

Corporate Services Committee

Report

8th Special Meeting of the Corporate Services Committee
March 25, 2019

PRESENT: Councillors J. Morgan (Chair), J. Helmer , P. Van Meerbergen,
A. Kayabaga, S. Hillier
ABSENT: Mayor E. Holder
ALSO PRESENT: A.L. Barbon, B. Card, I. Collins, M. Galczynski, K. Murray, M.
Ribera, M. Schulthess, S. Spring, and B. Westlake-Power

The meeting is called to order at 3:00 PM.

1. Disclosures of Pecuniary Interest

That it BE NOTED that no pecuniary interests were disclosed.

2. Consent

2.1 2019 Debenture Issuance Update

Moved by: S. Hillier

Seconded by: J. Helmer

That, on the recommendation of the Managing Director, Corporate Services and City Treasurer, Chief Financial Officer, the following actions be taken:

a) the issuance of serial debentures for a total of \$49,380,000 BE APPROVED; it being noted the average all-in rate is 2.655% over a 10-year term; and

b) the proposed by-law appended to the staff report dated March 25, 2019 BE INTRODUCED at the Municipal Council meeting on March 26, 2019, to authorize the borrowing upon serial debentures in the aggregate principal amount of \$49,380,000 towards the cost of certain capital works of The Corporation of the City of London;

it being noted that the Corporate Services Committee received the attached presentation from M. Khan and K. Martin (RBC), with respect to this matter.

Yeas: (5): J. Morgan, J. Helmer, P. Van Meerbergen, A. Kayabaga, and S. Hillier

Absent: (1): E. Holder

Motion Passed (5 to 0)

2.2 Court Security and Prisoner Transportation Program Transfer Payment Agreement

Moved by: J. Helmer

Seconded by: A. Kayabaga

That, on the recommendation of the Managing Director, Corporate Services and City Treasurer, Chief Financial Officer, the proposed by-law appended to the staff report dated March 25, 2019 as Appendix "A" BE INTRODUCED at the Municipal Council meeting on March 26, 2019 to approve the Ontario Transfer Payment Agreement for the Court Security and Prisoner Transportation Program with Her Majesty the Queen in right of Ontario as represented by the Minister of Community Safety and

Correctional Services and The Corporation of the City of London;
and to authorize the Mayor and the City Clerk to execute the Agreement.

Yeas: (5): J. Morgan, J. Helmer, P. Van Meerbergen, A. Kayabaga, and S. Hillier

Absent: (1): E. Holder

Motion Passed (5 to 0)

3. Scheduled Items

None.

4. Items for Direction

None.

5. Deferred Matters/Additional Business

None.

6. Adjournment

The meeting adjourned at 3:18 PM.

TO:	CHAIR AND MEMBERS CORPORATE SERVICES COMMITTEE MEETING ON MARCH 25, 2019
FROM:	ANNA LISA BARBON MANAGING DIRECTOR, CORPORATE SERVICES AND CITY TREASURER, CHIEF FINANCIAL OFFICER
SUBJECT:	2019 DEBENTURE ISSUANCE UPDATE

RECOMMENDATION

That, on the recommendation of the Managing Director, Corporate Services and City Treasurer, Chief Financial Officer, the following actions **BE TAKEN**:

- a) the issuance of serial debentures for a total of \$49,380,000 **BE APPROVED**, noting the average all-in rate is 2.655% over a 10-year term; and
- b) the attached proposed by-law **BE INTRODUCED** at the Municipal Council meeting on March 26, 2019, to authorize the borrowing upon serial debentures in the aggregate principal amount of \$49,380,000 towards the cost of certain capital works of the Corporation of the City of London.

LINK TO THE 2015-2019 STRATEGIC PLAN

Council's 2015-2019 Strategic Plan for the City of London identifies "Leading in Public Service" as one of four strategic areas of focus. Authorization for debenture issuance supports this strategic area of focus by contributing towards the strategic priority "Proactive financial management". The "Proactive financial management" strategic priority involves, among other things, making sure that the City's finances are well planned and that they support intergenerational equity. The 2019 Debenture Issuance report ensures that the proper mechanisms are in place to fund major capital projects while supporting intergenerational equity.

PREVIOUS REPORTS PERTINENT TO THIS MATTER
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Corporate Services Committee, February 19, 2019, Agenda Item 2.3, 2019 Debenture Issuance.
<https://pub-london.escribemeetings.com/filestream.ashx?DocumentId=57694>

Corporate Services Committee, October 30, 2018, Agenda Item 2.5, City of London's Credit Rating.
<https://pub-london.escribemeetings.com/filestream.ashx?DocumentId=51768>

Corporate Services Committee, September 25, 2018, Agenda Item 2.3, 2018 Mid- Year Capital Monitoring Report.
<https://pub-london.escribemeetings.com/filestream.ashx?DocumentId=50270>

BACKGROUND

Municipal Council at its session on March 5, 2019 authorized the Managing Director, Corporate Services and City Treasurer, Chief Financial Officer to proceed with the issuance of debentures to provide permanent financing for capital works in an amount not to exceed \$49,380,000. On March 7, 2019, with RBC Dominion Securities Inc. as lead fiscal agent, the Corporation of the City of London launched a serial debenture issuance for \$49,380,000 that is set to close on April 2, 2019. The issuance of serial debentures is structured with coupon rates ranging from 2.000% to 2.750% from one to ten years and a **net all-in rate of 2.655%** (includes fiscal agency fees) over the 10-year term.

Over the past five years, the City has issued a total of approximately \$196.5 million in debentures as follows:

Issuance Date	Amount of Issuance (\$)	Term (years)	All-in-rate of borrowing*	Type	Agency
13-Mar-2018	55,000,000	10	2.98%	Serial/Instalment	Capital Markets - CDS & CO
7-Mar-2017	41,000,000	10	2.48%	Serial/Instalment	Capital Markets - CDS & CO
29-Apr-2016	3,048,000	10	2.25%	Amortizer	Government Agency - FCM - GMF
7-Mar-2016	27,000,000	10	2.30%	Serial/Instalment	Capital Markets - CDS & CO
2016 Total	30,048,000				
16-Mar-2015	40,500,000	10	1.87%	Serial/Instalment	Capital Markets - CDS &CO
9-May-2014	30,000,000	10	2.96%	Serial/Instalment	Capital Markets - CDS &CO
Total	196,548,000				
* All-in-rate includes fees CDS & CO - nominee of CDS Clearing and Despository Services Inc. FCM - GMF - Federation of Canadian Municipalities - Green Municipal Fund					

Authorizing By-Law

The attached by-law, to be introduced at Municipal Council on Tuesday, March 26, 2019, will allow the City to borrow upon serial debentures for the debenture term and amount identified above. It will also authorize the 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 close the issuance on April 2, 2019.

The schedules that accompany the by-law provide the following:

- 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.

Financial Impact

The financial impact of this debenture issuance has been included in the approved 2016–2019 Multi-Year Budget and will also be incorporated in future Multi-Year Budget submissions.

PREPARED BY:	REVIEWED AND CONCURRED BY:
MARTIN GALCZYNSKI, CPA, CA MANAGER, FINANCIAL PLANNING & POLICY	KYLE MURRAY, CPA, CA DIRECTOR, FINANCIAL PLANNING & BUSINESS SUPPORT
RECOMMENDED BY:	
ANNA LISA BARBON, CPA, CGA MANAGING DIRECTOR, CORPORATE SERVICES AND CITY TREASURER, CHIEF FINANCIAL OFFICER	

Cc: Ian Collins – Director, Financial Services

Bill No. 107
2019

BY-LAW NO. D.-● -●

A BY-LAW TO AUTHORIZE THE BORROWING
UPON INSTALMENT DEBENTURES IN THE
AGGREGATE PRINCIPAL AMOUNT OF
\$49,380,000.00 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 Local Planning Appeal Tribunal 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 \$49,380,000.00 payable at the times and bearing interest at the rates hereinafter set forth, as agreed to by the City on March 7, 2019.

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 \$49,380,000.00 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 \$49,380,000.00, as described in section 1 above (the “**Debentures**”), payable in annual instalments of principal (April 2) with semi-annual instalments of interest thereon (April 2 and October 2, commencing on October 2, 2019) 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

\$49,380,000.00. 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 municipal seal of the City and the signatures referred to in this section may be printed, lithographed, engraved or otherwise mechanically reproduced. 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 certificate in the aggregate principal amount of \$49,380,000.00 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 2nd day of April, 2019, 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 2020 shall bear interest at the rate of 2.00% per annum, the Debentures maturing (principal payable) in the year 2021 shall bear interest at the rate of 2.00% per annum, the Debentures maturing (principal payable) in the year 2022 shall bear interest at the rate of 2.10% per annum, the Debentures maturing (principal payable) in the year 2023 shall bear interest at the rate of 2.20% per annum, the Debentures maturing (principal payable) in the year 2024 shall bear interest at the rate of 2.35% per annum, the Debentures maturing (principal payable) in the year 2025 shall bear interest at the rate of 2.45% per annum, the Debentures maturing (principal payable) in the year 2026 shall bear interest at the rate of 2.55% per annum, the Debentures maturing (principal payable) in the year 2027 shall bear interest at the rate of 2.65% per annum, the Debentures maturing (principal payable) in the year 2028 shall bear interest at the rate of 2.70% per annum and the Debentures maturing (principal payable) in the year 2029 shall bear interest at the rate of 2.75% 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 of the City 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 of the City 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 of the City 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; 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 of the City are hereby authorized to cause the Debentures to be issued, the execution of a purchase letter in respect of the Debentures, dated as at March 7, 2019, by the Treasurer of the City (Managing Director, Corporate Services and City Treasurer, Chief Financial Officer) is hereby ratified, confirmed and approved, one or more of the Treasurer and the 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 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 March 26, 2019

Ed Holder
Mayor

Catharine Saunders
City Clerk

First Reading – March 26, 2019
Second Reading – March 26, 2019
Third Reading – March 26, 2019

