

Agenda

Corporate Services Committee

8th Special Meeting of the Corporate Services Committee

April 22, 2024

1:00 PM

Council Chambers - Please check the City website for additional meeting detail information. Meetings can be viewed via live-streaming on YouTube and the City Website.

The City of London is situated on the traditional lands of the Anishinaabek (AUh-nish-in-ah-bek), Haudenosaunee (Ho-den-no-show-nee), Lūnaapéewak (Len-ah-pay-wuk) and Attawandaron (Add-a-won-da-run).

We honour and respect the history, languages and culture of the diverse Indigenous people who call this territory home. The City of London is currently home to many First Nations, Métis and Inuit today.

As representatives of the people of the City of London, we are grateful to have the opportunity to work and live in this territory.

Members

Councillors H. McAlister (Chair), P. Cuddy, S. Stevenson, C. Rahman, P. Van Meerbergen

The City of London is committed to making every effort to provide alternate formats and communication supports for meetings upon request. To make a request specific to this meeting, please contact CSC@london.ca or 519-661-2489 ext. 2425.

Pages

1. Disclosures of Pecuniary Interest

2. Consent

3. Scheduled Items

4. Items for Direction

4.1 2024 Debenture Issuance Update

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5. Deferred Matters/Additional Business

6. Confidential

7. Adjournment

Report to Corporate Services Committee

To: Chair and Members
Corporate Services Committee

From: Anna Lisa Barbon, CPA, CGA, Deputy City Manager, Finance Supports

Subject: 2024 Debenture Issuance Update

Date: April 22, 2024

Recommendation

That, on the recommendation of the Deputy City Manager, Finance Supports, the following actions **BE TAKEN**:

- a) the issuance of serial debentures for a total of \$30,000,000 **BE APPROVED**, noting the average all-in rate is 4.427% over a 10-year term and that all debt has been placed with investors in the capital markets; and,
- b) the attached proposed by-law (Appendix A) **BE INTRODUCED** at the Municipal Council meeting on April 23, 2024 to execute the borrowing upon serial debentures in the aggregate principal amount of \$30,000,000 towards the cost of certain capital works of the Corporation of the City of London.

Executive Summary

The City typically issues debt through the capital markets using a fiscal agent for complete projects, substantially complete projects, or projects for which a significant milestone has been achieved. Civic Administration has previously received authorization to proceed with the issuance of a serial 10-year debenture in the amount of \$30,000,000 representing the 2024 issuance. The purpose of this report is to obtain approval to enact the issuance of the \$30,000,000 debenture at an average all-in rate of 4.427% in the capital markets.

Linkage to the Corporate Strategic Plan

Council's 2023-2027 Strategic Plan for the City of London identifies 'Londoners experience good stewardship, exceptional and valued service' as an outcome of the strategic area of focus "Well Run City". Adhering to the City of London's limit on authorized debt contributes to maintaining London's finances in a transparent, sustainable, and well-planned manner while incorporating intergenerational equity and affordability over the long term. The 2024 Debenture Issuance report ensures that the proper mechanisms are in place to fund major capital projects while supporting intergenerational equity.

Analysis

1.0 Background Information

1.1 Previous Reports Related to this Matter

Corporate Services Committee, March 25, 2024, Agenda Item 2.2, 2024 Debenture Issuance.
<https://pub-london.escribemeetings.com/filestream.ashx?DocumentId=107190>

Corporate Services Committee, October 3, 2023, Agenda Item 2.1, City of London's Credit Rating
<https://pub-london.escribemeetings.com/filestream.ashx?DocumentId=103304>

2.0 Discussion and Considerations

At its session on April 2, 2024, Municipal Council authorized the Deputy City Manager, Finance Supports to proceed with the issuance of debentures to provide permanent financing for capital works in an amount not to exceed \$30,000,000.

Starting April 3, 2024, with The Toronto-Dominion Bank as lead fiscal agent, the Corporation of the City of London launched a serial debenture issuance for \$30,000,000 with settlement on April 29, 2024. The issuance of serial debentures is structured with coupon rates ranging from 4.85% to 4.1% from one to ten years and a **net all-in rate of 4.427%** (including fiscal agency fees) over the 10-year term. Pricing occurred April 4, 2024.

Over the past five years, the City has issued a total of approximately \$150.9 million in debentures as follows:

Issuance Date	Amount of Issuance (\$)	Term (years)	All in Rate of Borrowing*
1-May-2023	21,500,000	10	3.88%
9-May-2022	21,000,000	10	3.56%
16-April-2021	23,000,000	10	1.82%
5-Jun-2020	36,000,000	10	1.67%
2-Apr-2019	49,380,000	10	2.66%
Total	150,880,000		

*All-in rate includes fees

2.1 Authorizing By-Law

The attached by-law, to be introduced at Municipal Council on Tuesday, April 23, 2024, will allow the City to borrow upon serial debentures for the debenture term and amount identified above. It will also authorize the Mayor or Deputy Mayor, City Treasurer and City Clerk to execute all documents and other papers in the name of the Municipality in order to carry out the issuance of the serial debentures and settlement of the issuance on April 29, 2024. The by-law is attached as **Appendix A** along with its corresponding schedules:

- Schedule A – Listing of projects to be financed by debenture;
- Schedule B – Debenture certificate and legal opinion provided by WeirFoulds LLP; and
- Schedule C – Repayment schedule.

It should be noted that Schedule A includes the same projects and amounts already approved by Council from the previous 2024 Debenture Issuance Report (CSC March 25, 2024). A summary from Toronto-Dominion Bank, the lead fiscal agent, providing an overview of the 2024 debt issuance, is attached as **Appendix B**.

3.0 Financial Impact/Considerations

The financial impact of this debenture issuance has been included in the 2024 to 2027 Multi-Year Budget and will also be incorporated in future Multi-Year Budget submissions. The City typically issues debentures on projects that are complete, substantially complete or projects for which a significant milestone has been achieved. All projects included in the debt issuance have debt previously authorized as a capital financing source, typically through the budget process. While interest rates are higher, the principal amount to be issued is lower than budgeted for 2024. The total debt servicing cost is accommodated within the existing established budget for 2024 due to the lower than budgeted amount of the debt issuance. The City, through its budgeting processes and associated policies related to debt (such as the application of a portion of year-end surpluses and surplus assessment growth revenues to reducing authorized but unissued debt), is able to proactively influence the management of debt issuances and total debt levels. However, the City is a participant in the capital markets and does not directly influence market rates. The City does not attempt to “time the market”

and is generally an annual issuer in the traditional spring municipal issuance window. The City's Aaa credit rating allows the City to achieve the most favourable rates possible given the City's credit profile and prevailing market conditions.

Furthermore, proceeds from our debt issuance will represent a cash replenishment to the City to aid in managing cash flows and maintaining its positive liquidity position as debt supported capital expenditures are first financed through general working capital until proceeds from the debenture issuance are settled.

4.0 Key Issues and Considerations

4.1. Settlement

The by-law attached as **Appendix A** is to be brought forward to the April 23, 2024 Council to allow execution of all required documents so that the debenture issuance can be settled as scheduled on April 29, 2024. It is important to note that the City's debenture issuance has been placed with investors and priced within the capital markets. Effectively, the debentures have been 'sold' and the City is at the stage of executing all required steps to meet settlement requirements.

