROM THE
REGULAR MEETING HELD APRIL 8, 2013.

[Redacted Signature]

BRENDA GINTER
DIRECTOR OF CORPORATE ADMINISTRATION

April 10, 2013
File #5500-02--01

Sent Via email to Fred.Banham@prrd.bc.ca

Peace River Regional District
Box 810
Dawson Creek BC, V1G 4H8

Attention: Fred Banham, Chief Administrative Officer

City of Fort St. John
10631-100th Street
Fort St. John, BC
Canada V1J 3Z5

(250) 787-8150 City Hall
(250) 787-8181 Facsimile

www.cityfsj.com

Dear Mr. Banham:

Reference: Peace Region Legacy Benefit Agreement

Further to your March 27, 2013 letter regarding the above noted topic, please be advised that Fort St. John City Council considered the Site C Regional Legacy Benefit Agreement, Term Sheet at the April 8, 2013 Closed Council meeting. Council authorized the Mayor to sign this Agreement on behalf of the City.

Please let me know if you require anything further on this matter.

Sincerely yours,



Diana Burton
Deputy City Clerk

Fred Banham

From: Michael McPhail <cao@poucecoupe.ca>
Sent: Wednesday, April 03, 2013 12:57 PM
To: Fred Banham
Subject: legacy benefit

Hi there,

Hope all is well, just got back yesterday from holiday and thought I would tell you the good news that Council approved the legacy benefit agreement last night....

Cheers Mike



DISTRICT OF TAYLOR
British Columbia
Incorporated 1958

OFFICE OF THE MAYOR

P.O. Box 300, Taylor, BC V0C 2K0
Phone: (250) 789-3392 Fax: (250) 789-3543
www.DistrictofTaylor.com

April 3, 2013

CONFIDENTIAL

Peace River Regional District
PO Box 810
Dawson Creek, BC V1G 4H8

Dear Mr. Banham:

RE: Site C Regional Legacy Benefit Agreement

At the April 3, 2013 In-Camera meeting, the District of Taylor Council discussed the Site C Regional Legacy Benefit Agreement Term Sheet.

Council appreciates the efforts of all parties involved and recognize that this was a difficult undertaking. This Legacy Agreement provides a benefit for every man, woman and child and also gives consideration for unforeseen or unidentified changes (impacts) in the region. As a result, a fair and equitable Term Sheet has been presented.

The District of Taylor Mayor and Council would like to advise that as per Resolution 14i/2013, they have endorsed the Term Sheet and agree to be a signatory to the Agreement.

Sincerely,



Fred Jarvis
Mayor



DISTRICT OF TUMBLER RIDGE

CERTIFIED RESOLUTION

REGULAR COUNCIL MEETING

APRIL 2, 2013

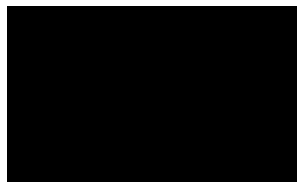
13. RISE AND REPORT FROM CLOSED MEETING

It was MOVED and SECONDED

THAT Council supports the Site C Regional Legacy Benefits Agreement as presented.

CARRIED

Certified a true and correct copy of a resolution passed at the District of Tumbler Ridge regular Council meeting held on Tuesday, April 2, 2013.



Barry Elliott, CAO/Corporate Officer



PEACE RIVER REGIONAL DISTRICT

Office of: Administration

MOVED, SECONDED and CARRIED:

that subject to clarification from legal counsel regarding the "Certainty of Agreement" clause contained in the Peace Region Legacy Benefits Agreement, the Regional Board endorse the Site C Regional Legacy Benefits Agreement between the Peace River Regional District and BC Hydro and authorize the Chair to sign the document.

CERTIFIED a true and correct copy of a resolution as passed by the Regional Board of the Peace River Regional District at a closed meeting held on April 11, 2013.



Fred Banham, Chief Administrative Officer

PLEASE REPLY TO:

☐ BOX 810, DAWSON CREEK, BC V1G 4H8, TELEPHONE: (250) 784-3200 or 1-800-670-7773 FAX: (250) 784-3201
EMAIL: prrd.dc@prrd.bc.ca

☐ 9505 - 100 STREET, FORT ST. JOHN, BC V1J 4N4, TELEPHONE: (250) 785-8084 FAX: (250) 785-1125
EMAIL: prrd.fsj@prrd.bc.ca