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.-5619-87 W.-5619(a)-48	Capital costs in connection with the Dundas Flexible Street project (TS1135)	8,000,000.00	Nil	4,000,000.00 (Property Tax Supported)	10
W.-5550-67 W.-5550(d)-88	Capital costs in connection with the Western Road widening project (TS1489)	16,424,198.00	Nil	3,000,000.00 (Property Tax Supported)	10
W.-5638-135	Capital costs in connection with the main road network improvements project (TS144618)	847,844.00	Nil	800,000.00 (Property Tax Supported)	10
W.-5588-278 W.-5588(a)-90	Capital costs in connection with the Wonderland Road two lane upgrade project (TS1487)	1,351,300.00	Nil	975,000.00 (Property Tax Supported)	10
W.-5645-49	Capital costs in connection with the bus replacement – fast track 7 buses project (MU1046)	1,150,000.00	Nil	1,150,000.00 (Property Tax Supported)	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.-5646-50	Capital costs in connection with the bus purchase project (MU104418)	2,224,800.00	Nil	2,224,000.00 (Property Tax Supported)	10
W.-5578-93 W.-5578(a)-210	Capital costs in connection with the South West Multi-Purpose Recreation Centre project (RC2755)	41,940,465.00	27,819,700.00	3,970,000.00 (Property Tax Supported)	10
W.-5598-54 W.-5598(a)-521	Capital costs in connection with the East Multi-Purpose Recreation Centre project (RC2756)	22,958,505.00	Nil	6,696,000.00 (Property Tax Supported) 2,365,000.00 (Non-Tax/Rate Supported)	10
W.-5622-165	Capital costs in connection with the Bradley Avenue extension project – Phase 1, Wharncliffe Road to Wonderland Road (TS1523-1)	11,430,724.00	Nil	3,000,000.00 (Non-Tax/Rate Supported)	10
W.-5636-41	Capital costs in connection with the Greenway Water Pollution Control Centre expansion and upgrade	28,861,900.00	17,100,000.00	8,300,000.00	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
		\$	\$	\$	
	project (ES2685)			(Non-Tax/Rate Supported)	
W.-5629-284	Capital costs in connection with the Exeter Road trunk sanitary sewer project (ES5256)	5,442,390.00	Nil	2,166,646.00 (Non-Tax/Rate Supported)	10
W.-5591-308 W.-5591(a)-36	Capital costs in connection with the stormwater management (SWM) facility – River Bend Trib. ‘C’ project (ES3020-RVBTC)	11,720,000.00	Nil	6,027,795.00 (Non-Tax/Rate Supported)	10
W.-5330-17 W.-5330(b)-190	Capital costs in connection with the stormwater management (SWM) – Fox Hollow # 3 project (ES3020-FH3)	5,730,069.00	Nil	4,705,559.00 (Non-Tax/Rate Supported)	10
TOTAL				49,380,000.00	

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. FRG19-01

\$49,380,000.00

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 2, 2029), the principal amount of

Forty-Nine Million Three Hundred and Eighty Thousand Dollars

----- (\$49,380,000.00) -----

by annual payments on the 2nd day of April in each of the years 2020 to 2029, 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 2, 2019, 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 2nd day of April and the 2nd day of October, in each year, commencing on October 2, 2019 (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 2nd day of April, 2019.

IN TESTIMONY WHEREOF and under the authority of the related debenture by-law (Bill No. 107) duly passed by the Council of the Issuer on the 26th day of March, 2019, 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 2, 2019

Mayor

(seal)

Treasurer

SCHEDULE

			Interest	Semi-annual		Principal	Total	Principal
			Rate	April 2	October 2	April 2	Annual	Balance
			%	\$	\$	\$	Payment	Outstanding
							\$	April 2
Year	CUSIP No.	ISIN No.						\$
2019				-	590,877.50	-	590,877.50	49,380,000.00
2020	541908JY6	CA541908JY66	2.00	590,877.50	546,287.50	4,459,000.00	5,596,165.00	44,921,000.00
2021	541908JZ3	CA541908JZ32	2.00	546,287.50	500,787.50	4,550,000.00	5,597,075.00	40,371,000.00
2022	541908KA6	CA541908KA61	2.10	500,787.50	452,036.00	4,643,000.00	5,595,823.50	35,728,000.00
2023	541908KB4	CA541908KB45	2.20	452,036.00	399,874.00	4,742,000.00	5,593,910.00	30,986,000.00
2024	541908KC2	CA541908KC28	2.35	399,874.00	342,886.50	4,850,000.00	5,592,760.50	26,136,000.00
2025	541908KD0	CA541908KD01	2.45	342,886.50	282,077.50	4,964,000.00	5,588,964.00	21,172,000.00
2026	541908KE8	CA541908KE83	2.55	282,077.50	217,205.50	5,088,000.00	5,587,283.00	16,084,000.00
2027	541908KF5	CA541908KF58	2.65	217,205.50	148,040.50	5,220,000.00	5,585,246.00	10,864,000.00
2028	541908KG3	CA541908KG32	2.70	148,040.50	75,707.50	5,358,000.00	5,581,748.00	5,506,000.00
2029	541908KH1	CA541908KH15	2.75	75,707.50	-	5,506,000.00	5,581,707.50	-
				3,555,780.00	3,555,780.00	49,380,000.00	56,491,560.00	

LEGAL OPINION

We have examined the Debenture By-law of the Issuer authorizing the issue of instalment debentures in the aggregate principal amount of \$49,380,000.00 dated April 2, 2019 and maturing in ten (10) instalments of principal of varying amounts on the 2nd day of April in each of the years 2020 to 2029, 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 \$49,380,000.00), 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 Local Planning Appeal 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 2, 2019

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 the 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 2, 2019 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

	Interest Rate %	Semi-annual Interest April 2 October 2		Principal April 2 \$	Total Annual Payment \$	Principal Balance Outstanding April 2 \$
Year		\$	\$			
2019		-	590,877.50	-	590,877.50	49,380,000.00
2020	2.00	590,877.50	546,287.50	4,459,000.00	5,596,165.00	44,921,000.00
2021	2.00	546,287.50	500,787.50	4,550,000.00	5,597,075.00	40,371,000.00
2022	2.10	500,787.50	452,036.00	4,643,000.00	5,595,823.50	35,728,000.00
2023	2.20	452,036.00	399,874.00	4,742,000.00	5,593,910.00	30,986,000.00
2024	2.35	399,874.00	342,886.50	4,850,000.00	5,592,760.50	26,136,000.00
2025	2.45	342,886.50	282,077.50	4,964,000.00	5,588,964.00	21,172,000.00
2026	2.55	282,077.50	217,205.50	5,088,000.00	5,587,283.00	16,084,000.00
2027	2.65	217,205.50	148,040.50	5,220,000.00	5,585,246.00	10,864,000.00
2028	2.70	148,040.50	75,707.50	5,358,000.00	5,581,748.00	5,506,000.00
2029	2.75	75,707.50	-	5,506,000.00	5,581,707.50	-
		3,555,780.00	3,555,780.00	49,380,000.00	56,491,560.00	

RBC Capital Markets

C\$49.38 million 1-10 year Serial Debenture
Transaction Review

March 25th, 2019



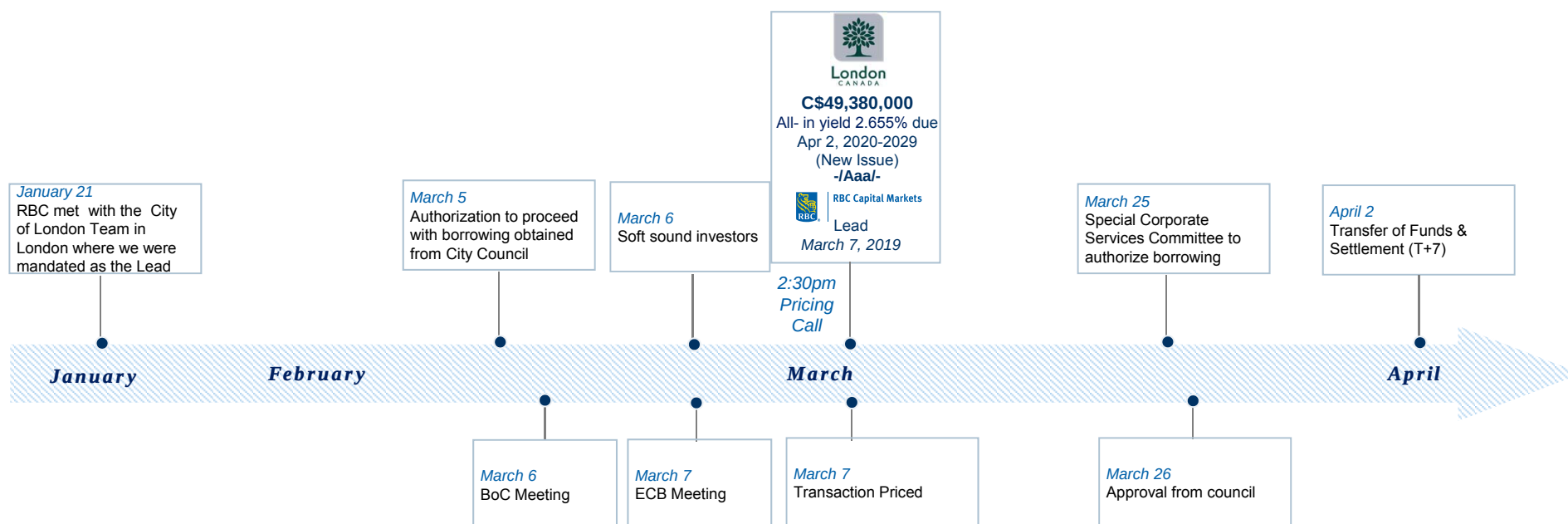
RBC Capital Markets

City of London Transaction Review

Brief Time Line & Transaction Details

- City of London conducted an extensive syndicate review after 7 years in September 2018 following which RBC was reappointed as 1 of the 3 Lead managers
- RBC is extremely pleased and thankful for being given the opportunity to Lead the first debt issue for the City since the syndicate review
- They City was able to price well in advance of its March 25 debenture meeting, with a desired settlement of April 2 while navigating several macro economic events and achieving an all-in cost of funds of 2.655%