Conclusion

The City of London has been successful in placing its debt in capital markets during a volatile period. Although rates have increased since the City's last issuance in 2023, Civic Administration is not anticipating a negative budgetary impact on the City's debt servicing cost in 2024 due to the lower issuance amount in comparison to the budgeted issuance amount.

The City's 2024 debt issuance will provide the required long-term funding for the identified projects within Appendix A and aligns with the City's Debt Management Policy. This approval will provide the authorization to execute the necessary documentation to issue debentures through the capital markets and settle the issuance on April 29, 2024.

Prepared by: Folakemi Ajibola, CTP, ACMA, CGMA, Manager, Financial Modelling, Forecasting and Systems Control (Treasury)

Submitted by: Kyle Murray, CPA, CA, Director, Financial Planning and Business Support

Recommended by: Anna Lisa Barbon, CPA, CGA, Deputy City Manager, Finance Supports

Attachment: Appendix A and B

Appendix “A”

Bill No. 126
2024

BY-LAW NO. D.-● -●

BY-LAW TO AUTHORIZE THE BORROWING UPON
INSTALMENT DEBENTURES IN THE AGGREGATE
PRINCIPAL AMOUNT OF \$30,000,000.00 TOWARDS
THE COST OF CERTAIN CAPITAL WORKS OF THE
CORPORATION OF THE CITY OF LONDON.

WHEREAS subsection 401 (1) of the *Municipal Act, 2001*, as amended (the “Act”) provides that a municipality may incur a debt for municipal purposes, whether by borrowing money or in any other way, and may issue debentures and prescribed financial instruments and enter prescribed financial agreements for or in relation to the debt;

AND WHEREAS subsection 408 (2.1) of the Act provides that a municipality may issue a debenture or other financial instrument for long-term borrowing only to provide financing for a capital work;

AND WHEREAS the Council of The Corporation of the City of London (the “City”) authorized each capital work of the City set out in Column (2) of Schedule “A” attached hereto and forming part of this By-law (“Schedule “A”) and the issue of debentures therefor in the respective principal amount specified in Column (3) of Schedule “A” (individually a “Capital Work”, collectively the “Capital Works”);

AND WHEREAS before authorizing each Capital Work and before authorizing any additional cost amount and any additional debenture authority in respect thereof, the Council of the City had its Treasurer calculate an updated limit in respect of its most recent annual debt and financial obligation limit received from the Ministry of Municipal Affairs and Housing in accordance with the applicable regulation. Prior to the Council of the City authorizing each Capital Work, each such additional cost amount and each such additional debenture authority, the Treasurer of the City determined that the estimated annual amount payable in respect of each Capital Work, each such additional cost amount and each such additional debenture authority, would not cause the City to exceed the updated limit and that the approval of each Capital Work, each such additional cost amount and each such additional debenture authority by the Ontario Land Tribunal or its predecessor pursuant to such regulation was not required;

AND WHEREAS to provide long-term financing for the Capital Works it is now deemed to be expedient to borrow money by the issue and sale of instalment debentures of the City in the aggregate principal amount of \$30,000,000.00 payable at the times and bearing interest at the rates hereinafter set forth, as agreed to by the City on April 4, 2024.

NOW THEREFORE the Council of The Corporation of the City of London hereby enacts as follows:

1. For the Capital Works, the borrowing upon the credit of the City at large of the aggregate principal amount of \$30,000,000.00 and the issue of instalment debentures therefor within the term of 10 years in denominations of \$1,000.00 and any integral multiples thereof, as hereinafter set forth, are hereby authorized.
2. The Mayor and the Treasurer of the City are hereby authorized to cause any number of instalment debentures in the aggregate principal amount of \$30,000,000.00, as described in section 1 above (the "**Debentures**"), payable in annual instalments of principal (April 29) with semi-annual instalments of interest thereon (April 29 and October 29, commencing on October 29, 2024) to be issued for such amounts of money as may be required for the Capital Works in global and definitive forms, not exceeding in total the said aggregate principal amount of \$30,000,000.00. The Debentures shall bear the City's municipal seal and the signatures of the Mayor and of the Treasurer of the City, all in accordance with the provisions of the Act. The Debentures are sufficiently signed if they bear the required signatures and each person signing has the authority to do so on the date he or she signs. The Debentures shall initially be issued in global fully registered form as one debenture certificate in the aggregate principal amount of \$30,000,000.00 substantially in the form of Schedule "B" attached hereto and forming part of this By-law (the "**Global Debenture**"). The Global Debenture shall initially be issued in the name of CDS & CO. as nominee of CDS Clearing and Depository Services Inc. ("**CDS**"), and shall provide for payment of principal and interest, electronically in final and irrevocable same-day funds in accordance with the applicable requirements of CDS, so long as the Global Debenture is held by CDS.
3. (1) The Debentures shall all be dated the 29th day of April, 2024, and as to both principal and interest shall be expressed and be payable in lawful money of Canada. The Debentures shall mature within the term of years set out in Column (6) of Schedule "A" and the respective amounts of interest or of principal and interest payable in each of the years during the currency of the Debentures shall be as set forth in Schedule "C" attached hereto and forming part of this By-law ("**Schedule "C"**"). The Debentures maturing (principal payable) in the year 2025 shall bear interest at the rate of 4.85% per annum, the Debentures maturing (principal payable) in the year 2026 shall bear interest at the rate of 4.40% per annum, the Debentures maturing (principal payable) in the year 2027 shall bear interest at the rate of 4.20% per annum, the Debentures maturing

(principal payable) in the year 2028 shall bear interest at the rate of 4.10% per annum, the Debentures maturing (principal payable) in the year 2029 shall bear interest at the rate of 4.10% per annum, the Debentures maturing (principal payable) in the year 2030 shall bear interest at the rate of 4.15% per annum, the Debentures maturing (principal payable) in the year 2031 shall bear interest at the rate of 4.20% per annum, the Debentures maturing (principal payable) in the year 2032 shall bear interest at the rate of 4.30% per annum, the Debentures maturing (principal payable) in the year 2033 shall bear interest at the rate of 4.40% per annum and the Debentures maturing (principal payable) in the year 2034 shall bear interest at the rate of 4.45% per annum.

(2) Payments in respect of principal and interest on the Debentures shall be made only on a day on which banking institutions in Toronto, Ontario are not authorized or obligated by law or executive order to be closed (a "**Business Day**") and if any date for payment is not a Business Day, payment shall be made on the next following Business Day and no further interest shall be paid in respect of the delay in such payment.

