

**THE CORPORATION OF THE TOWN OF GODERICH
BY-LAW NO. 101 OF 2002**

A by-law to authorize the establishment of a Electrical Distribution Contingency Reserve Fund.

WHEREAS by-laws have been passed with regards to the formation of a Local Distribution Company (LDC) known as West Coast Huron Energy Inc. (Goderich Hydro)

AND WHEREAS the LDC has operated since December 1, 2000, pursuant to *the Ontario Business Corporation Act*,

AND WHEREAS a Promissory Note representing a 50/50 debt equity ratio as required by the Province of Ontario was established concerning the LDC,

AND WHEREAS the Council of the Town of Goderich passed By-law No. 84 of 2000 which authorized that the Town of Goderich to retain a Promissory Note, issued to West Coast Huron Energy Inc. (Goderich Hydro) in the amount of \$2,659,453.95,

AND WHEREAS said Promissory Note stipulates that the principal amount of the note shall bear interest at a rate of 7.25% per annum and shall be repayable at any time upon written notice of demand by the Town,

AND WHEREAS the interest payable to the Town of Goderich pursuant to the terms of the Promissory Note are credited to the Town of Goderich Infrastructure Reserve Fund,

AND WHEREAS it is desirable at this time to decrease the amount of the Promissory Note and to establish a Electrical Distribution Contingency Reserve Fund,

AND WHEREAS there are funds within the LDC concerning the amount of the request to draw upon the Promissory Note,

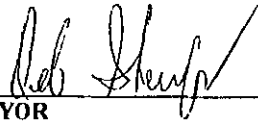
AND WHEREAS a reserve fund will be established for the purposes of capital and operating requirements as determined by Council with regards to the establishment of the reserve fund.

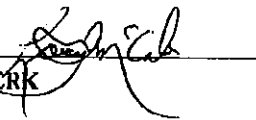
NOW, THEREFORE, THE COUNCIL OF THE CORPORATION OF THE TOWN OF GODERICH ENACTS AS FOLLOWS:

1. That the Mayor and Clerk and Treasurer be authorized to execute this by-law and all necessary documents to facilitate the requirements of this by-law and the necessary resolutions specific to the establishment of the Electrical Distribution Contingency Reserve Fund at the required lending institution.
2. That the maximum amount of \$1,685,000.00 be transferred, less 15% working capital if required, from the West Coast Huron Energy Inc. (Goderich Hydro) LDC drawing upon the Promissory Note dated December 1, 2000 and payable to the Corporation of the Town of Goderich. This includes a dividend amount of \$115,259.00 as declared by the Directors of West Coast Huron Energy Inc. (Goderich Hydro) for the period December 1, 2000 to December 31, 2001.
3. That authorized signing officers related to the Electrical Distribution Contingency Reserve Fund be any two of the Mayor or Deputy-Mayor and Clerk-Administrator or Treasurer.
4. That these funds be deposited to a Electrical Distribution Contingency Reserve Fund, held by the Town of Goderich, for the purposes of capital and operating requirements as determined by Council.

5. That the interest from the Electrical Distribution Contingency Reserve Fund be credited to the Capital Infrastructure Fund of the Corporation of the Town of Goderich.
6. That the principal balance of the Promissory Note, being approximately \$974,453.95, shall remain in effect and at a rate of 7.25% per annum and be paid to the Town of Goderich under the original and current conditions.

**READ A FIRST, SECOND AND THIRD TIME AND FINALLY PASSED THIS
EIGHTEENTH DAY OF NOVEMBER, 2002.**


MAYOR


CLERK