Transaction Execution Timeline



City of London Transaction Review

Macro Overview

- Financial markets in 2018 and 2019 have been dominated by concerns surrounding trade and global economic growth
- In Canada, NAFTA Negotiations, US Tariffs on China, Brexit, and slowing economic growth domestically and in Europe has created uncertainty for both the Bank of Canada ("BoC") and Investors
- The week of London's transaction the BoC and ECB highlighted economic risks and future uncertainty, dampening the economic outlook for their respective economies and sending yields lower
 - Specifically, the BoC held the overnight rate at 1.75%, suggesting the need for further stimulus, and announced it anticipates lower growth in 2019 while also highlighting uncertainty in the path of future rate hikes
 - Following the BoC, the ECB announced it was shifting out the projection of its first hike by at least 6 months and announced TLTRO-III, essentially extending cheap financing to banks to stimulate economic growth
- The combination of these announcements resulted in Canadian yields declining 10-13bps to levels not seen since June 2017 during the week of London's deal, resulting in the lowest all-in cost of funds available to the City in over a year and a half
- RBC currently projects a 25bps hike in each of Q3 and Q4 2019 by the BoC
- The FOMC has also acknowledged an increasingly uncertain global backdrop, and has stated that it is content to be patient and assess the impact of global risks before resuming a tightening path
- RBC currently projects a rate hike in each of Q2 and Q4 of 2019 in the US

RBC Economics Interest Rate Forecasts⁽¹⁾

RBC Interest Rate Forecasts						
🇨🇦 Government of Canada Rates Forecast						
Term	Current	Q1/19	Q2/19	Q3/19	Q4/19	Q1/20
O/N	1.75%	1.75%	1.75%	2.00%	2.25%	2.25%
5-Year GoC	1.63%	2.10%	2.30%	2.45%	2.50%	2.45%
10-Year GoC	1.74%	2.20%	2.40%	2.55%	2.60%	2.60%
30-Year GoC	2.04%	2.40%	2.55%	2.65%	2.70%	2.70%

🇺🇸 US Treasury Rates Forecast						
Term	Current	Q1/19	Q2/19	Q3/19	Q4/19	Q1/20
O/N	2.50%	2.50%	2.75%	2.75%	3.00%	3.00%
10-Year UST	2.63%	2.95%	3.15%	3.25%	3.30%	3.25%
30-Year UST	3.02%	3.20%	3.30%	3.40%	3.45%	3.40%

Although the Bank came out with a dovish outlook in February, it did not dispense with the prospect that interest rates will rise in the future

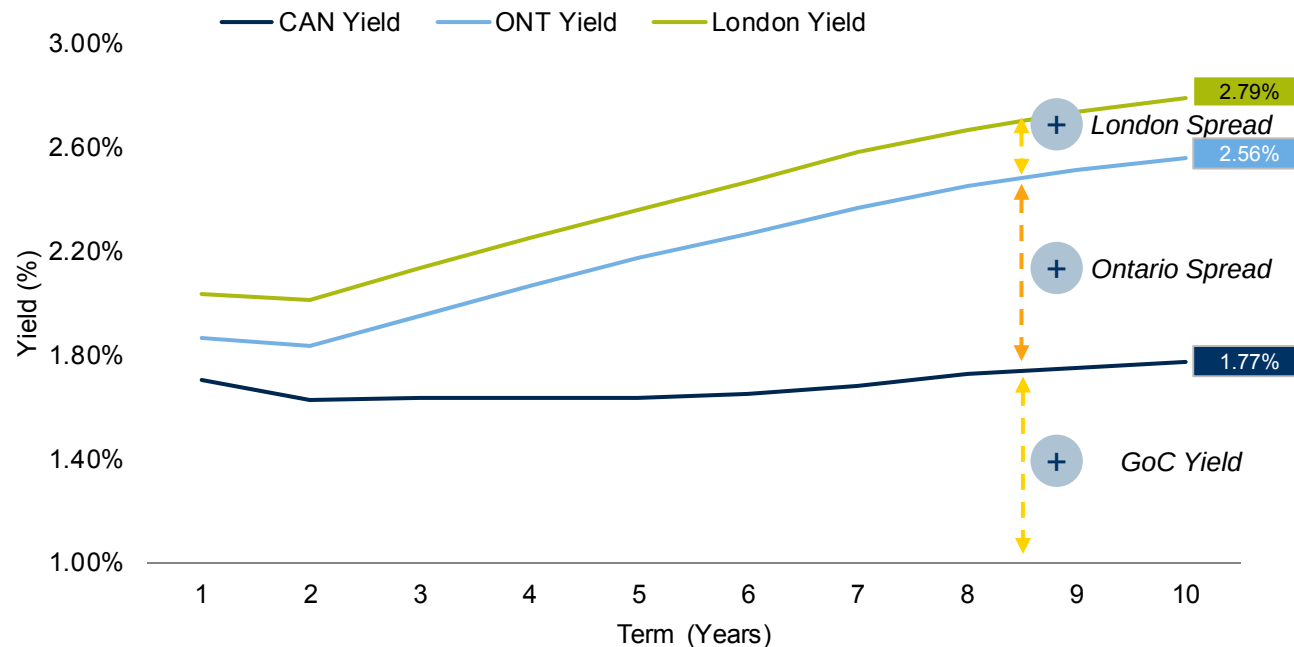
London 10-Year Re-Offer Yields



City of London Transaction Review

City of London 1-10yr Serial Debenture – Yield Curve

- The City of London yield curve consists of the underlying government of Canada yields plus a spread to reflect the Ontario credit and a spread to reflect the City of London's credit
 - $\text{City of London Yield (\%)} = \text{Canada Yield (\%)} + \text{Ontario Spread (\%)} + \text{City of London Spread (\%)}$
- City of London bonds, much like every other municipal bond trade in secondary markets at a spread versus Ontario
- The City's 'Aaa' rating from Moody's bond rating agency allows London to issue debentures at the lowest yields amongst municipal issuers of serial debentures



City of London Transaction Review

City of London Pricing

- London was able to achieve an attractive weighted average all-in cost of 2.655% for its 1-10yr structure
 - Marks an improvement of ~32bps relative to the cost of funds in 2018 due to lower underlying yields
- Final pricing was ONT +19 bps in 5s and ONT +23 bps in 10s
- Line sizes of C\$4.5-5.5 million allowed for significant interest from the investor base
- Weighted average life of ~5.7 years for the structure

London 1-10 Year Serial Pricing

TERM (YR)	PRINCIPAL AMOUNT	MATURITY APR 2	GoC BENCHMARK	BENCHMARK YIELD	SPREAD	OFFERING YIELD	COUPON	OFFERING PRICE (\$)	CC	DRAWDOWN	NET PRICE (\$)	NET YIELD
1	4,459,000	2020	TBILL	1.700%	0.330%	2.030%	2.000%	\$ 99.970	\$ 0.2500	\$ 0.1000	\$ 99.7200	2.285%
2	4,550,000	2021	CAN 2.25% 1FEB21	1.626%	0.380%	2.006%	2.000%	\$ 99.988	\$ 0.2500	\$ 0.1000	\$ 99.7380	2.135%
3	4,643,000	2022	CAN 0.5% 1MAR22	1.631%	0.500%	2.131%	2.100%	\$ 99.910	\$ 0.3500	\$ 0.2000	\$ 99.5600	2.253%
4	4,742,000	2023	CAN 1.75% 1MAR23	1.633%	0.615%	2.248%	2.200%	\$ 99.817	\$ 0.4500	\$ 0.2500	\$ 99.3670	2.367%
5	4,850,000	2024	CAN 2.25% 1MAR24	1.633%	0.725%	2.358%	2.350%	\$ 99.962	\$ 0.5000	\$ 0.2500	\$ 99.4620	2.465%
TOTAL	23,244,000					2.216%		\$ 99.929			\$ 99.5660	2.341%
6	4,964,000	2025	CAN 2.5% 1JUN24	1.651%	0.815%	2.466%	2.450%	\$ 99.911	\$ 0.6000	\$ 0.3000	\$ 99.3110	2.575%
7	5,088,000	2026	CAN 2.25% 1JUN25	1.682%	0.895%	2.577%	2.550%	\$ 99.828	\$ 0.7000	\$ 0.3000	\$ 99.1280	2.688%
8	5,220,000	2027	CAN 1.5% 1JUN26	1.723%	0.940%	2.663%	2.650%	\$ 99.907	\$ 0.7500	\$ 0.3500	\$ 99.1570	2.768%
9	5,358,000	2028	CAN 1% 1JUN27	1.749%	0.985%	2.734%	2.700%	\$ 99.730	\$ 0.7500	\$ 0.3500	\$ 98.9800	2.829%
10	5,506,000	2029	CAN 2% 1JUN28	1.769%	1.020%	2.789%	2.750%	\$ 99.662	\$ 0.7500	\$ 0.3500	\$ 98.9120	2.876%
TOTAL	26,136,000					2.668%		\$ 99.804			\$ 99.0930	2.767%
GRAND TOTAL	49,380,000	WATM = 5.694 YRS				2.549%		\$ 99.863	\$ 0.548		\$ 99.3150	2.655%

London Historical Transaction Yields (2014-2019)

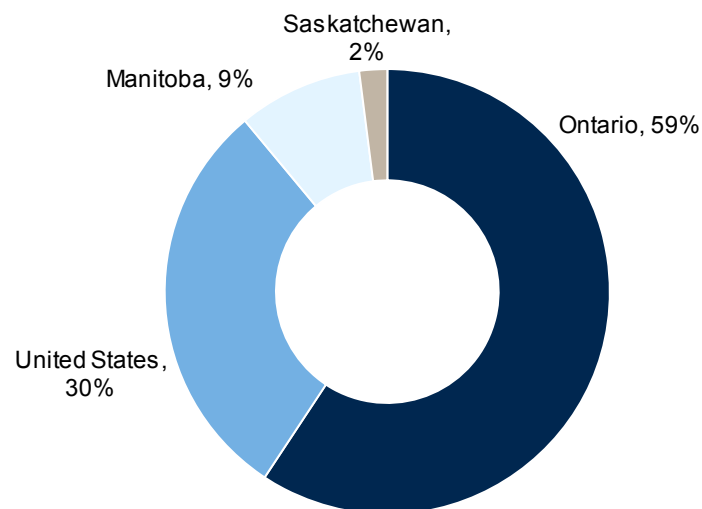
Year	Re-Offer Yield	All-In Yield
2019	2.549%	2.655%
2018	2.869%	2.976%
2017	2.375%	2.480%
2016	2.196%	2.301%
2015	1.765%	1.869%
2014	2.850%	2.957%