4. Interest shall be payable to the date of maturity of the Debentures and on default shall be payable both before and after default and judgment. Any amounts payable by the City as interest on overdue principal or interest in respect of the Debentures shall be paid out of current revenue. Whenever it is necessary to compute any amount of interest in respect of the Debentures for a period of less than one full year, other than with respect to regular semi-annual interest payments, such interest shall be calculated on the basis of the actual number of days in the period and a year of 365 days or 366 days, if applicable.
5. In limited circumstances (as agreed to by both the City and CDS) the Global Debenture shall be exchangeable for certificated Debentures in definitive fully registered form in authorized denominations upon surrender of the Global Debenture to the Treasurer of the City provided that there is at least one definitive Debenture which matures in each of the remaining years of the currency of the Global Debenture. The definitive Debentures shall aggregate the same principal amount as the principal outstanding balance of the Global Debenture as of the record date for such exchange in accordance with the provisions of the Global Debenture, shall bear the same interest rates and maturity dates, shall bear all unmatured interest obligations and shall have the same benefits and be subject to the same terms and conditions as the Global Debenture (except insofar as they specifically relate to the Global Debenture). In issuing definitive Debentures no change shall be made in the amount which would otherwise be payable in each year under the Global Debenture. The

definitive Debentures shall be in fully registered form, payable as to principal and outstanding interest in lawful money of Canada at maturity upon presentation and surrender thereof at any specified branch in Canada of the City's bank designated in the definitive Debentures. Prior to maturity, the definitive Debentures shall be payable as to interest by cheque sent by mail to the registered addresses of the registered holders or, if authorized in writing, by electronic transfer.

6. In each year in which a payment of an instalment of interest or of principal and interest becomes due in respect of the Debentures there shall be raised as part of the general municipal levy the amounts of interest or of principal and interest payable in each year as set out in Schedule "C" to the extent that the amounts have not been provided for by any other available source including other taxes or fees or charges imposed on persons or property by a by-law of any municipality.
7. The Debentures may contain any provision for their registration thereof authorized by any statute relating to municipal debentures in force at the time of the issue thereof.
8. The City shall maintain a registry in respect of the Debentures in which shall be recorded the names and the addresses of the registered holders and particulars of the Debentures held by them respectively and in which particulars of the cancellations, exchanges, substitutions and transfers of Debentures may be recorded and the City is authorized to use electronic, magnetic or other media for records of or related to the Debentures or for copies of them.
9. The City shall not be bound to see to the execution of any trust affecting the ownership of any Debenture or be affected by notice of any equity that may be subsisting in respect thereof. The City shall deem and treat registered holders of the Debentures, including the Global Debenture, as the absolute owners thereof for all purposes whatsoever notwithstanding any notice to the contrary and all payments to or to the order of registered holders shall be valid and effectual to discharge the liability of the City on the Debentures to the extent of the amount or amounts so paid. Where a Debenture is registered in more than one name, the principal of and interest from time to time payable on such Debenture shall be paid to or to the order of all the joint registered holders thereof, failing written instructions to the contrary from all such joint registered holders, and such payment shall constitute a valid discharge to the City. In the case of the death of one or more joint registered holders, despite the foregoing provisions of this section, the principal of and interest on any Debentures

registered in their names may be paid to the survivor or survivors of such holders and such payment shall constitute a valid discharge to the City.

10. The Debentures are transferable or exchangeable at the office of the Treasurer upon presentation for such purpose accompanied by an instrument of transfer or exchange in a form approved by the City and which form is in accordance with the prevailing Canadian transfer legislation and practices, executed by the registered holder thereof or such holder's duly authorized attorney or legal personal representative, whereupon and upon registration of such transfer or exchange and cancellation of the Debenture or Debentures presented, the Mayor and the Treasurer shall issue and deliver a new Debenture or Debentures of an equal aggregate principal amount in any authorized denomination or denominations as directed by the transferor, in the case of a transfer or as directed by the registered holder in the case of an exchange.
11. The Mayor and the Treasurer shall issue and deliver new Debentures in exchange or substitution for Debentures outstanding on the registry with the same maturity dates and of like form which have become mutilated, defaced, lost, subject to a mysterious or unexplainable disappearance, stolen, destroyed or dematerialized, provided that the applicant therefor shall have: (a) paid such costs as may have been incurred in connection therewith; (b) (in the case when a Debenture is mutilated, defaced, lost, mysteriously or unexplainably missing, stolen, destroyed or dematerialized) furnished the City with such evidence (including evidence as to the certificate number of the Debenture in question) and an indemnity in respect thereof satisfactory to the City in its discretion; and (c) surrendered to the City any mutilated or defaced Debenture in respect of which new Debentures are to be issued in substitution.
12. The Debentures issued upon any registration of transfer or exchange or in substitution for any Debentures or part thereof shall carry all the rights to interest if any, accrued and unpaid which were carried by such Debentures or part thereof and shall be so dated and shall bear the same maturity dates and, subject to the provisions of this By-law, shall be subject to the same terms and conditions as the Debentures in respect of which the transfer, exchange or substitution is effected.
13. The cost of all transfers and exchanges, including the printing of authorized denominations of the new Debentures, shall be borne by the City. When any of the Debentures are surrendered for transfer or exchange the Treasurer of the City shall: (a) in the case of an exchange, cancel and destroy the Debentures surrendered for exchange; (b) in the case of an exchange, certify the cancellation and destruction in the

registry; (c) enter in the registry particulars of the new Debenture or Debentures issued in exchange as directed by the registered holder; and (d) in the case of a transfer, enter in the registry the name of the registered holder as directed by the transferor.

14. Subject to an agreement that the City may enter into to the contrary, reasonable fees may be imposed by the City for the substitution of a new Debenture or new Debentures for any of the Debentures that are mutilated, defaced, lost, mysteriously or unexplainably missing, stolen, destroyed or dematerialized and for the replacement of any of the interest cheques that are mutilated, defaced, lost, mysteriously or unexplainably missing, stolen or destroyed. When new Debentures are issued in substitution in these circumstances the City shall: (a) treat as cancelled and destroyed the Debentures in respect of which new Debentures will be issued in substitution; (b) certify the deemed cancellation and destruction in the registry; (c) enter in the registry particulars of the new Debentures issued in substitution; and (d) make a notation of any indemnities provided.
15. Except as otherwise expressly provided herein, any notice required to be given to a registered holder of one or more of the Debentures will be sufficiently given if a copy of such notice is mailed or otherwise delivered to the registered address of such registered holder.
16. (1) The Mayor and the Treasurer are hereby authorized to cause the Debentures to be issued and the execution of the purchase letter in respect of the Debentures, dated as at April 4, 2024, by the Treasurer (Deputy City Manager, Finance Supports and City Treasurer) is hereby ratified, confirmed and approved. One or more of the Treasurer and the City Clerk are hereby authorized to generally do all things and to execute all other documents and papers in the name of the City in order to carry out the sale of the Debentures through CDS's book entry only system and the Treasurer or the City Clerk, as the case may be, is authorized to affix the City's municipal seal to any of such documents and papers.

(2) The money received by the City from the sale of the Debentures, including any premium, and any earnings derived from the investment of that money, after providing for the expenses related to their issue, if any, shall be apportioned and applied to the Capital Works, and to no other purpose except as permitted by the Act.
17. The City reserves the right to issue additional instalment debentures of the same maturities, interest rates and terms and conditions.

18. Subject to the City's statement of investment policies and goals and the applicable legislation, the City may, if not in default under the Debentures, at any time purchase any of the Debentures in the open market or by tender or by private contract at any price and on such terms and conditions (including, without limitation, the manner by which any tender offer may be communicated or accepted and the persons to whom it may be addressed) as the City may in its discretion determine.
19. This By-law comes into force on the day it is passed.

Passed in Open Council on April 23, 2024

Josh Morgan
Mayor

Michael Schulthess
City Clerk

First Reading – April 23, 2024
Second Reading – April 23, 2024
Third Reading – April 23, 2024

THE CORPORATION OF THE CITY OF LONDON					
SCHEDULE "A" TO BY-LAW NO. D.-● -●					
(1)	(2)	(3)	(4)	(5)	(6)
By-Law Number	Capital Work Description	Approved Principal Amount to be Financed Through the Issue of Debentures	Principal Amount of Debentures Previously Issued	Principal Amount of Debentures to be Issued	Term of Years
		\$	\$	\$	
General – Rate / Tax Supported (91210)					
W.-5691-79	Capital costs in connection with the Quint - Station 15 Vehicle project (FS1089)	559,777	-	512,204	10
W.-5600-57 W.-5600(a)-47 W.-5600(b)-167 W.-5600(c)-131	Capital costs in connection with the Adelaide Street Grade Separation Canadian Pacific Railway (CPR) tracks project (TS1306)	36,125,636	11,648,904	14,470,964	10
W.-5535-98	Capital costs in connection with the Highway 401 Interchanges project (TS1308)	13,745,004	3,000,000	933,440	10
W.-5684-134 W.-5684(a)-96	Capital costs in connection with the Intersection - Southdale - Colonel Talbot (Roundabout) project (TS1336)	1,366,793	-	786,299	10
W.-5669-63 W.-5669(a)-143	Capital costs in connection with the Dingman Dr - Highway 401 Bridge to Wellington Road Project (TS1746)	1,065,351	-	641,664	10
Total – General Rate / Tax Supported (91210)				17,344,571.00	
Non-Rate / Tax Supported (RESF82-95410)					
W.-5684-134 W.-5684(a)-96	Capital costs in connection with the Intersection - Southdale - Colonel Talbot (Roundabout) project (TS1336)	9,132,712	-	4,004,099	10

THE CORPORATION OF THE CITY OF LONDON					
SCHEDULE "A" TO BY-LAW NO. D.-● -●					
(1)	(2)	(3)	(4)	(5)	(6)
By-Law Number	Capital Work Description	Approved Principal Amount to be Financed Through the Issue of Debentures \$	Principal Amount of Debentures Previously Issued \$	Principal Amount of Debentures to be Issued \$	Term of Years
W.-5669-63 W.-5669(a)-143	Capital costs in connection with the Dingman Dr - Highway 401 Bridge to Wellington Road project (TS1746)	9,113,700	-	4,304,112	10
W.-5689-65 W.-5689(a)-25	Capital costs in connection with the Wellington Gateway - Land Rapid Transit project (RT1430-1B)	4,000,000	-	1,995,328	10
Total - Non-Rate/Tax Supported (RESF82-95410)				10,303,539	
Non-Rate/Tax Supported (RESF91-95410)					
W.-5691-79	Capital costs in connection with the Quint - Station 15 Vehicle project (FS1089)	443,758	-	356,563	10
W.-5690-78	Capital costs in connection with the City of London Fire & Rescue Services (Aerial Company) - Central London project (FS1043)	1,996,282	-	1,995,327	10
Total - Non-rate / Tax Supported (RESF91-95410)				2,351,890.00	
TOTAL				30,000,000.00	

THE CORPORATION OF THE CITY OF LONDON

Schedule "B" to By-law NO. D.-● -●

Unless this certificate is presented by an authorized representative of CDS Clearing and Depository Services Inc. ("**CDS**") to The Corporation of the City of London or its agent for registration of transfer, exchange or payment, and any certificate issued in respect thereof is registered in the name of CDS & CO., or in such other name as is requested by an authorized representative of CDS (and any payment is made to CDS & CO. or to such other entity as is requested by an authorized representative of CDS), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered holder hereof, CDS & CO., has a property interest in the securities represented by this certificate herein and it is a violation of its rights for another person to hold, transfer or deal with this certificate.

No. FRG24-01

\$30,000,000.00

C A N A D A
Province of Ontario
THE CORPORATION OF THE CITY OF LONDON

FULLY REGISTERED GLOBAL INSTALMENT DEBENTURE

THE CORPORATION OF THE CITY OF LONDON (THE "**ISSUER**"), for value received, hereby promises to pay to

CDS & CO.

as nominee of CDS or registered assigns, subject to the Conditions attached hereto which form part hereof (the "**Conditions**"), by the final maturity date of this global debenture (April 29, 2034), the principal amount of

Thirty Million Dollars

----- (\$30,000,000.00) -----

by annual payments on the 29th day of April in each of the years 2025 to 2034, both inclusive, in the amounts set forth in the attached Schedule (the "**Schedule**") in lawful money of Canada, and to pay interest thereon until the final maturity date of this Global Debenture in like money in semi-annual payments from April 29, 2024, or from the last date on which interest has been paid on this Global Debenture, whichever is later, at the rates of interest set forth in the Schedule, in arrears on the 29th day of April and the 29th day of October, in each year, commencing on October 29, 2024 (each, a "**Payment Date**") in the manner provided in the Conditions. Subject to the Conditions, interest shall be paid on default at the applicable rate set out in the Schedule both before and after default and judgment. The applicable interest rate, the payments of principal and interest and the principal balance outstanding in each year are shown in the Schedule.

This Global Debenture is subject to the Conditions.

DATED at the City of London the 29th day of April, 2024.

IN TESTIMONY WHEREOF and under the authority of the related debenture by-law (Bill No. 126) duly passed by the Council of the Issuer on the 23rd day of April, 2024, pursuant to which this Global Debenture is authorized and issued (the "**Debenture By-law**"), this Global Debenture is sealed with the municipal seal of the Issuer and signed by the Mayor and by the Treasurer thereof.

Date of Registration: April 29, 2024

Mayor

(seal)

Treasurer

SCHEDULE

Year	CUSIP No.	ISIN No.	Interest Rate %	Semi-annual Interest		Principal April 29 \$	Total Annual Payment \$	Principal Balance Outstanding April 29 \$
				April 29	October 29			
				\$	\$			
2024				-	647,250.00	-	647,250.00	30,000,000.00
2025	541908MA4	CA541908MA44	4.85	647,250.00	574,500.00	3,000,000.00	4,221,750.00	27,000,000.00
2026	541908MB2	CA541908MB27	4.40	574,500.00	508,500.00	3,000,000.00	4,083,000.00	24,000,000.00
2027	541908MC0	CA541908MC00	4.20	508,500.00	445,500.00	3,000,000.00	3,954,000.00	21,000,000.00
2028	541908MD8	CA541908MD82	4.10	445,500.00	384,000.00	3,000,000.00	3,829,500.00	18,000,000.00
2029	541908ME6	CA541908ME65	4.10	384,000.00	322,500.00	3,000,000.00	3,706,500.00	15,000,000.00
2030	541908MF3	CA541908MF31	4.15	322,500.00	260,250.00	3,000,000.00	3,582,750.00	12,000,000.00
2031	541908MG1	CA541908MG14	4.20	260,250.00	197,250.00	3,000,000.00	3,457,500.00	9,000,000.00
2032	541908MH9	CA541908MH96	4.30	197,250.00	132,750.00	3,000,000.00	3,330,000.00	6,000,000.00
2033	541908MJ5	CA541908MJ52	4.40	132,750.00	66,750.00	3,000,000.00	3,199,500.00	3,000,000.00
2034	541908MK2	CA541908MK26	4.45	66,750.00	-	3,000,000.00	3,066,750.00	-
				<u>3,539,250.00</u>	<u>3,539,250.00</u>	<u>30,000,000.00</u>	<u>37,078,500.00</u>	