City of London Transaction Review

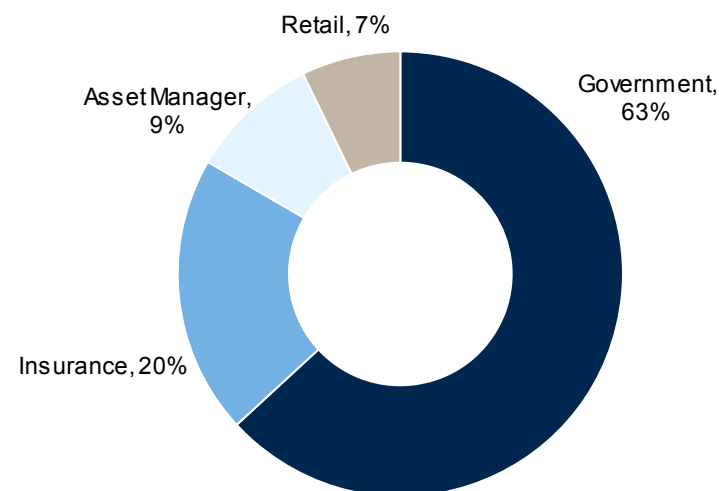
Distribution

- The City of London bonds were broadly distributed across 9 institutional investors
- The offering was primarily placed with domestic investors (70%) while 30% was placed into the US
 - Domestic breakdown includes Ontario (59%), Manitoba (9%), and Saskatchewan (2%)
- In terms of investor type, the transaction was purchased by Governments (63%), Insurance Companies (20%), Asset Managers (9%) and Retail Investors (7%)

Geographic Distribution



Distribution by Investor Type



City of London Transaction Review

City of London C\$49.38 million 1-10 year Serial Debenture



London
CANADA

C\$49,380,000
All-in yield 2.655% due
April 2, 2020-2029
(1-10yr Serial New Issue)



RBC Capital Markets

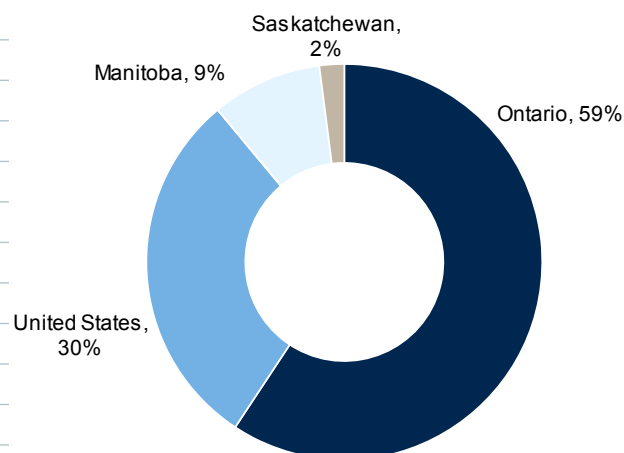
Lead
March 7, 2019

- On Thursday March 7, 2019 the City of London ("London") priced a successful C\$49.38 million 1-10 year serial debenture transaction with RBC as Lead Manager
 - The offering marked the first municipal serial offering in the Canadian market in 2019
 - Represents London's return to the market following a successful C\$55 million 1-10 year serial in February 2018
- London is a regular issuer of serial debentures in the Canadian market, having completed an offering in each consecutive year since 2011 for a total of C\$426.3 million
- London was able to navigate a volatile rates backdrop driven by a number of economic events including the Bank of Canada ("BoC") and European Central Bank ("ECB") announcements
 - Underlying Government of Canada yields declined ~10-13bps during the week following a dovish BoC announcement which highlighted uncertainty and lower growth, while the ECB extended targeted refinancing programmes and shifted the schedule for a rate hike to later in the year
 - The dovish tilt from the central banks and risk-off move from investors pushed underlying yields to their lowest levels since June 2017, resulting in a very attractive all-in rate of 2.655% for the City**
- The ability of London to navigate volatility and complete a successful offering in relatively volatile conditions speaks to the strength of the London credit
- The offering saw demand from 9 high-quality institutional investors and retail investors from Ontario (59%), United States (30%), Manitoba (9%), and Saskatchewan (2%)
- In terms of investor type, the transaction was purchased by Governments (63%), Insurance Companies (20%), Asset Managers (9%) and Retail Investors (7%)

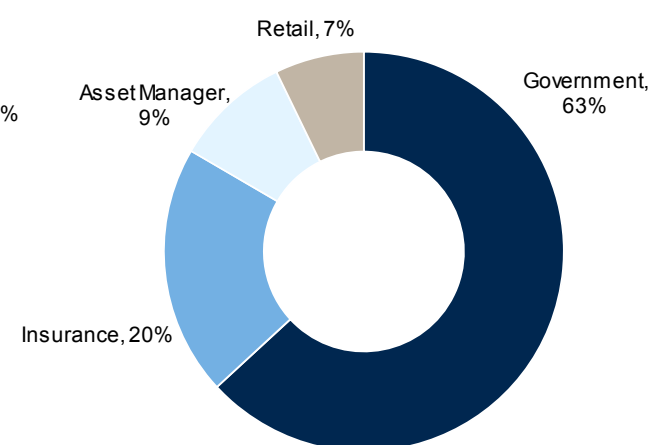
Summary Details

Issuer:	City of London
Ratings:	-/Aaa/-
Launch Date:	March 6, 2019
Price Date:	March 7, 2019
Settlement Date:	April 2, 2019 (T+18)
Structure:	1-10 Year Serial
Size:	C\$49.38 million
Wt. Avg. Life:	5.694 years
Wt. Avg. Re-Offer:	2.549%
All-In Yield:	2.655%
# Institutional Buyers:	9
Lead:	RBC

Overall Distribution by Geography



Overall Distribution by Type



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TO:	CHAIR AND MEMBERS CORPORATE SERVICES COMMITTEE MEETING ON MARCH 25, 2019
FROM:	ANNA LISA BARBON MANAGING DIRECTOR, CORPORATE SERVICES AND CITY TREASURER, CHIEF FINANCIAL OFFICER
SUBJECT:	COURT SECURITY AND PRISONER TRANSPORTATION PROGRAM TRANSFER PAYMENT AGREEMENT

RECOMMENDATION

That, on the recommendation of the Managing Director, Corporate Services and City Treasurer, Chief Financial Officer, the attached proposed by-law (Appendix “A”) **BE INTRODUCED** at the Municipal Council meeting on March 26, 2019 to approve the Ontario Transfer Payment Agreement for the Court Security and Prisoner Transportation Program (“Schedule 1”) between The Corporation of the City of London and Her Majesty the Queen in Right of Ontario; and **TO AUTHORIZE** the Mayor and Clerk to execute the Agreement.

PREVIOUS REPORTS PERTINENT TO THIS MATTER
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- Court Security and Prisoner Transportation Program Transfer Payment Agreement (Corporate Services Committee – December 13, 2016)
- Court Security Prisoner Transportation Program Funding Agreement (Corporate Services Committee – December 16, 2014)
- Court Security and Prisoner Transportation Program Funding Agreement (Public Safety Committee – March 20, 2012)
- Provincial-Municipal Fiscal and Service Delivery Review (Board of Control – November 12, 2008)

BACKGROUND

On October 3, 2008, the Government of Ontario, the Association of Municipalities of Ontario (AMO), and the City of Toronto announced the results of the Provincial-Municipal Fiscal and Service Delivery Review in a ceremony at Queens Park along with the release of a corresponding report entitled “Facing the Future Together.” One of the results of this review that impacts municipalities was the gradual upload of court security and prisoner transportation costs. The uploading of these costs began in 2012 and was phased in over seven years up to a maximum of \$125 million province-wide in 2018. With the upload commencing in 2012, three agreements covering the allocation of funding for the City of London for the years 2012-2014, 2015-2016 and 2017-2018 totaling approximately \$13.2 million were previously approved and executed.

The City has received the next agreement for a one year term which sets out the allocation of funding of \$3,180,692.40 for 2019 under the Court Security and Prisoner Transportation (CSPT) Program. The Province requires receipt of all municipalities’ executed CSPT agreements prior to their year-end on March 31, 2019, otherwise the Province will not be able to secure funding for this program for the period covering January 1, 2019 to March 31, 2019. In the event that this agreement is not executed and delivered to the Province by March 31st, the City of London would sacrifice approximately \$800,000 of funding for the first three months of 2019, hence the urgency to approve this agreement.

As with previous agreements, Civic Administration proposed several changes to the Ministry to amend the agreement to more appropriately reflect the relationship between the Corporation of the City of London and the London Police Service, the organization responsible for the provision of these services. The agreement, as presented in Schedule 1 of the by-law, reflects the amended agreement which contains similar provisions to previous signed agreements. Unfortunately, Civic Administration continues to have some reservations with the agreement as it stands, however the Ministry has made it clear that they are unwilling to consider any further

changes to their standard form agreement. Furthermore, should the municipality decide not to execute the agreement, funding of approximately \$3.2 million would be lost for 2019.

Despite amendments made, Civic Administration still has concerns with the amended agreement in the following areas:

- a) Article A2.3 – Governance
The Corporation must rely on the London Police Service to ensure procedures are in place to complete the project successfully, and to identify and address any risks to the project since the London Police Service is responsible for the delivery of CSPT services.

- b) Article A4.2 – Limitation on Payment of Funds
The agreement indicates that the Province is not obligated to provide instalments of the funding until it is satisfied with the progress of the project. The “project” for the purposes of this agreement is simply the provision of funds from the Corporation to the London Police Service, so it is not clear what would signify satisfactory progress for this provision. In the City’s opinion, this clause is not required to be part of the agreement.

- c) Article 4.3 – Use of Funds and Carry Out the Project
The City has no control over how the services are carried out. Although the Ministry has allowed the City to add a paragraph in Schedule C for clarity that the London Police Services Board is responsible for providing the services and carrying out the Project, the Ministry would not agree to amend this clause.

- d) Article 5.0 – Recipient’s Acquisition of Goods or Services, and Disposal of Assets and Article A6.0 – Conflict of Interest
Although the Ministry has amended the agreement to recognize that the Municipality is funding the London Police Service who carries out the program, the City still has no control over how the London Police Service operates. As such, the City has no control over the acquisition of goods or services, the disposal of assets and/or any related conflict of interest. In the City’s opinion, these clauses are not required to be part of the agreement.

- e) Article A7.0 – Reporting, Accounting, and Review
This article identifies that the City may be required to submit other reports other than what is prescribed in the agreement under a timeline and with content requirements specified by the Ministry. Without knowing what reporting requirements may be required, the Ministry could require that the municipality submit a report that it may not be able to produce. The City would prefer the Ministry to be more specific with respect to the “other reports” referred to in the agreement.