LEGAL OPINION

We have examined the Debenture By-law of the Issuer authorizing the issue of instalment debentures in the aggregate principal amount of \$30,000,000.00 dated April 29, 2024 and maturing in ten (10) instalments of principal of varying amounts on the 29th day of April in each of the years 2025 to 2034, both inclusive.

The Debenture By-law has been properly passed and is within the legal powers of the Issuer. The instalment global debenture issued under the Debenture By-law (in the aggregate principal amount of \$30,000,000.00), substantially in the within form (the “**Global Debenture**”) is a direct, general, unsecured and unsubordinated obligation of the Issuer. The Global Debenture is enforceable against the Issuer subject to the special jurisdiction and powers of the Ontario Land Tribunal over defaulting municipalities under the *Municipal Affairs Act*, as amended. This opinion is subject to and incorporates all the assumptions, qualifications and limitations set out in our opinion letter delivered on the date of the Global Debenture.

Toronto, April 29, 2024

WeirFoulds LLP

CONDITIONS OF GLOBAL DEBENTURE

Form, Denomination, Ranking and Beneficial Interests in Global Debenture

1. The debentures issued pursuant to the Debenture By-law (collectively the “**Debentures**” and individually a “**Debenture**”) are issuable as fully registered Debentures without coupons in denominations of \$1,000.00 and any integral multiples thereof.
2. The Debentures are direct, general, unsecured and unsubordinated obligations of the Issuer. The Debentures rank concurrently and equally in respect of payment of principal and interest with all other debentures of the Issuer except for the availability of money in a sinking or retirement fund for a particular issue of debentures.
3. This Debenture is a Global Debenture registered in the name of the nominee of CDS and held by CDS. Beneficial interests in this Global Debenture are represented through book entry accounts, to be established and maintained by CDS, on its records for CDS’s participants (the “Participants”) in accordance with its participant agreement and rules and procedures which are posted on CDS’s website.
4. Except in the limited circumstances described herein, owners of beneficial interests in this Global Debenture will not be entitled to have Debentures registered in their names, will not receive or be entitled to receive physical delivery of Debentures and will not be considered registered holders of Debentures under the Conditions. The Issuer does not have any responsibility or liability for maintaining, supervising or reviewing any records of CDS or Participants relating to payments made or to be made by CDS or any Participant on account of beneficial ownership interests in this Global Debenture.

Certificated Debentures

5. This Global Debenture is exchangeable, in whole but not in part, for certificated Debentures in definitive form registered in the name of a person other than CDS or its nominee only upon the occurrence of any of the following events: (a) upon 30 days notice by CDS to the Issuer, CDS may discontinue the eligibility of this Global Debenture on deposit, or cease to hold this Global Debenture in respect of the Debentures; or (b) if CDS ceases to be a recognized clearing agency under applicable Canadian or provincial securities legislation and a successor is not appointed; or (c) if the Issuer gives CDS appropriate notice that it is unable or unwilling to continue to have CDS hold this Global Debenture as a book entry only security or that it desires or has processed an entitlement requiring a withdrawal of this Global Debenture, and the Issuer has all right, power, capacity and authority to do so.
6. Debentures issued in exchange for this Global Debenture shall be issued as certificated Debentures in definitive form in authorized denominations, shall have the same benefits and be subject to the same terms and conditions as this Global Debenture (except insofar as they specifically relate to this Global Debenture as such), shall be registered in such names and in such denominations as CDS shall direct and shall be delivered as directed by the persons in whose names such definitive Debentures are to be registered.
7. Upon the exchange of certificated Debentures in definitive form for this Global Debenture, the Issuer shall receive and cancel this Global Debenture, shall reduce the holdings of CDS & CO. on the registry to nil and shall issue or cause to be issued in exchange for this Global Debenture certificated Debentures in definitive form in an aggregate principal amount equal to and in exchange for the Participants’ proportionate interests in this Global Debenture as of the record date for such exchange, as directed by CDS. On or after any such exchange, but only to the extent reasonably practicable in the circumstances, the Issuer shall make all payments in respect of such certificated Debentures in definitive form to the registered holders thereof, notwithstanding such exchange occurred after the record date for any payment and prior to such payment date.

Registration

8. The Issuer will keep at its designated office in the City of London a registry in which shall be entered the names and addresses of the registered holders of Debentures and particulars of the Debentures held by them respectively and in which transfers, exchanges and substitutions of Debentures may be registered.

Title

9. The Issuer shall not be bound to see to the execution of any trust affecting the ownership of any Debenture or be affected by notice of any equity that may be subsisting in respect thereof. The Issuer shall deem and treat registered holders of Debentures, including this Global Debenture, as the absolute owners thereof for all purposes whatsoever notwithstanding any notice to the contrary and all payments to or to the order of registered holders shall be valid and effectual to discharge the liability of the Issuer on the Debentures to the extent of the amount or amounts so paid.

Payments of Principal and Interest

10. The record date for purposes of payment of principal of and interest on the Debentures is as of 5:00 p.m. on the sixteenth calendar day preceding any Payment Date, including a maturity date. Principal of and interest on the Debentures are payable by the Issuer to the persons registered as holders in the registry on the relevant record date. The Issuer shall not be required to register any transfer, exchange or substitution of Debentures during the period from any record date to the corresponding Payment Date.

11. The Issuer shall make all payments in respect of annual principal and semi-annual interest on the Debentures on the Payment Dates commencing with a payment of semi-annual interest on October 29, 2024 electronically in final and irrevocable same-day funds in accordance with the applicable requirements of CDS, so long as this Global Debenture is held by CDS.

12. In the case that certificated Debentures in definitive form are issued, the Issuer shall make all payments in respect of principal and outstanding interest in lawful money of Canada at maturity upon presentation and surrender thereof at any specified branch in Canada of the Issuer's bank designated in the definitive Debentures, and prior to maturity, shall make payments of interest by cheque sent by mail to the registered addresses of the registered holders or, if authorized in writing, by electronic transfer.

13. Whenever it is necessary to compute any amount of interest in respect of the Debentures for a period of less than one full year, other than with respect to regular semi-annual interest payments, such interest shall be calculated on the basis of the actual number of days in the period and a year of 365 days or 366 days, if applicable.