- f) Article A11.0 – Termination on Notice and Article 12.0 – Termination Where No Appropriation
Concern was raised that this article contradicts what has been represented by the Province relative to the upload of these services. This funding is being relied upon for budget purposes. If the agreement were to be terminated by the Province in accordance with these provisions, a budget shortfall would result.

Risk Management has reviewed the agreement and notes that Article 9.0 – Indemnity requires the City to indemnify the Province from any and all liability, claims, lawsuits, etc. arising out of this Agreement unless the loss was solely caused by the Province’s negligence or wilful misconduct. Although this clause exposes the City to risk, the benefits of the Agreement outweigh the risks.

FINANCIAL IMPACT

The 2019 budget for this funding (developed prior to the receipt of this agreement) is \$3,195,601. Based on the actual funding amount of \$3,180,692 the budget is over-stated by \$14,909 and will be a minor budget pressure in 2019. The upload of court security and prisoner transportation costs mitigates tax levy increases by approximately 0.6% in 2019. However, as identified in Article A11.1 – Termination on Notice, “the Province may terminate this Agreement at any time without liability, penalty, or costs upon giving at least 30 days’ Notice to the Recipient.” If this upload is terminated, the City would have to cover the shortfall of funding through either an increase in

property taxes and/or a reduction in other program expenditures. In addition, depending on the timing of termination, Civic Administration could have to issue a supplementary tax billing if there were insufficient funding available from reserves. At this time, the risk of a supplementary tax billing is extremely low but should be noted.

It should also be noted that the Province is currently reviewing a number of grant programs and funding initiatives, including the CSPT program. It is currently unknown how this review could impact the CSPT program and associated funding allocations in the future.

SUMMARY

The upload of court security and prisoner transportation costs to the Province continues to reduce the tax rate impact to the municipal property tax payer. Civic Administration has worked with the Ministry to amend the agreement to more appropriately reflect the relationship between the Corporation of the City of London and the London Police Service, however Civic Administration continues to have some reservations with the agreement as presented. At this time, the Ministry has amended the agreement as much as they are willing and require the agreement to be executed. Should the City not execute the agreement, \$3.2 million of funding would be lost by the municipality.

This report was prepared with the assistance of the City Solicitor's Office and Risk Management.

PREPARED BY:	REVIEWED BY:
JANICE BROWN, CPA, CGA FINANCIAL BUSINESS ADMINISTRATOR	KYLE MURRAY, CPA, CA DIRECTOR, FINANCIAL PLANNING & BUSINESS SUPPORT
RECOMMENDED BY:	
ANNA LISA BARBON, CPA, CGA MANAGING DIRECTOR, CORPORATE SERVICES AND CITY TREASURER, CHIEF FINANCIAL OFFICER	

- cc: M. Butlin, City Solicitors Office
J. Pare, Chief of Police, London Police Services
K. Darling, Financial Services, London Police Services
I. Collins, Director, Financial Services

APPENDIX “A”

Bill No.

2019

A by-law to approve the Ontario Transfer Payment Agreement for the Court Security and Prisoner Transportation Program with Her Majesty the Queen in right of Ontario as represented by the Minister of Community Safety and Correctional Services; and to authorize the Mayor and City Clerk to execute the Agreement

WHEREAS subsection 5(3) of the *Municipal Act, 2001*, S.O. 2001, c. 25, as amended, provides that a municipal power shall be exercised by by-law;

AND WHEREAS section 9 of the *Municipal Act, 2001*, as amended, provides that a municipality has the capacity, rights, powers and privileges of a natural person for the purpose of exercising its authority under this or any other Act;

AND WHEREAS subsection 10(1) of the *Municipal Act, 2001* provides that a municipality may provide any service or thing that the municipality considers necessary or desirable for the public;

AND WHEREAS subsection 10(2) of the *Municipal Act, 2001* provides that a municipality may pass by-laws respecting, among other things: (i) economic, social, and environmental well-being of the municipality; and ii) health, safety and well-being of persons.

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

1. The Agreement to be entered into between The Corporation of the City of London and Her Majesty the Queen in right of Ontario, for the provision of funding for the Court Security and Prisoner Transportation Program, attached hereto as Schedule “1” to this By-law, is hereby authorized and approved.
2. The Mayor and City Clerk are authorized to execute the Agreement approved under section 1 of this by-law.

This by-law shall come into force and effect on the day it is passed.

Ed Holder
Mayor

Catharine Saunders
City Clerk

First Reading –
Second Reading –
Third Reading –

SCHEDULE “1”
ONTARIO TRANSFER PAYMENT AGREEMENT

THE AGREEMENT is effective as of the 1st day of January, 2019

B E T W E E N :

**Her Majesty the Queen in right of Ontario
as represented by the Minister of Community Safety and
Correctional Services**

(the “Province”)

- and -

The Corporation of the City of London

(the “Recipient”)

BACKGROUND

- A. The Province implemented the Court Security and Prisoner Transportation (CSPT) Program (the “Program”) in 2012 to assist municipalities in offsetting their costs of providing CSPT services in their jurisdictions;
- B. The Province will upload CSPT costs from municipalities to a maximum of \$125 million in 2019.
- C. Pursuant to subsection 4(1) of the *Police Services Act*, the Recipient is required to provide adequate and effective police services in accordance with its needs.
- D. Pursuant to subsection 5(1) of the *Police Services Act*, the Recipient has discharged its responsibility to provide police services by establishing the London Police Services the members of which are appointed by the London Police Services Board pursuant to subsection 31(1)(a) of the *Police Services Act*.
- E. Pursuant to subsection 137(1) of the *Police Services Act* the London Police Services Board has the following responsibilities, with respect to premises where court proceedings are conducted in the City of London:
 - 1. Ensuring the security of judges and of persons taking part in or attending proceedings.
 - 2. During the hours when judges and members of the public are normally present, ensuring the security of the premises.
 - 3. Ensuring the secure custody of persons in custody who are on or about the premises including persons taking into custody or

proceedings.

4. Determining appropriate levels of security for the purposes of paragraph 1, 2 and 3.
-
- F. Pursuant to section 39 of the *Police Services Act*, the London Police Services Board submits the operating and capital estimates to the Recipient and upon reviewing the estimates, the council for the Recipient establishes an overall budget for the London Police Services Board.
 - G. The cost of court security and prisoner transportation provided by the London Police Services Board pursuant to subsection 137(1) of the *Police Services Act* are included in the estimates provided by the London Police Services Board and funded by the Recipient.
 - H. The Ministry has agreed to provide funding to the Recipient to be used to fund the costs of court security and prisoner transportation provided by the London Police Services Board in accordance with its obligations under subsection 137(1) of the *Police Services Act*.
 - I. The Recipient has provided its 2017 CSPT costs, as confirmed in the 2017 Annual Financial Report, which the Recipient submitted as part of the reporting requirements for the 2017-2018 agreement for the Program;
 - J. Funding is allocated based on the Recipient's relative share of the total 2017 provincial CSPT costs.

CONSIDERATION

In consideration of the mutual covenants and agreements contained in this Agreement and for other good and valuable consideration, the receipt and sufficiency of which are expressly acknowledged, the Province and the Recipient agree as follows:

1.0 ENTIRE AGREEMENT

1.1 The agreement, together with:

Schedule "A" - General Terms and Conditions
Schedule "B" - Project Specific Information and Additional Provisions
Schedule "C" - Project
Schedule "D" - Payment Plan and Reporting Schedules
Schedule "E" - Court Security and Prisoner Transportation Services and Activities Eligible for Funding
Schedule "F" - Template for Annual Financial Report, and
any amending agreement entered into as provided for in section 4.1,

constitutes the entire agreement between the Parties with respect to the subject matter contained in the Agreement and supersedes all prior oral or written representations and agreements.

2.0 CONFLICT OR INCONSISTENCY

2.1 Conflict or Inconsistency. In the event of a conflict or inconsistency between the Additional Provisions and the provisions in Schedule "A", the following rules will apply:

- (a) the Parties will interpret any Additional Provisions in so far as possible, in a way that preserves the intention of the Parties as expressed in Schedule "A"; and
- (b) where it is not possible to interpret the Additional Provisions in a way that is consistent with the provisions in Schedule "A", the Additional Provisions will prevail over the provisions in Schedule "A" to the extent of the inconsistency.

3.0 AMENDING THE AGREEMENT

3.1 The Agreement may only be amended by a written agreement duly executed by the Parties.

4.0 ACKNOWLEDGEMENT

4.1 The Recipient acknowledges that:

- (a) by receiving Funds it may become subject to legislation applicable to organizations that receive funding from the Government of Ontario, including the *Broader Public Sector Accountability Act, 2010* (Ontario), the *Public Sector Salary Disclosure Act, 1996* (Ontario), and the *Auditor General Act* (Ontario);
- (b) Her Majesty the Queen in right of Ontario has issued expenses, perquisites, and procurement directives and guidelines pursuant to the *Broader Public Sector Accountability Act, 2010* (Ontario);
- (c) the Funds are:
 - (i) to assist the Recipient to carry out the Project and not to provide goods or services to the Province;
 - (ii) funding for the purposes of the *Public Sector Salary Disclosure Act, 1996* (Ontario);
- (d) the Province is not responsible for carrying out the Project; and
- (e) the Province is bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province in connection with the Project or otherwise in connection with the Agreement may be subject to disclosure in accordance with that Act.

4.2 The Province acknowledges that the Recipient is bound by the *Municipal Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Recipient in connection with the Project or otherwise in connection with the Agreement may be subject to disclosure in accordance with that Act.

- SIGNATURE PAGE FOLLOWS -

The Parties have executed the Agreement on the dates set out below.

**HER MAJESTY THE QUEEN IN RIGHT OF
ONTARIO as represented by Minister of
Community Safety and Correctional Services**

Date

Name: Stephen Beckett
Title: Assistant Deputy Minister
Public Safety Division

The Corporation of the City of London

Date

Name:
Title:

Date

Name:
Title:

SCHEDULE "A"
GENERAL TERMS AND CONDITIONS

A1.0 INTERPRETATION AND DEFINITIONS

A1.1 Interpretation. For the purposes of interpretation:

- (a) words in the singular include the plural and vice-versa;
- (b) words in one gender include all genders;
- (c) the headings do not form part of the Agreement; they are for reference only and will not affect the interpretation of the Agreement;
- (d) any reference to dollars or currency will be in Canadian dollars and currency; and
- (e) "include", "includes" and "including" denote that the subsequent list is not exhaustive.

A1.2 Definitions. In the Agreement, the following terms will have the following meanings:

"Additional Provisions" means the terms and conditions set out in Schedule "B".

"Agreement" means this agreement entered into between the Province and the Recipient, all of the schedules listed in section 1.1, and any amending agreement entered into pursuant to section 3.1.

"Business Day" means any working day, Monday to Friday inclusive, excluding statutory and other holidays, namely: New Year's Day; Family Day; Good Friday; Easter Monday; Victoria Day; Canada Day; Civic Holiday; Labour Day; Thanksgiving Day; Remembrance Day; Christmas Day; Boxing Day and any other day on which the Province has elected to be closed for business.

"Court Security and Prisoner Transportation Services" means the services and activities eligible for funding, as set out in Schedule "E".

"Effective Date" means the date set out at the top of the Agreement.

"Event of Default" has the meaning ascribed to it in section A13.1.

"Expiry Date" means the expiry date set out in Schedule "B".

"Funding Year" means:

- (a) in the case of the first Funding Year, the period commencing on the

Effective Date and ending on the following December 31; and

- (b) in the case of Funding Years subsequent to the first Funding Year, the period commencing on January 1 following the end of the previous Funding Year and ending on the following December 31.

“Funds” means the money the Province provides to the Recipient pursuant to the Agreement.

“Indemnified Parties” means Her Majesty the Queen in right of Ontario, Her ministers, agents, appointees, and employees.

“Maximum Funds” means the maximum Funds set out in Schedule “B”.

“Notice” means any communication given or required to be given pursuant to the Agreement.

“Notice Period” means the period of time within which the Recipient is required to remedy an Event of Default pursuant to section A13.3(b), and includes any such period or periods of time by which the Province extends that time in accordance with section A13.4.

“Parties” means the Province and the Recipient.

“Party” means either the Province or the Recipient.

“Project” means the undertaking described in Schedule “C”.

“Reports” means the reports described in Schedule “F”.

A2.0 REPRESENTATIONS, WARRANTIES, AND COVENANTS

A2.1 General. The Recipient represents, warrants, and covenants that:

- (a) it is, and will continue to be, a validly existing legal entity with full power to fulfill its obligations under the Agreement;
- (b) it has, and will continue to have, the experience and expertise necessary to carry out the Project;
- (c) it is in compliance with, and will continue to comply with, all federal and provincial laws and regulations, all municipal by-laws, and any other orders, rules, and by-laws related to any aspect of the Project, the Funds, or both; and
- (d) unless otherwise provided for in the Agreement, any information the Recipient provided to the Province in support of its request for funds (including information relating to any eligibility requirements) was true

and complete at the time the Recipient provided it and will continue to be true and complete.

A2.2 **Execution of Agreement.** The Recipient represents and warrants that it has:

- (a) the full power and authority to enter into the Agreement; and
- (b) taken all necessary actions to authorize the execution of the Agreement.

A2.3 **Governance.** The Recipient represents, warrants, and covenants that it has, will maintain in writing, and will follow:

- (a) a code of conduct and ethical responsibilities for all persons at all levels of the Recipient's organization;
- (b) procedures to enable the Recipient's ongoing effective functioning;
- (c) decision-making mechanisms for the Recipient;
- (d) procedures to enable the Recipient to manage Funds prudently and effectively;
- (e) procedures to enable the Recipient to complete the Project successfully;
- (f) procedures to enable the Recipient to identify risks to the completion of the Project and strategies to address the identified risks, all in a timely manner;
- (g) procedures to enable the preparation and submission of all Reports required pursuant to Article A7.0; and
- (h) procedures to enable the Recipient to address such other matters as the Recipient considers necessary to enable the Recipient to carry out its obligations under the Agreement.

A2.4 **Supporting Proof.** Upon the request of the Province, the Recipient will provide the Province with proof of the matters referred to in Article A2.0.

A3.0 TERM OF THE AGREEMENT

A3.1 **Term.** The term of the Agreement will commence on the Effective Date and will expire on the Expiry Date unless terminated earlier pursuant to Article A11.0, Article A12.0, or Article A13.0.

A4.0 FUNDS AND CARRYING OUT THE PROJECT

A4.1 **Funds Provided.** The Province will:

- (a) provide the Recipient up to the Maximum Funds for the purpose of carrying out the Project;
- (b) provide the Funds to the Recipient in accordance with Schedule "D"; and
- (c) deposit the Funds into an account designated by the Recipient provided that the account:
 - (i) resides at a Canadian financial institution; and
 - (ii) is in the name of the Recipient.

A4.2 Limitation on Payment of Funds. Despite section A4.1:

- (a) the Province is not obligated to provide any Funds to the Recipient until the Recipient provides the certificates of insurance or other proof as the Province may request pursuant to section A10.2;

the Province is not obligated to provide instalments of Funds until it is satisfied with the progress of the Project;

- (b) the Province may adjust the amount of Funds it provides to the Recipient in any Funding Year based upon the Province's assessment of the information the Recipient provides to the Province pursuant to section A7.1; or
- (c) if, pursuant to the *Financial Administration Act* (Ontario), the Province does not receive the necessary appropriation from the Ontario Legislature for payment under the Agreement, the Province is not obligated to make any such payment, and, as a consequence, the Province may:
 - (i) reduce the amount of Funds and, in consultation with the Recipient, change the Project; or
 - (ii) terminate the Agreement pursuant to section A12.1.

A4.3 Use of Funds and Carry Out the Project. The Recipient will do all of the following:

- (a) carry out the Project in accordance with the Agreement;
- (b) use the Funds only for the purpose of carrying out the Project;
- (c) use the Funds only on activities and services eligible for funding as set out in Schedule "E"; and
- (d) not use the Funds to cover any cost that has or will be funded or reimbursed by one or more of any third party, ministry, agency, or

organization of the Government of Ontario.

A4.4 **Interest Bearing Account.** If the Province provides Funds before the Recipient's immediate need for the Funds, the Recipient will place the Funds in an interest bearing account in the name of the Recipient at a Canadian financial institution.

A4.5 **Interest.** If the Recipient earns any interest on the Funds, the Province may:

- (a) deduct an amount equal to the interest from any further instalments of Funds; or
- (b) demand from the Recipient the payment of an amount equal to the interest.

A4.6 **Rebates, Credits, and Refunds.** The Ministry will calculate Funds based on the actual costs to the Recipient to carry out the Project, less any costs (including taxes) for which the Recipient has received, will receive, or is eligible to receive, a rebate, credit, or refund.

A5.0 **RECIPIENT'S ACQUISITION OF GOODS OR SERVICES, AND DISPOSAL OF ASSETS**

A5.1 **Acquisition.** If the Recipient acquires goods, services, or both with the Funds, it will:

- (a) do so through a process that promotes the best value for money; and
- (b) comply with the *Broader Public Sector Accountability Act, 2010* (Ontario), including any procurement directive issued thereunder, to the extent applicable.

A5.2 **Disposal.** The Recipient shall sell, lease or otherwise dispose of any asset purchased with the Funds or for which Funds were provided only in accordance with its asset disposal policies and procedures, unless the Province agrees otherwise.

A6.0 **CONFLICT OF INTEREST**

A6.1 **No Conflict of Interest.** The Recipient will carry out the Project and use the Funds without an actual, potential, or perceived conflict of interest.

A6.2 **Conflict of Interest Includes.** For the purposes of Article A6.0, a conflict of interest includes any circumstances where:

- (a) the Recipient; or
- (b) any person who has the capacity to influence the Recipient's decisions,

has outside commitments, relationships, or financial interests that could, or could be seen to, interfere with the Recipient's objective, unbiased, and impartial judgment relating to the Project, the use of the Funds, or both.

A6.3 Disclosure to Province. The Recipient will:

- (a) disclose to the Province, without delay, any situation that a reasonable person would interpret as an actual, potential, or perceived conflict of interest; and
- (b) comply with any terms and conditions that the Province may prescribe as a result of the disclosure.

A7.0 REPORTS, ACCOUNTING, AND REVIEW

A7.1 Preparation and Submission. The Recipient will:

- (a) submit to the Province at the address referred to in section A17.1, all Reports in accordance with the timelines and content requirements as provided for in Schedules "D" and "F", or in a form as specified by the Province from time to time;
- (b) submit to the Province at the address referred to in section A17.1, any other reports as may be requested by the Province in accordance with the timelines and content requirements specified by the Province;
- (c) ensure that all Reports and other reports are completed to the satisfaction of the Province; and
- (d) ensure that all Reports and other reports are signed on behalf of the Recipient by an authorized signing officer.

A7.2 Record Maintenance. The Recipient will keep and maintain:

- (a) all financial records (including invoices) relating to the Funds or otherwise to the Project in a manner consistent with generally accepted accounting principles; and
- (b) all non-financial documents and records relating to the Funds or otherwise to the Project.

A7.3 Inspection. The Province, any authorized representative, or any independent auditor identified by the Province may, at the Province's expense, upon twenty-four hours' Notice to the Recipient and during normal business hours, enter upon the Recipient's premises to review the progress of the Project and the Recipient's allocation and expenditure of the Funds and, for these purposes,

the Province, any authorized representative, or any independent auditor identified by the Province may take one or more of the following actions:

- (a) inspect and copy the records and documents referred to in section A7.2;
- (b) remove any copies made pursuant to section A7.3(a) from the Recipient's premises; and
- (c) conduct an audit or investigation of the Recipient in respect of the expenditure of the Funds, the Project, or both.

A7.4 **Disclosure.** To assist in respect of the rights provided for in section A7.3, the Recipient will disclose any information requested by the Province, any authorized representatives, or any independent auditor identified by the Province, and will do so in the form requested by the Province, any authorized representative, or any independent auditor identified by the Province, as the case may be.

A7.5 **No Control of Records.** No provision of the Agreement will be construed so as to give the Province any control whatsoever over the Recipient's records.

A7.6 **Auditor General.** The Province's rights under Article A7.0 are in addition to any rights provided to the Auditor General pursuant to section 9.2 of the *Auditor General Act* (Ontario).