14. Payments in respect of principal of and interest on the Debentures shall be made only on a day on which banking institutions in Toronto, Ontario, are not authorized or obligated by law or executive order to be closed (a "**Business Day**"), and if any date for payment is not a Business Day, payment shall be made on the next following Business Day and no further interest shall be paid in respect of the delay in such payment.

15. Where a Debenture is registered in more than one name, the principal of and interest from time to time payable on such Debenture shall be paid to or to the order of all the joint registered holders thereof, failing written instructions to the contrary from all such joint registered holders, and such payment shall constitute a valid discharge to the Issuer.

16. In the case of the death of one or more joint registered holders, despite sections 9 and 15 of the Conditions, the principal of and interest on any Debentures registered in their names may be paid to the survivor or survivors of such holders and such payment shall constitute a valid discharge to the Issuer.

Transfers, Exchanges and Substitutions

17. Debentures are transferable or exchangeable at the office of the Treasurer of the Issuer upon presentation for such purpose accompanied by an instrument of transfer or exchange in a form approved by the Issuer and which form is in accordance with the prevailing Canadian transfer legislation and practices, executed by the registered holder thereof or such holder's duly authorized attorney or legal personal representative, whereupon and upon registration of such transfer or exchange and cancellation of the Debenture or Debentures presented, a new Debenture or Debentures of an equal aggregate principal amount in any authorized denomination or denominations will be delivered as directed by the transferor, in the case of a transfer or as directed by the registered holder in the case of an exchange.

18. The Issuer shall issue and deliver Debentures in exchange for or in substitution for Debentures outstanding on the registry with the same maturity dates and of like form in the

event of a mutilation, defacement, loss, mysterious or unexplainable disappearance, theft, destruction or dematerialization, provided that the applicant therefor shall have: (i) paid such costs as may have been incurred in connection therewith; (ii) (in the case of a mutilated, defaced, lost, mysteriously or unexplainably missing, stolen, destroyed or dematerialized Debenture) furnished the Issuer with such evidence (including evidence as to the certificate number of the Debenture in question) and indemnity in respect thereof satisfactory to the Issuer in its discretion; and (iii) surrendered to the Issuer any mutilated or defaced Debenture in respect of which new Debentures are to be issued in substitution.

19. Each Debenture executed and delivered upon any registration of transfer or exchange for or in substitution for any Debenture or part thereof shall carry all the rights to interest, if any, accrued and unpaid which were carried by such Debenture or part thereof and shall be so dated.

20. Subject to an agreement that the Issuer may enter into to the contrary, the Issuer shall not impose any fees in respect of the Debentures, in the normal course of business, other than reasonable fees for the issue of new Debentures in substitution for Debentures that are mutilated, defaced, lost, mysteriously or unexplainably missing, stolen, destroyed or dematerialized or for the issue of new cheques, in substitution for interest cheques that are mutilated, defaced, lost, mysteriously or unexplainably missing, stolen or destroyed.

Purchases

21. Subject to the investment policies and goals of the Issuer and the applicable legislation, the Issuer may, if not in default under the Debentures, at any time purchase Debentures in the open market or by tender or by private contract at any price and on such terms and conditions (including without limitation, the manner by which any tender offer may be communicated or accepted and the persons to whom it may be addressed) as the Issuer may in its discretion determine.

Additional Debentures

22. The Issuer has reserved the right to issue additional instalment debentures of the same maturities, interest rates and terms and conditions.

Notices

23. Except as otherwise expressly provided herein, any notice required to be given to a registered holder of one or more of the Debentures will be sufficiently given if a copy of such notice is mailed or otherwise delivered to the registered address of such registered holder. If the Issuer or any registered holder is required to give any notice in connection with the Debentures on or before any day and that day is not a Business Day then such notice may be given on the next following Business Day.

Time

24. Unless otherwise expressly provided herein, any reference herein to a time shall be considered to be a reference to Toronto time.

Governing Law

25. The Debentures are governed by and shall be construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable in Ontario.

THE CORPORATION OF THE CITY OF LONDON

SCHEDULE "C" TO BY-LAW NO. D.-.-

SCHEDULE

Year	Interest Rate %	Semi-annual Interest		Principal April 29 \$	Total Annual Payment \$	Principal Balance Outstanding April 29 \$
		April 29 \$	Oct 29 \$			
2024		-	647,250.00	-	647,250.00	30,000,000.00
2025	4.85	647,250.00	574,500.00	3,000,000.00	4,221,750.00	27,000,000.00
2026	4.40	574,500.00	508,500.00	3,000,000.00	4,083,000.00	24,000,000.00
2027	4.20	508,500.00	445,500.00	3,000,000.00	3,954,000.00	21,000,000.00
2028	4.10	445,500.00	384,000.00	3,000,000.00	3,829,500.00	18,000,000.00
2029	4.10	384,000.00	322,500.00	3,000,000.00	3,706,500.00	15,000,000.00
2030	4.15	322,500.00	260,250.00	3,000,000.00	3,582,750.00	12,000,000.00
2031	4.20	260,250.00	197,250.00	3,000,000.00	3,457,500.00	9,000,000.00
2032	4.30	197,250.00	132,750.00	3,000,000.00	3,330,000.00	6,000,000.00
2033	4.40	132,750.00	66,750.00	3,000,000.00	3,199,500.00	3,000,000.00
2034	4.45	66,750.00		3,000,000.00	3,066,750.00	-
		<u>3,539,250.00</u>	<u>3,539,250.00</u>	<u>30,000,000.00</u>	<u>37,078,500.00</u>	

Appendix “B”



City of London: 10 Year Serial Debenture Issue – Deal Review

April 22, 2024

Presented By:
TD Securities

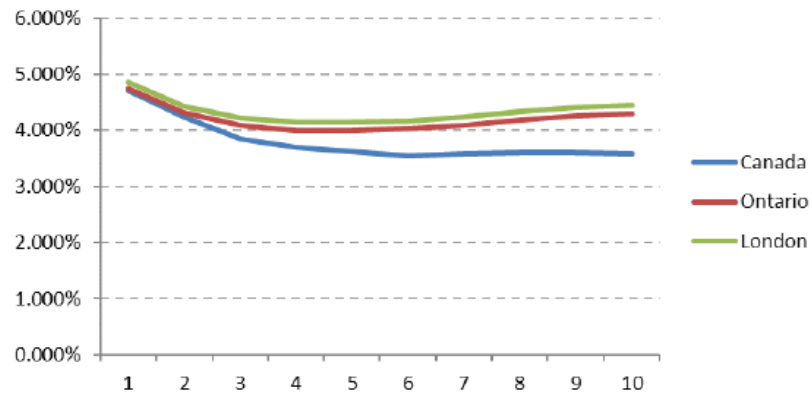
Deal Highlights

- After being formally marketed on April 3, the City of London issue was launched and priced on April 4. There was good momentum from investors in the sessions leading up to the deal and it was ultimately well received by the market.
- The issue size was slightly smaller than typical at \$30mm; the deal was sold to 4 unique investors.
- The timing of the transaction was beneficial for the City given rates had moved well off their local highs in Q3, 2023. However, there had been a recent backup in underlying yields. Provincial spreads also widened in anticipation of increased borrowing in FY 24/25.
- As with past London issues, Canadian municipalities were significant supporters of the deal, accounting for 30% of the interest. A regular US buyer purchased slightly more than half the deal.
- This issue priced mostly tighter versus Canadas across the curve relative to last year's transaction. A tighter underlying Ontario curve coupled with tighter London rolls allowed for generally lower headline levels.
- This year's London issue has a blended net yield of 4.427%, which is at the higher end of the recent range.
- The City of London issue priced on schedule this year. Strong early interest enabled the City to price at the front-end of the preestablished marketing/pricing window.
- There was some competing supply in the municipal sector during the week of London's transaction. BCMFA issued a \$415mm 10yr and the Region of Halton issued a \$77mm 1-15yr serial prior to the City's deal. These issues did not detract from London's offering and were also well received by the market.

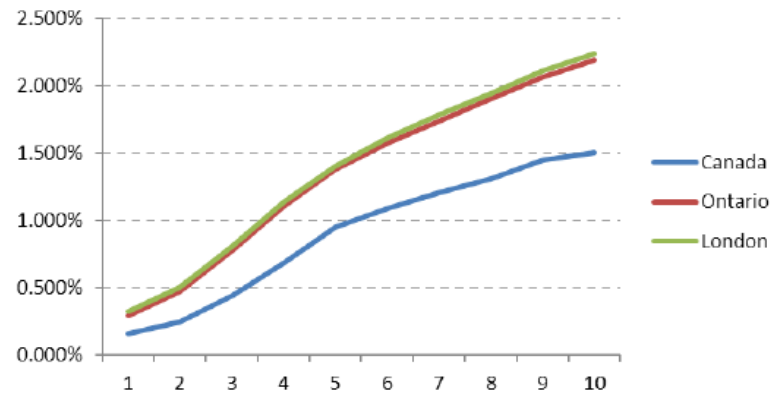
City of London – Curve Construction

- GoC rates continue to be volatile. After moving lower during the second half of 2023, rates rose across the curve in Q1 as timing of expected central bank interest rate cuts were pushed out.
- Ontario spreads traded fairly range bound for most of 2023. After initially moving tighter earlier this year, we have seen some weakening in recent months.
- While municipal spreads have performed this year, we are far off the all-time tights seen in 2021.
- London printed at a blended all-in rate of 4.427% in 2024 versus 1.819% in 2021.

2024 - City of London Curve Construction



2021 - City of London Curve Construction

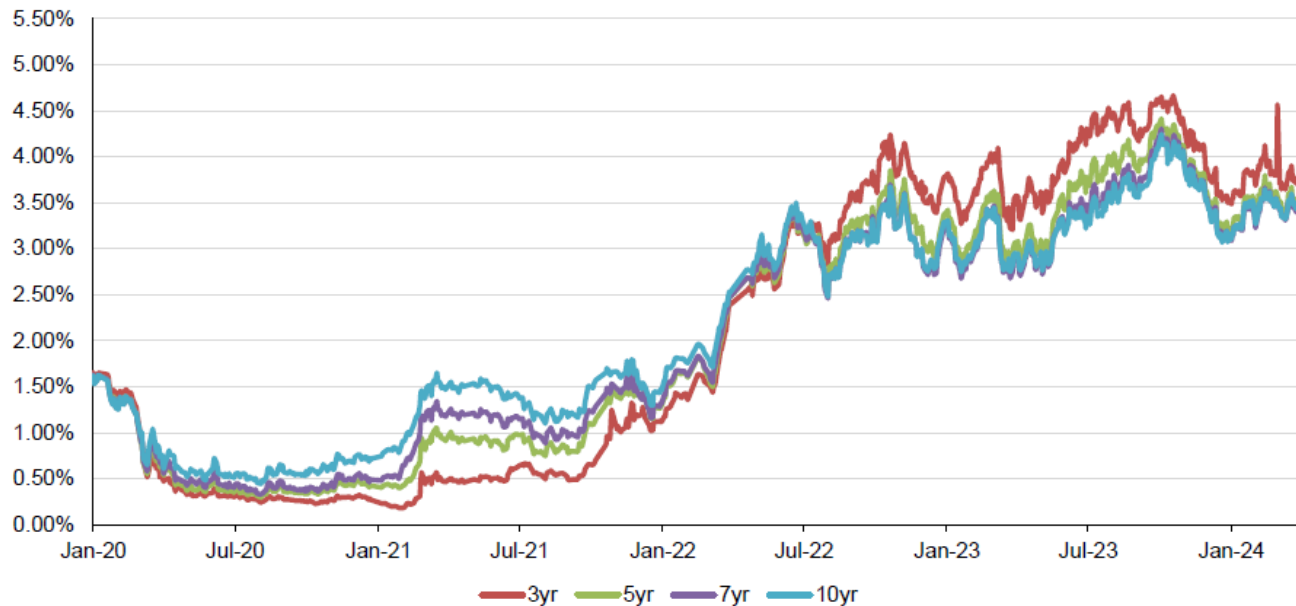


Source: TD Securities

Rates Volatility – Government of Canada Bond Yields Since January 2020

- GoC rates have been volatile since the onset of the COVID-19 pandemic. Rates trended upward in late 2021 through to mid 2023 as central banks pursued tighter monetary policy to fight persistent inflation.
- Rates peaked in Q3 of 2023 and have since moved lower across the curve. However, this year the Canadas have been under pressure as markets have pushed out the expected timing of cuts.
- TD is forecasting rates will move lower across terms in 2024. The following year, we expect some steepening action as the short-end should outperform the long-end.

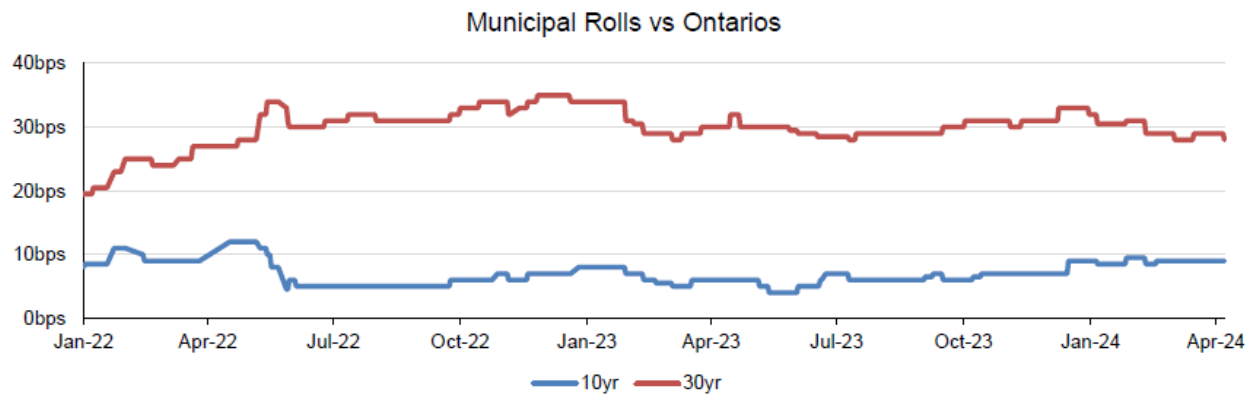
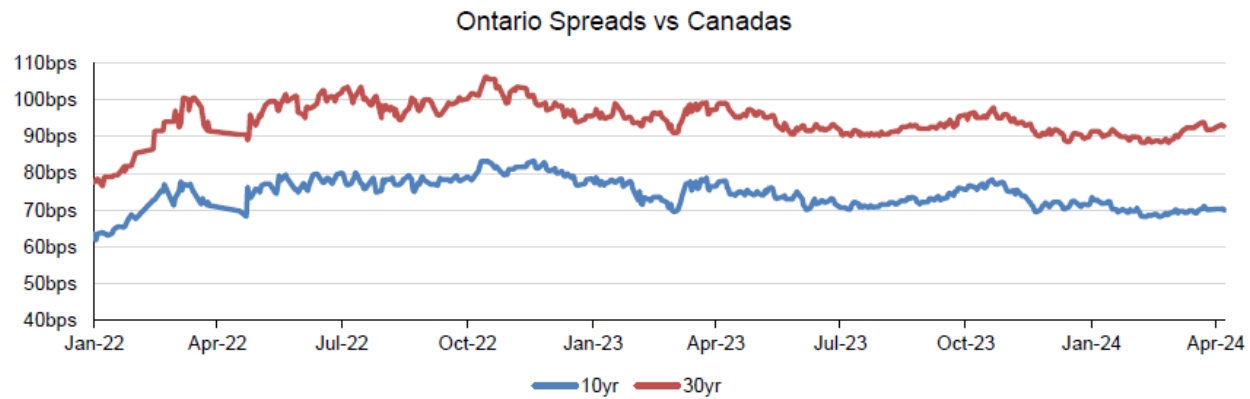
Canada Curve since January 2020: 3s/5s/7s/10s



Source: TD Securities

Credit Backdrop

- Since selling off in early 2022, provincial spreads have traded mostly range bound in 10s and 30s. There was some performance across the curve in 2023 which preceded recent spread widening.
- The municipal credit curve has steepened over the past couple of years as the 10yr part of the curve has been supported by better buying from asset managers.



Source: TD Securities

City of London 10yr Serial Debenture – Final Pricing

- The 2024 serial debentures priced at a blended all-in rate to the City of 4.427%. This blended yield is at the higher end of the recent range.
- The coupons on this issue were also on the higher side given the more expensive financing costs.

New Issue Terms	
Launch:	4-Apr-24
Settlement:	29-Apr-24
Term (Years):	10
Amount:	\$ 30,000,000
Ratings:	Aaa

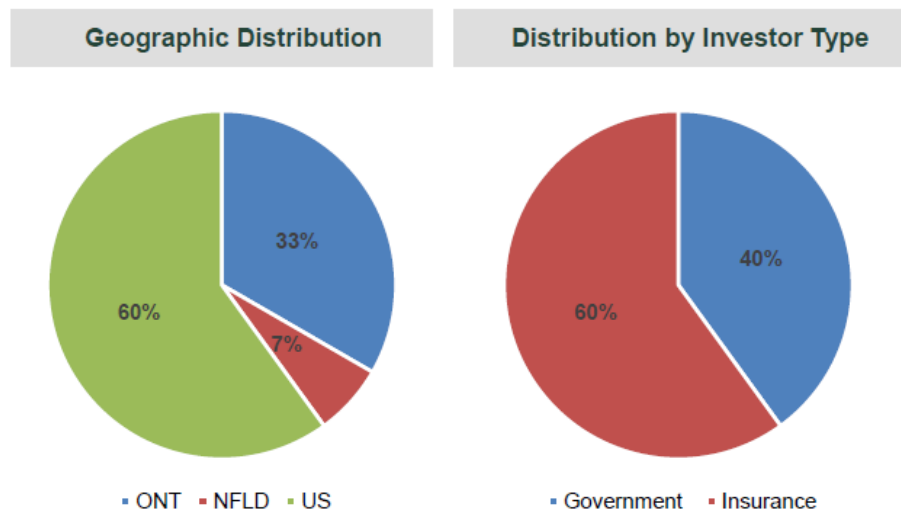
			Reference Canada Bonds			Offering Terms				Fees		Net Terms	
Term	Maturity	Principal	Coupon	Maturity	Yield	Spread to Benchmark	Yield	Coupon	Price	Draw Down (\$/bond)	Commission (\$/bond)	Net Price	Net Yield
1	29-Apr-25	3,000,000	0.000%	3/27/2025	4.706%	14.5	4.851%	4.850%	99.999	0.100	0.250	99.749	5.111%
2	29-Apr-26	3,000,000	4.500%	2/1/2026	4.231%	20.5	4.436%	4.400%	99.932	0.100	0.250	99.682	4.568%
3	29-Apr-27	3,000,000	1.250%	3/1/2027	3.845%	37.0	4.215%	4.200%	99.958	0.200	0.350	99.608	4.341%
4	29-Apr-28	3,000,000	3.500%	3/1/2028	3.699%	44.5	4.144%	4.100%	99.839	0.250	0.450	99.389	4.268%
5	29-Apr-29	3,000,000	4.000%	3/1/2029	3.629%	51.0	4.139%	4.100%	99.825	0.250	0.500	99.325	4.251%
Sub-Total		15,000,000					4.243%	4.21%	99.911	0.180	0.360	99.551	4.373%
6	29-Apr-30	3,000,000	1.250%	6/1/2030	3.553%	61.5	4.168%	4.150%	99.905	0.300	0.600	99.305	4.283%
7	29-Apr-31	3,000,000	1.500%	6/1/2031	3.584%	66.0	4.244%	4.200%	99.736	0.300	0.700	99.036	4.381%
8	29-Apr-32	3,000,000	2.000%	6/1/2032	3.598%	73.5	4.333%	4.300%	99.779	0.350	0.750	99.029	4.446%
9	29-Apr-33	3,000,000	2.750%	6/1/2033	3.564%	82.0	4.414%	4.400%	99.897	0.350	0.750	99.147	4.516%
10	29-Apr-34	3,000,000	3.000%	6/1/2034	3.588%	86.5	4.453%	4.450%	99.976	0.350	0.750	99.226	4.547%
Total		30,000,000					4.314%	4.29%	99.885	0.255	0.535	99.350	4.427%

(1) Average yields are calculated using a weighted average formula

(2) Prices are rounded to 3 decimal places

City of London 10yr Serial Debenture – Distribution

- Primary distribution of the bonds was regionally diverse. Buyers were high quality buy-and-hold type accounts consisting of government and insurance type entities.
- There were 4 unique buyers.
- The deal was well supported by Canadian municipalities, accounting for 33% of the total issue. A regular US buyer purchased slightly more than half the issue.



Source: TD Securities

For more information, contact:

Steven Castle Managing Director 416 982 7783	Vy Doan Director 416 983 0208	Sameer Rehman Director 416 982 6586	Max Huggan Associate 416 982 6587	Jenny Nguyen Associate 416 983 2841
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