A8.0 COMMUNICATIONS REQUIREMENTS

A8.1 **Acknowledge Support.** Unless otherwise directed by the Province, the Recipient will:

- (a) acknowledge the support of the Province for the Project; and
- (b) ensure that the acknowledgement referred to in section A8.1(a) is in a form and manner as directed by the Province.

A8.2 **Publication.** The Recipient will indicate, in any of its Project-related publications, whether written, oral, or visual, that the views expressed in the publication are the views of the Recipient and do not necessarily reflect those of the Province.

A9.0 INDEMNITY

A9.1 **Indemnification.** The Recipient will indemnify and hold harmless the Indemnified Parties from and against any and all liability, loss, costs, damages, and expenses (including legal, expert and consultant fees), causes of action, actions, claims, demands, lawsuits, or other proceedings, by whomever made, sustained, incurred, brought, or prosecuted, in any way arising out of or in connection with the Project or otherwise in connection with the Agreement,

unless solely caused by the negligence or wilful misconduct of the Indemnified Parties.

A10.0 INSURANCE

A10.1 Recipient's Insurance. The Recipient represents, warrants, and covenants that it has, and will maintain, at its own cost and expense, with insurers having a secure A.M. Best rating of B+ or greater, or the equivalent, all the necessary and appropriate insurance that a prudent person carrying out a project similar to the Project would maintain, including commercial general liability insurance on an occurrence basis for third party bodily injury, personal injury, and property damage, to an inclusive limit of not less than the amount provided for in Schedule "B" per occurrence. The insurance policy will include the following:

- (a) the Indemnified Parties as additional insureds with respect to liability arising in the course of performance of the Recipient's obligations under, or otherwise in connection with, the Agreement;
- (b) a cross-liability clause;
- (c) contractual liability coverage; and
- (d) a 30-day written notice of cancellation.

A10.2 Proof of Insurance. The Recipient will:

- (a) provide to the Province, either:
 - (i) certificates of insurance that confirm the insurance coverage as provided for in section A10.1; or
 - (ii) other proof that confirms the insurance coverage as provided for in section A10.1; and
- (b) upon the request of the Province, provide to the Province a copy of any insurance policy.

A11.0 TERMINATION ON NOTICE

A11.1 Termination on Notice. The Province may terminate the Agreement at any time without liability, penalty, or costs upon giving at least 30 days' Notice to the Recipient.

A11.2 Consequences of Termination on Notice by the Province. If the Province terminates the Agreement pursuant to section A11.1, the Province may take one or more of the following actions:

- (a) cancel further instalments of Funds;

- (b) demand from the Recipient the payment of any Funds remaining in the possession or under the control of the Recipient; and
- (c) determine the reasonable costs for the Recipient to wind down the Project, and do either or both of the following:
 - (i) permit the Recipient to offset such costs against the amount the Recipient owes pursuant to section A11.2(b); and
 - (ii) subject to section A4.1(a), provide Funds to the Recipient to cover such costs.

A12.0 TERMINATION WHERE NO APPROPRIATION

A12.1 Termination Where No Appropriation. If, as provided for in section A4.2(d), the Province does not receive the necessary appropriation from the Ontario Legislature for any payment the Province is to make pursuant to the Agreement, the Province may terminate the Agreement immediately without liability, penalty, or costs by giving Notice to the Recipient.

A12.2 Consequences of Termination Where No Appropriation. If the Province terminates the Agreement pursuant to section A12.1, the Province may take one or more of the following actions:

- (a) cancel further instalments of Funds;
- (b) demand from the Recipient the payment of any Funds remaining in the possession or under the control of the Recipient; and
- (c) determine the reasonable costs for the Recipient to wind down the Project and permit the Recipient to offset such costs against the amount owing pursuant to section A12.2(b).

A12.3 No Additional Funds. If, pursuant to section A12.2(c), the Province determines that the costs to wind down the Project exceed the Funds remaining in the possession or under the control of the Recipient, the Province will not provide additional Funds to the Recipient.

A13.0 EVENT OF DEFAULT, CORRECTIVE ACTION, AND TERMINATION FOR DEFAULT

A13.1 Events of Default. Each of the following events will constitute an Event of Default:

- (a) in the opinion of the Province, the Recipient breaches any representation, warranty, covenant, or other material term of the Agreement, including failing to do any of the following in accordance with the terms and conditions of the Agreement:

- (i) carry out the Project;
- (ii) use or spend Funds; or
- (iii) provide, in accordance with section A7.1, Reports or such other reports as may have been requested pursuant to section A7.1(b);
- (b) the Recipient's operations, its financial condition, or its organizational structure, changes such that it no longer meets one or more of the eligibility requirements of the program under which the Province provides the Funds;
- (c) the Recipient makes an assignment, proposal, compromise, or arrangement for the benefit of creditors, or a creditor makes an application for an order adjudging the Recipient bankrupt, or applies for the appointment of a receiver; or
- (d) the Recipient ceases to operate.

A13.2 Consequences of Events of Default and Corrective Action. If an Event of Default occurs, the Province may, at any time, take one or more of the following actions:

- (a) initiate any action the Province considers necessary in order to facilitate the successful continuation or completion of the Project;
- (b) provide the Recipient with an opportunity to remedy the Event of Default;
- (c) suspend the payment of Funds for such period as the Province determines appropriate;
- (d) reduce the amount of the Funds;
- (e) cancel further instalments of Funds;
- (f) demand from the Recipient the payment of any Funds remaining in the possession or under the control of the Recipient;
- (g) demand from the Recipient the payment of an amount equal to any Funds the Recipient used, but did not use in accordance with the Agreement;
- (h) demand from the Recipient the payment of an amount equal to any Funds the Province provided to the Recipient; and
- (i) terminate the Agreement at any time, including immediately, without liability, penalty or costs to the Province upon giving Notice to the

Recipient.

A13.3 Opportunity to Remedy. If, in accordance with section A13.2(b), the Province provides the Recipient with an opportunity to remedy the Event of Default, the Province will give Notice to the Recipient of:

- (a) the particulars of the Event of Default; and
- (b) the Notice Period.

A13.4 Recipient not Remedying. If the Province provided the Recipient with an opportunity to remedy the Event of Default pursuant to section A13.2(b), and:

- (a) the Recipient does not remedy the Event of Default within the Notice Period;
- (b) it becomes apparent to the Province that the Recipient cannot completely remedy the Event of Default within the Notice Period; or
- (c) the Recipient is not proceeding to remedy the Event of Default in a way that is satisfactory to the Province,

the Province may extend the Notice Period, or initiate any one or more of the actions provided for in sections A13.2(a), (c), (d), (e), (f), (g), (h), and (i).

A13.5 When Termination Effective. Termination under Article will take effect as provided for in the Notice.

A14.0 FUNDS AT THE END OF A FUNDING YEAR

A14.1 Funds at the End of a Funding Year. Without limiting any rights of the Province under Article A13.0, if the Recipient has not spent all of the Funds allocated for the Funding Year, the Province may take one or both of the following actions:

- (a) demand from the Recipient payment of the unspent Funds; and
- (b) adjust the amount of any further instalments of Funds accordingly.

A15.0 FUNDS UPON EXPIRY

A15.1 Funds Upon Expiry. The Recipient will, upon expiry of the Agreement, pay to the Province any Funds remaining in its possession or under its control.

A16.0 DEBT DUE AND PAYMENT

A16.1 Payment of Overpayment. If at any time the Province provides Funds in excess of the amount to which the Recipient is entitled under the Agreement,

the Province may:

- (a) deduct an amount equal to the excess Funds from any further instalments of Funds; or
- (b) demand that the Recipient pay an amount equal to the excess Funds to the Province.

A16.2 Debt Due. If, pursuant to the Agreement:

- (a) the Province demands from the Recipient the payment of any Funds or an amount equal to any Funds; or
- (b) the Recipient owes any Funds or an amount equal to any Funds to the Province, whether or not the Province has demanded their payment,

such Funds or other amount will be deemed to be a debt due and owing to the Province by the Recipient, and the Recipient will pay the amount to the Province immediately, unless the Province directs otherwise.

A16.3 Interest Rate. The Province may charge the Recipient interest on any money owing by the Recipient at the then current interest rate charged by the Province of Ontario on accounts receivable.

A16.4 Payment of Money to Province. The Recipient will pay any money owing to the Province by cheque payable to the "Ontario Minister of Finance" and delivered to the Province as provided for in Schedule "B".

A16.5 Fails to Pay. Without limiting the application of section 43 of the *Financial Administration Act* (Ontario), if the Recipient fails to pay any amount owing under the Agreement, Her Majesty the Queen in right of Ontario may deduct any unpaid amount from any money payable to the Recipient by Her Majesty the Queen in right of Ontario.

A17.0 NOTICE

A17.1 Notice in Writing and Addressed. Notice will be in writing and will be delivered by email, postage-prepaid mail, personal delivery, or fax, and will be addressed to the Province and the Recipient respectively as provided for Schedule "B", or as either Party later designates to the other by Notice.

A17.2 Notice Given. Notice will be deemed to have been given:

- (a) in the case of postage-prepaid mail, five Business Days after the Notice is mailed; or
- (b) in the case of email, personal delivery, or fax, one Business Day after the Notice is delivered.

A17.3 **Postal Disruption.** Despite section A17.2(a), in the event of a postal disruption:

- (a) Notice by postage-prepaid mail will not be deemed to be given; and
- (b) the Party giving Notice will give Notice by email, personal delivery, or fax.

A18.0 CONSENT BY PROVINCE AND COMPLIANCE BY RECIPIENT

A18.1 **Consent.** When the Province provides its consent pursuant to the Agreement, it may impose any terms and conditions on such consent and the Recipient will comply with such terms and conditions.

A19.0 SEVERABILITY OF PROVISIONS

A19.1 **Invalidity or Unenforceability of Any Provision.** The invalidity or unenforceability of any provision of the Agreement will not affect the validity or enforceability of any other provision of the Agreement. Any invalid or unenforceable provision will be deemed to be severed.

A20.0 WAIVER

A20.1 **Waiver Request.** Either Party may, in accordance with the Notice provision set out in Article A17.0, ask the other Party to waive an obligation under the Agreement.

A20.2 **Waiver Applies.** Any waiver a Party grants in response to a request made pursuant to section A20.1 will:

- (a) be valid only if the Party granting the waiver provides it in writing; and
- (b) apply only to the specific obligation referred to in the waiver.

A21.0 INDEPENDENT PARTIES

A21.1 **Parties Independent.** The Recipient is not an agent, joint venturer, partner, or employee of the Province, and the Recipient will not represent itself in any way that might be taken by a reasonable person to suggest that it is, or take any actions that could establish or imply such a relationship.

A22.0 ASSIGNMENT OF AGREEMENT OR FUNDS

A22.1 **No Assignment.** The Recipient will not, without the prior written consent of the Province, assign any of its rights or obligations under the Agreement.

A22.2 **Agreement Binding.** All rights and obligations contained in the Agreement will

extend to and be binding on the Parties' respective heirs, executors, administrators, successors, and permitted assigns.

A23.0 GOVERNING LAW

A23.1 Governing Law. The Agreement and the rights, obligations, and relations of the Parties will be governed by and construed in accordance with the laws of the Province of Ontario and the applicable federal laws of Canada. Any actions or proceedings arising in connection with the Agreement will be conducted in the courts of Ontario, which will have exclusive jurisdiction over such proceedings.

A24.0 FURTHER ASSURANCES

A24.1 Agreement into Effect. The Recipient will provide such further assurances as the Province may request from time to time with respect to any matter to which the Agreement pertains, and will otherwise do or cause to be done all acts or things necessary to implement and carry into effect the terms and conditions of the Agreement to their full extent.

A25.0 JOINT AND SEVERAL LIABILITY

A25.1 Joint and Several Liability. Where the Recipient is comprised of more than one entity, all such entities will be jointly and severally liable to the Province for the fulfillment of the obligations of the Recipient under the Agreement.

A26.0 RIGHTS AND REMEDIES CUMULATIVE

A26.1 Rights and Remedies Cumulative. The rights and remedies of the Province under the Agreement are cumulative and are in addition to, and not in substitution for, any of its rights and remedies provided by law or in equity.

A27.0 FAILURE TO COMPLY WITH OTHER AGREEMENTS

A27.1 Other Agreements. If the Recipient:

- (a) has failed to comply with any term, condition, or obligation under any other agreement with Her Majesty the Queen in right of Ontario or one of Her agencies (a **"Failure"**);
- (b) has been provided with notice of such Failure in accordance with the requirements of such other agreement;
- (c) has, if applicable, failed to rectify such Failure in accordance with the requirements of such other agreement; and

(d) such Failure is continuing,

the Province may suspend the payment of Funds for such period as the Province determines appropriate.

A28.0 SURVIVAL

A28.1 Survival. The following Articles and sections, and all applicable cross-referenced sections and schedules, will continue in full force and effect for a period of seven years from the date of expiry or termination of the Agreement: Article 1.0, Article 3.0, Article A1.0 and any other applicable definitions, section A2.1(a), sections A4.2(d), A4.5, section A5.2, section A7.1 (to the extent that the Recipient has not provided the Reports or other reports as may have been requested to the satisfaction of the Province), sections A7.2, A7.3, A7.4, A7.5, A7.6, Article A8.0, Article A9.0, section A11.2, sections A12.2, A12.3, sections A13.1, A13.2(d), (e), (f), (g) and (h), Article A15.0, Article A16.0, Article A17.0, Article A19.0, section A22.2, Article A23.0, Article A25.0, Article A26.0, Article A27.0 and Article A28.0.

- END OF GENERAL TERMS AND CONDITIONS -

SCHEDULE "B"
PROJECT SPECIFIC INFORMATION AND ADDITIONAL PROVISIONS

Maximum Funds	\$3,180,692.40
Expiry Date	December 31, 2019
Insurance	\$5,000,000.00
Contact information for the purposes of Notice to the Province	Name: Ministry of Community Safety and Correctional Services Public Safety Division, External Relations Branch Program Development Section Address: 25 Grosvenor Street Toronto ON M7A 2H3 Attention: Fionne Yip, Community Safety Analyst Fax: 416-314-3092 Email: Fionne.Yip@ontario.ca
Contact information for the purposes of Notice to the Recipient and to respond as required to requests from the Province related to the Agreement	Name: The Corporation of the City of London Address: 300 Dufferin Avenue London ON N6A 4L9 Attention: City Clerk Email: CSaunders@London.ca

Additional Provisions:

None

SCHEDULE “C” PROJECT

The Province implemented the Program in 2012 to assist municipalities in offsetting their costs of providing CSPT services in their jurisdictions.

The Province will upload CSPT costs from municipalities to a maximum of \$125 million in 2019.

The Recipient is responsible for providing the Funds to the London Police Services Board for the costs of providing security for court premises during hours of court operations and security of persons attending court, and/or the costs of transporting prisoners and custodial minors (i.e., persons between twelve and seventeen years of age) between correctional institutions, custodial facilities and court locations for the purposes of court attendance.

For greater clarity, the London Police Services Board is responsible for providing the above noted court security and prisoner transportation services in accordance with subsection 137(1) of the Police Services Act, for which the Recipient has no responsibility. The Recipient’s responsibility is limited to providing the Funds to the London Police Services Board for these services.

SCHEDULE “D”
PAYMENT PLAN AND REPORTING SCHEDULES

The Funds in the amount of **\$3,180,692.40** will be provided to the Recipient according to the following schedule:

- A. First instalment: **\$795,173.10** will be paid to the Recipient once the Recipient has signed the Agreement, provided adequate proof of insurance to the Province in accordance with section A10.2 of the Agreement, and the Agreement has then been signed by the Province.
- B. Second Instalment: **\$795,173.10** will be paid to the Recipient, following the Province’s receipt and approval of the 2018 Annual Financial Report (due April 15, 2019). *Subsequent payments will not be released until the Province has received and approved the 2018 Annual Financial Report.*
- C. Third Instalment: **\$795,173.10** will be paid to the Recipient by the end of September 2019.
- D. Final instalment: **\$795,173.10** will be paid to the Recipient by the end of December 2019.
- E. The Recipient must submit the 2019 Annual Financial Report to the Province by April 15, 2020.

**SCHEDULE “E”
COURT SECURITY AND PRISONER TRANSPORTATION
SERVICES AND ACTIVITIES ELIGIBLE FOR FUNDING**

A. COURT SECURITY includes:

1. Facility Perimeter Security

Costs associated with external and/or internal police presence during regular or non-regular hours to secure the perimeter of the facility, to respond to a specific threat or for high-profile matters.

2. Courtroom Security

Costs associated with the presence of police staff in the courtroom to ensure the safety and security of the proceedings and attendees.

3. General Courthouse Security Presence

Costs associated with the use of screening stations to screen all public visitors to the courthouse, including the use of magnetometers and x-ray machines, and police staff assigned to perform roving patrols of the court facility.

4. Prisoner Movement in Courthouse

Costs associated with monitoring the movement of prisoners between holding cells and other areas within the courthouse.

5. Prisoner Guarding in Holding Cells

Costs associated with guarding and monitoring of prisoners brought to court for trial and held in courthouse holding cells (where applicable).

6. Prisoner Feeding

Costs associated with the provision of meals to prisoners required while in the custody of local police services for the purpose of attending court.

B. PRISONER TRANSPORTATION includes:

1. Prisoner Transport

Costs associated with the movement of prisoners between correctional institutions and court locations for the purposes of attending court.

2. Prisoner Transport - Youth

Costs associated with the movement of custodial minors (i.e. 12-17 years old) between correctional and/or custodial facilities and court locations for the purposes of attending court.

*PRISONER includes: Persons being held in custody as a result of provincial or federal offence proceedings, including persons under immigration detention.

C. TRAINING, EQUIPMENT AND RECRUITING includes:

1. Costs associated with training that is relevant to court security and prisoner transportation only.
2. Cost associated with equipment that is unique to the provision of court security and prisoner transportation and does not include equipment that would be utilized for other purposes.
3. Costs associated with recruiting that is relevant to the staffing of court security and prisoner transportation only. Costs may include advertising for applicants, physical fitness and/or psychological testing, applicant screening, interviews or any other related human resources expense.

COURT SECURITY AND PRISONER TRANSPORTATION do NOT include:

Court Administration

Costs associated with performing court administrative duties including the scheduling of staff for daily deployment, the service of legal documents, the preparation/maintenance of Crown Brief materials, the entry of data into court information systems, preparing or swearing/affirming legal documentation, scheduling of court appearances or other duties of a related nature.

SCHEDULE "F"

TEMPLATE FOR ANNUAL FINANCIAL REPORT

SCHEDULE C - ANNUAL FINANCIAL REPORT - 201_ (YEAR _)

REPORTING MUNICIPALITY: (please select from drop down list)			
CONTACT INFORMATION:			
Salutation:	First Name:	Last Name:	Title:
Tel:	Ext:	Fax:	E mail:
Address:			
City:		Postal Code:	
LOCAL POLICE SERVICE:			
Name of Municipal or Regional Police Service or OPP Detachment:			
ANNUAL EXPENDITURE SUMMARY:			
PLEASE COMPLETE THE FOLLOWING SECTION IN RELATION TO THE COURT SECURITY AND PRISONER TRANSPORTATION SERVICES/ACTIVITIES ELIGIBLE FOR FUNDING LISTED IN SCHEDULE B (ATTACHED).			
For lines b, c, d, g, h, and i, please provide details on a separate page, identifying the name of the municipality/funding source and the amount of funding.			
201_ (Year _) Allocation:			
COURT SECURITY COSTS			
a) Total gross annual court security costs:			
b) Total annual payments provided to other municipalities for court security:			
c) Total annual payments received from other municipalities for court security:			
d) Total annual payments received from other funding sources for court security:			
e) Total net annual court security costs (a + b - c - d):			\$0.00
PRISONER TRANSPORTATION COSTS			
f) Total gross annual prisoner transportation costs:			
g) Total annual payments provided to other municipalities for prisoner transportation:			
h) Total annual payments received from other municipalities for prisoner transportation:			
i) Total annual payments received from other funding sources for prisoner transportation:			
j) Total net annual prisoner transportation costs (f + g - h - i):			\$0.00
Total Net Annual Court Security and Prisoner Transportation Costs (e + j):			\$0.00
Variance (Allocation - Total Net Annual Costs):			\$0.00
SIGNATURE OF AUTHORIZED OFFICIAL:			
<i>I, hereby certify that the information provided in the Annual Financial Report is true and correct and is in agreement with the books and records of the municipality and its consolidated entities.</i>			
Title:	Print Name:		
Signature:			Date: