

Bill No. 22  
2011

BY-LAW NO. D.-764-15

BY-LAW TO AUTHORIZE THE  
BORROWING UPON SERIAL  
DEBENTURES IN THE AMOUNT OF  
\$52,809,914.00 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 "Municipality") has passed the by-laws enumerated in column (1) of Schedule "A" attached hereto and forming part of this By-law ("Schedule "A'") authorizing the capital works described in column (2) of Schedule "A" (individually a "Project", collectively the "Projects"), and authorizing the entering into of a Financing Agreement for the provision of temporary and long-term borrowing from the Ontario Infrastructure and Lands Corporation ("OILC") in respect of the Projects (the "Financing Agreement") and desires to issue debentures for the Projects in the amounts specified in column (5) of Schedule "A";

AND WHEREAS before authorizing the Projects and before authorizing any additional cost amount and any additional debenture authority in respect thereof, the Municipality had its City Treasurer update its most recent annual debt and financial obligation limit received from the Ministry of Municipal Affairs and Housing in accordance with the applicable regulation and, prior to authorizing each Project, each such additional cost amount and each such additional debenture authority, the City Treasurer determined that the estimated annual amount payable in respect of each Project, each such additional cost amount and each such additional debenture authority, would not cause the Municipality to exceed the updated limit and that the approval of each Project, each such additional cost amount and each such additional debenture authority by the Ontario Municipal Board was not required;

AND WHEREAS to provide long term financing for the Projects, pursuant to the Financing Agreement dated and effective as of October 5, 2011, it is now expedient to issue serial debentures in the principal amount of \$52,809,914.00 in lawful money of Canada, payable as to combined principal and interest semi-annually on such days in June and December in each of the years 2012 to 2021, both inclusive, on the terms hereinafter set forth.

NOW THEREFORE THE COUNCIL OF THE CORPORATION OF THE CITY OF LONDON ENACTS AS FOLLOWS:

1. For the Projects, the borrowing upon the credit of the Municipality of the aggregate principal sum of \$52,809,914.00 and the issue of serial debentures therefor upon the credit of the Municipality to be repaid in semi-annual instalments of combined principal and interest, as hereinafter set forth, are hereby authorized.
2. The Mayor and the City Treasurer of the Municipality are hereby authorized to cause any number of serial debentures to be issued for such sums of money as

may be required for the Project in definitive form, not exceeding in total the said sum of \$52,809,914.00 (the "Debentures"). The Debentures shall bear the Municipality's municipal seal and the signatures of the Mayor and the City Treasurer of the Municipality, all in accordance with the provisions of the Act. The municipal seal of the Municipality 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.

3. The Debentures shall be in fully registered form as one or more certificates in the aggregate principal amount of \$52,809,914.00, in the name of OILC or as OILC may otherwise direct, substantially in the form attached as Schedule "B" hereto and forming part of this By-law with provision for payment of principal and interest (other than in respect of the final payment of principal and outstanding interest on the final maturity date upon presentation and surrender) by pre-authorized debit in respect of such principal and interest to the credit of such registered holder on such terms as to which the registered holder and the Municipality may agree.
4. In accordance with the provisions of section 25 of the *Ontario Infrastructure and Lands Corporation Act, 2011* as security for the payment by the Municipality of the indebtedness of the Municipality to OILC under the Debentures (the "Obligations"), the Municipality is hereby authorized to agree in writing with OILC that the Minister of Finance is entitled, without notice to the Municipality, as appropriate, to deduct from money appropriated by the Legislative Assembly of Ontario for payment to the Municipality, or from money appropriated by such Assembly for payment to the Municipality in respect of such matters as may be specified, amounts not exceeding the amounts that the Municipality fails to pay to OILC on account of the Obligations and to pay such amounts to OILC.
5. The Debentures shall all be dated the 15th day of December, 2011 and shall be issued within two years after the day on which this By-law is enacted, and as to both principal and interest shall be expressed and be payable in lawful money of Canada. The Debentures shall mature during a period of 10 years from the date thereof and the respective amounts of principal and interest payable in each of the years in such period shall be as set forth in Schedule "C" attached hereto and forming part of this By-law ("Schedule "C"). The Debentures shall bear interest from the date thereof payable semi-annually in arrears in each year of their currency. The Debentures shall bear interest at the rate of 2.86% per annum.
6. 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 "Toronto Business Day") and if any date for payment is not a Toronto Business Day, payment shall be made on the next following Toronto Business Day.
7. Interest shall be payable to the date of maturity of the Debentures and on default shall be payable on any overdue amounts both before and after default and judgment at a rate per annum equal to the greater of the rate specified on the Schedule as attached to and forming part of the Debentures for such amounts plus 200 basis points (2% per annum) or Prime Rate (as defined below) plus 200 basis points (2% per annum), calculated on a daily basis from the date such amounts become overdue for so long as such amounts remain overdue and the Municipality shall pay to the registered holders any and all costs incurred by the registered holders as a result of the overdue payment. Any amounts payable by the Municipality as interest on overdue principal or interest and all costs incurred by the registered holders as a result of the overdue payment 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 or 366 days as appropriate.

**"Prime Rate"** means, on any day, the annual rate of interest which is the arithmetic mean of the prime rates announced from time to time by the five major Canadian Schedule I banks, as of the issue date of this Debenture, Royal Bank of Canada, Canadian Imperial Bank of Commerce, The Bank of Nova Scotia, Bank of Montreal and The Toronto-Dominion Bank (the **"Reference Banks"**) as their reference rates in effect on such day for Canadian dollar commercial loans made in Canada. If fewer than five of the Reference Banks quote a prime rate on such days, the **"Prime Rate"** shall be the arithmetic mean of the rates quoted by the remaining Reference Banks.

8. Each year in which a payment of an instalment of principal and interest becomes due in respect of the Debentures, there shall be raised as part of the general levy the amounts 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.
9. 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.
10. The Municipality 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 cancellation, exchanges, substitutions and transfers of Debentures, may be recorded and the Municipality is authorized to use electronic, magnetic or other media for records of or related to the Debentures or for copies of them.
11. The Municipality 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 Municipality shall deem and treat registered holders of Debentures 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 Municipality on the Debentures to the extent of the sum or sums 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 Municipality. 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 Municipality.
12. The Debentures will be transferable or exchangeable at the office of the City Treasurer of the Municipality upon presentation for such purpose accompanied by an instrument of transfer or exchange in a form approved by the Municipality 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 City Treasurer shall issue and deliver a new Debenture or Debentures of an equal aggregate principal amount in any authorized denomination or denominations as directed by the transferee, in the case of a transfer or as directed by the registered holder in the case of an exchange.
13. The Mayor and the City Treasurer shall issue and deliver new Debentures in exchange or substitution for Debentures outstanding on the registry with the

same maturity and of like form which have become lost, stolen, mutilated, defaced or destroyed, provided that the applicant therefor shall have: (a) paid such costs as may have been incurred in connection therewith; (b) (in the case of a lost, stolen or destroyed Debenture) furnished the Municipality with such evidence (including evidence as to the certificate number of the Debenture in question) and indemnity in respect thereof satisfactory to the Municipality in its discretion; and (c) surrendered to the Municipality any mutilated or defaced Debentures in respect of which new Debentures are to be issued in substitution.

14. 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 date 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.
15. The cost of all transfers and exchanges, including the printing of authorized denominations of the new Debentures, shall be borne by the Municipality. When any of the Debentures are surrendered for transfer or exchange the City Treasurer of the Municipality 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; and (c) enter in the registry particulars of the new Debenture or Debentures issued in exchange.
16. Reasonable fees for the substitution of a new Debenture or new Debentures for any of the Debentures that are lost, stolen, mutilated, defaced or destroyed and for the replacement of lost, stolen, mutilated, defaced or destroyed principal and interest cheques may be imposed by the Municipality. Where new Debentures are issued in substitution in these circumstances the Municipality 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.
17. 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.
18. The Mayor and the City Treasurer are hereby authorized to cause the Debentures to be issued, the Clerk and City Treasurer are hereby individually authorized to generally do all things and to execute all documents and other papers in the name of the Municipality in order to carry out the issue of the Debentures and the City Treasurer is authorized to affix the Municipality's municipal seal to any of such documents and papers.
19. The proceeds realized in respect of the Debentures, after providing for the expenses related to their issue, if any, shall be apportioned and applied for the Projects and for no other purpose except as permitted by the Act.

20. Subject to the Municipality's investment policies and goals, the applicable legislation and the terms and conditions of the Debentures, the Municipality 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 Municipality may in its discretion determine.
21. This By-law shall come into force and take effect upon the date of the final passing thereof.

Passed in Open Council on December 6, 2011

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Joe Fontana, Mayor

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Catharine Saunders, City Clerk

**THE CORPORATION OF THE CITY OF LONDON**

**Schedule "A" to By-law No. D.-764-15**

By-law	Project Description	Approved Amount to be Financed Through the Issue of Debentures	Amount of Debentures Previously Issued	Amount of Debentures to be Issued	Term of Years of Debentures
(1)	(2)	(3)	(4)	(5)	(6)
		\$	\$	\$	
W.-2031-261 A.-6680(a)-232 A.-6680-171 A.-6743-312	2008 Bridges Major Upgrades (TS1761)	635,000.00	Nil	635,000.00	10
W.-2049-126 A.-6680(a)-232 A.-6680-171 A.-6743-312	2009 Bridges Major Upgrades (TS1762)	665,000.00	Nil	665,000.00	10
W.-2022-191 A.-6680(a)-232 A.-6680-171 A.-6743-312	Purchase of Land-EROC (TS6213)	511,251.00	Nil	511,251.00	10
W.-5219-251 A.-6680(a)-232 A.-6680-171 A.-6743-312	A.J. Tyler Operations Centre (GG1600-677)	239,664.00	Nil	239,664.00	10
W.-2028-258 A.-6680(a)-232 A.-6680-171 A.-6743-312	2008 Fire Station Upgrades (PP1174)	605,000.00	Nil	605,000.00	10
W.-5230-262 A.-6680(a)-232 A.-6680-171 A.-6743-312	Oxford – New Operations Centre (TS6200-869)	934,668.00	Nil	934,668.00	10
W.-2004-11 A.-6680(a)-232 A.-6680-171 A.-6743-312	2007 Arenas – Major Upgrades (RC2425)	389,943.00	Nil	389,943.00	10
W.-2021-167 A.-6680(a)-232 A.-6680-171 A.-6743-312	2008 Arenas-Major Upgrades (RC2426)	1,816,285	Nil	1,816,285	10
W.-2010-139 A.-6680(a)-232 A.-6680-171 A.-6743-312	2008 Springbank Park Upgrade (PD1171)	688,746.00	Nil	688,746.00	10
W.-5233-290 A.-6680(a)-232 A.-6680-171 A.-6743-312	Carling Arena – Replace Roof (RC2200-610)	206,667.00	Nil	206,667.00	10
W.-5307-218	2008 Aquatic Facilities (RC2112)	889,460.00	Nil	889,460.00	10

By-law (1)	Project Description (2)	Approved Amount to be Financed Through the Issue of Debentures (3) \$	Amount of Debentures Previously Issued (4) \$	Amount of Debentures to be Issued (5) \$	Term of Years of Debentures (6)
A.-6680(a)-232 A.-6680-171 A.-6743-312					
W.-5231-288 A.-6680(a)-232 A.-6680-171 A.-6743-312	Byron Community Centre Rehabilitation (RC2200-616)	432,000.00	Nil	432,000.00	10
W.-5232-289 A.-6680(a)-232 A.-6680-171 A.-6743-312	Boyle Community Centre Rehab (RC2200-619)	400,000.00	Nil	400,000.00	10
W.-1997(a)-339 A.-6680(a)-232 A.-6680-171 A.-6743-312	Thames Pool (RC2621)	2,080,000.00	Nil	2,080,000.00	10
W.-2009-138 A.-6680(a)-232 A.-6680-171 A.-6743-312	2008 Road Rehabilitation – Local and Rural (TS3012)	1,107,676.00	Nil	1,107,676.00	10
W.-1924(b)-617 A.-6680(a)-232 A.-6680-171 A.-6743-312	Fanshawe Park Road West Widening (TS1344)	2,874,647.00	Nil	2,874,647.00	10
W.-1995-174 A.-6680(a)-232 A.-6680-171 A.-6743-312	Adelaide St. North Widening (TS1353)	830,522.00	Nil	830,522.00	10
W.-1987(a)-213 A.-6680(a)-232 A.-6680-171 A.-6743-312	Western Road Widening (TS1401)	1,635,132.00	Nil	1,635,132.00	10
W.-2017-162 A.-6680(a)-232 A.-6680-171 A.-6743-312	2008 Replacement of Sidewalks (TS3035)	841,760.00	Nil	841,760.00	10
W.-2000-244 A.-6680(a)-232 A.-6680-171 A.-6743-312	2007 New Traffic Signals (TS4064)	498,824.00	Nil	498,824.00	10
W.-2023-192 A.-6680(a)-232 A.-6680-171 A.-6743-312	2008 New Traffic Signals (TS4065)	685,000.00	Nil	685,000.00	10
W.-2015-160 A.-6680(a)-232	2008 Road Rehabilitation (TS1444)	1,882,780.00	Nil	1,882,780.00	10

By-law (1)	Project Description (2)	Approved Amount to be Financed Through the Issue of Debentures (3) \$	Amount of Debentures Previously Issued (4) \$	Amount of Debentures to be Issued (5) \$	Term of Years of Debentures (6)
A.-6680-171 A.-6743-312 W.-2055-169	2007 Bus Purchase (MU1039)	2,219,869.00	Nil	2,219,869.00	10
A.-6680(a)-232 A.-6680-171 A.-6743-312 W.-2056-170	2008 Bus Purchase (MU1042)	3,089,200.00	Nil	3,089,200.00	10
A.-6680(a)-232 A.-6680-171 A.-6743-312 W.-5300-185	2009 Bus Purchase (MU1043)	1,978,506.00	Nil	1,978,506.00	10
A.-6680(a)-232 A.-6680-171 A.-6743-312 W.-5301-186	2010 Bus Purchase (MU1044)	2,562,400.00	Nil	2,562,400.00	10
A.-6680(a)-232 A.-6680-171 A.-6743-312 W.-2058-172	2008 Facility Repairs (MU134)	1,300,000.00	Nil	1,300,000.00	10
A.-6680(a)-232 A.-6680-171 A.-6743-312 W.-1975-671	Oxford PCP Expansion and Upgrade (ES5013)	7,405,802.00	Nil	7,405,802.00	10
A.-6680(a)-232 A.-6680-171 A.-6743-312 W.-2007(a)-279	Incinerator Refurbishing (ES5282)	4,426,611.00	Nil	4,426,611.00	10
A.-6680(a)-232 A.-6680-171 A.-6743-312 W.-1986-109	2007 Sewer Replacement (ES2411)	1,227,365.00	Nil	1,227,365.00	10
A.-6680(a)-232 A.-6680-171 A.-6743-312 W.-2016-161	2008 Sewer Replacement (ES2412)	7,750,136.00	Nil	7,750,136.00	10
<b>TOTAL</b>				<b>52,809,914.00</b>	



THE CORPORATION OF THE CITY OF LONDON

Schedule "B" to By-law No. D.-764-15

No. OILC2011-01

\$52,809,914.00

CANADA  
Province of Ontario  
THE CORPORATION OF THE CITY OF LONDON

FULLY REGISTERED 2.86% SERIAL DEBENTURE

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

ONTARIO INFRASTRUCTURE AND LANDS CORPORATION  
("OILC")

or registered assigns, subject to the Conditions attached hereto which form part hereof (the "Conditions"), upon presentation and surrender of this debenture by the final maturity date of this debenture (December 15, 2021), the principal sum of

FIFTY-TWO MILLION, EIGHT HUNDRED NINE THOUSAND, NINE HUNDRED  
AND FORTEEN DOLLARS

----- (\$52,809,914.00) -----

by semi-annual payments on such days in June and December in each of the years 2012 to 2021, both inclusive, as are set out in the attached Schedule (the "Schedule") in the amounts set forth in the Schedule and subject to late payment interest charges pursuant to the Conditions, in lawful money of Canada, and to pay interest thereon until the final maturity date of this debenture, in like money in semi-annual payments from the 15th day of December, 2011, or from the last date on which interest has been paid on this debenture, whichever is later, at the rate of interest set forth in the Schedule, in arrears, on the specified dates as set forth in the Schedule (each, a "Payment Date") in the manner provided in the Conditions. Interest shall be paid on default at the applicable rate set out in the Conditions both before and after default and judgment. The applicable rate of interest, the payments of principal and interest and the principal balance outstanding in each year are shown in the Schedule.

The Municipality, pursuant to section 25 of the *Ontario Infrastructure and Lands Corporation Act, 2011* (the "OILC Act, 2011") hereby irrevocably agrees that the Minister of Finance is entitled, without notice to the Municipality, to deduct from money appropriated by the Legislative Assembly of Ontario for payment to the Municipality, or from money appropriated by such Assembly for payment to the Municipality in respect of such matters as may be specified, amounts not exceeding the amounts that the Municipality fails to pay to OILC on account of the indebtedness evidenced by this debenture, and to pay such amounts to OILC.

This debenture is subject to the Conditions.

DATED at the City of London the 15th day of December, 2011.

IN TESTIMONY WHEREOF and under the authority of By-law No. D.-764-15 of the Municipality duly passed on the 6th day of December, 2011 (the "By-law"), this debenture is sealed with the municipal seal of the Municipality and signed by the Mayor and by the City Treasurer thereof.

Date of Registration: December 15, 2011

\_\_\_\_\_  
Joe Fontana, Mayor

(seal)

\_\_\_\_\_  
Martin Hayward, Treasurer



Serial Debenture Schedule

**Organization Name** The City of London  
**Principal Amount** \$52,809,914.00  
**Annual Interest Rate** 2.8600%  
**Loan Term (Year)** 10  
**Debenture Date (m/d/yyyy)** 12/15/2011  
**Maturity Date (m/d/yyyy)** 12/15/2021  
**Payment Frequency** Semi Annual  
**Loan Type** Serial

Payment Date	Total Payment	Principal Amount	Interest Amount	Principal Balance
6/15/2012	\$3,397,746.46	\$2,640,495.70	\$757,250.76	\$50,169,418.30
12/17/2012	\$3,367,748.09	\$2,640,495.70	\$727,250.39	\$47,528,922.60
6/17/2013	\$3,318,297.20	\$2,640,495.70	\$677,801.50	\$44,888,426.90
12/18/2013	\$3,280,841.56	\$2,640,495.70	\$640,345.86	\$42,247,931.20
6/18/2014	\$3,242,985.92	\$2,640,495.70	\$602,490.22	\$39,607,435.50
12/19/2014	\$3,205,330.28	\$2,640,495.70	\$564,834.58	\$36,966,939.80
6/19/2015	\$3,167,674.65	\$2,640,495.70	\$527,178.95	\$34,326,444.10
12/15/2015	\$3,132,708.69	\$2,640,495.70	\$492,212.99	\$31,685,948.40
6/15/2016	\$3,094,846.16	\$2,640,495.70	\$454,350.46	\$29,045,452.70
12/15/2016	\$3,056,983.62	\$2,640,495.70	\$416,487.92	\$26,404,957.00
6/15/2017	\$3,017,052.09	\$2,640,495.70	\$376,556.39	\$23,764,461.30
12/15/2017	\$2,981,258.54	\$2,640,495.70	\$340,762.84	\$21,123,965.60
6/15/2018	\$2,941,740.81	\$2,640,495.70	\$301,245.11	\$18,483,469.90
12/17/2018	\$2,908,430.05	\$2,640,495.70	\$267,934.35	\$15,842,974.20
6/17/2019	\$2,866,429.53	\$2,640,495.70	\$225,933.83	\$13,202,478.50
12/16/2019	\$2,828,773.88	\$2,640,495.70	\$183,278.18	\$10,561,982.80
6/15/2020	\$2,791,118.28	\$2,640,495.70	\$150,622.56	\$7,921,487.10
12/15/2020	\$2,754,083.31	\$2,640,495.70	\$113,587.61	\$5,280,991.40
6/15/2021	\$2,715,806.98	\$2,640,495.70	\$75,311.28	\$2,640,495.70
12/15/2021	\$2,678,358.24	\$2,640,495.70	\$37,862.54	\$0.00
<b>Total</b>	<b>\$60,748,012.33</b>	<b>\$52,809,914.00</b>	<b>\$7,938,098.33</b>	

OILC hereby agrees that the Minister of Finance is entitled to exercise certain rights of deduction pursuant to section 25 of the OILC Act, 2011 as described in this debenture.

Ontario Infrastructure and Lands Corporation

by: \_\_\_\_\_  
Authorized Signing Officer

#### LEGAL OPINION

We have examined the By-law of the Municipality authorizing the issue of serial debentures in the principal amount of \$52,809,914.00 dated December 15, 2011 and providing for 20 combined instalments of principal and interest on such days in June and December in each of the years 2012 to 2021, both inclusive, as are set out in the Schedule.

In our opinion, the By-law has been properly passed and is within the legal powers of the Municipality. The debenture issued under the By-law in the within form (the "Debenture") is the direct, unsecured and unsubordinated obligation of the Municipality. The Debenture is enforceable against the Municipality subject to the special jurisdiction and powers of the Ontario Municipal Board 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.

December 15, 2011

\_\_\_\_\_  
Borden Ladner Gervais LLP

## CONDITIONS OF THE DEBENTURE

### **Form, Denomination, and Ranking of the Debenture**

1. The debentures issued pursuant to the By-law (collectively the "Debentures" and individually a "Debenture") are issuable as fully registered Debentures without coupons.
2. The Debentures are direct, unsecured and unsubordinated obligations of the Municipality. The Debentures rank concurrently and equally in respect of payment of principal and interest with all other debentures of the Municipality except for the availability of money in a sinking or retirement fund for a particular issue of debentures.
3. This Debenture is one fully registered Debenture registered in the name of OILC and held by OILC.

### **Registration**

4. The Municipality shall maintain at its designated office 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 cancellation, exchanges, substitutions and transfers of Debentures, may be recorded and the Municipality is authorized to use electronic, magnetic or other media for records of or related to the Debentures or for copies of them.

### **Title**

5. The Municipality 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 Municipality shall deem and treat registered holders of Debentures, including this 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 Municipality on the Debentures to the extent of the sum or sums 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 Municipality. 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 Municipality.

### **Payments of Principal and Interest**

6. 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 Municipality to the persons registered as holders in the registry on the relevant record date. The Municipality 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.
7. The Municipality shall make all payments in respect of semi-annual instalments of combined principal and interest on the Debentures on each Payment Date commencing on June 15, 2012 (other than in respect of the final payment of principal and outstanding interest on the final maturity date upon presentation and surrender of this Debenture) by pre-authorized debit in respect of such interest and principal to the credit of the registered holder on such terms as the Municipality and the registered holder may agree.

8. The Municipality shall pay to the registered holder interest on any overdue amount of principal or interest in respect of any Debenture, both before and after default and judgment, at a rate per annum equal to the greater of the rate specified on the Schedule as attached to and forming part of the Debenture for such amount plus 200 basis points (2% per annum) or Prime Rate (as defined below) plus 200 basis points (2% per annum), calculated on a daily basis from the date such amount becomes overdue for so long as such amount remains overdue and the Municipality shall pay to the registered holder any and all costs incurred by the registered holder as a result of the overdue payment.
9. 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, as appropriate.
10. 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 "Toronto Business Day"), and if any date for payment is not a Toronto Business Day, payment shall be made on the next following Toronto Business Day as noted on the Schedule and no further interest shall be paid in respect of the delay in such payment.
11. The Debentures are transferable or exchangeable at the office of the Treasurer of the Municipality upon presentation for such purpose accompanied by an instrument of transfer or exchange in a form approved by the Municipality 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 transferee, in the case of a transfer or as directed by the registered holder in the case of an exchange.
12. The Municipality shall issue and deliver new Debentures in exchange or substitution for Debentures outstanding on the registry with the same maturity and of like form which have become lost, stolen, mutilated, defaced or destroyed, provided that the applicant therefor shall have: (a) paid such costs as may have been incurred in connection therewith; (b) (in the case of a lost, stolen or destroyed Debenture) furnished the Municipality with such evidence (including evidence as to the certificate number of the Debenture in question) and indemnity in respect thereof satisfactory to the Municipality in its discretion; and (c) surrendered to the Municipality any mutilated or defaced Debentures in respect of which new Debentures are to be issued in substitution.
13. 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 date and, subject to the provisions of the 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.
14. The cost of all transfers and exchanges, including the printing of authorized denominations of the new Debentures, shall be borne by the Municipality. When any of the Debentures are surrendered for transfer or exchange the Treasurer of the Municipality 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; and (c) enter in the registry particulars of the new Debenture or Debentures issued in exchange.

15. Reasonable fees for the substitution of a new Debenture or new Debentures for any of the Debentures that are lost, stolen, mutilated, defaced or destroyed and for the replacement of lost, stolen, mutilated, defaced or destroyed principal and interest cheques may be imposed by the Municipality. Where new Debentures are issued in substitution in these circumstances the Municipality 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.
16. If OILC elects to terminate its obligations under the financing agreement entered into between the parties, OILC, at its discretion, shall assess any losses that it may incur as a result of the termination as follows: if on the date of termination the outstanding principal balance on the Debenture is less than the Net Present Value of the Debenture, the Municipality shall pay the difference between these two amounts to OILC.

### Notices

17. 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 Municipality 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 Toronto Business Day (as defined in section 10 of these Conditions) then such notice may be given on the next following Toronto Business Day.

### Time

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

### Governing Law

19. 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.

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### Definitions:

- (a) "Net Present Value" will be calculated based on the following formulae: For Serial Debenture –  $[(\text{principal}) / (1+(r/2))^n] + [\text{interest payment} / (r/2)] * (1 - (1/(1+(r/2))^n))$  for each remaining serial principal repayment or for Amortizing Debenture –  $[\text{loan payment} / (r/2)] * (1 - 1/(1+(r/2))^n)$ , where "r" is the prevailing lending rate less an appropriate basis point deduction for costs incurred and "n" is the number of semi-annual periods to maturity.
- (b) "Prime Rate" means, on any day, the annual rate of interest which is the arithmetic mean of the prime rates announced from time to time by the five major Canadian Schedule I banks, as of the issue date of this Debenture, Royal Bank of Canada, Canadian Imperial Bank of Commerce, The Bank of Nova

Scotia, Bank of Montreal and The Toronto-Dominion Bank (the "**Reference Banks**") as their reference rates in effect on such day for Canadian dollar commercial loans made in Canada. If fewer than five of the Reference Banks quote a prime rate on such days, the "Prime Rate" shall be the arithmetic mean of the rates quoted by the remaining Reference Banks.

# THE CORPORATION OF THE CITY OF LONDON

## Schedule "C" to By-law No. D.-764-15



### Serial Debenture Schedule

<b>Organization Name</b>	The City of London
<b>Principal Amount</b>	\$52,809,914.00
<b>Annual Interest Rate</b>	2.8600%
<b>Loan Term (Year)</b>	10
<b>Debenture Date (m/d/yyyy)</b>	12/15/2011
<b>Maturity Date (m/d/yyyy)</b>	12/15/2021
<b>Payment Frequency</b>	Semi Annual
<b>Loan Type</b>	Serial

Payment Date	Total Payment	Principal Amount	Interest Amount	Principal Balance
6/15/2012	\$3,397,746.46	\$2,640,495.70	\$757,250.76	\$50,169,418.30
12/17/2012	\$3,367,748.09	\$2,640,495.70	\$727,250.39	\$47,528,922.60
6/17/2013	\$3,318,297.20	\$2,640,495.70	\$677,801.50	\$44,888,426.90
12/16/2013	\$3,280,641.55	\$2,640,495.70	\$640,145.86	\$42,247,931.20
6/16/2014	\$3,242,985.92	\$2,640,495.70	\$602,490.22	\$39,607,435.50
12/15/2014	\$3,205,330.28	\$2,640,495.70	\$564,834.58	\$36,966,939.80
6/15/2015	\$3,167,674.65	\$2,640,495.70	\$527,178.95	\$34,326,444.10
12/15/2015	\$3,132,708.69	\$2,640,495.70	\$492,212.99	\$31,685,948.40
6/15/2016	\$3,094,846.16	\$2,640,495.70	\$454,350.46	\$29,045,452.70
12/15/2016	\$3,056,983.62	\$2,640,495.70	\$418,487.92	\$26,404,957.00
6/15/2017	\$3,017,052.09	\$2,640,495.70	\$376,556.39	\$23,764,461.30
12/15/2017	\$2,981,258.54	\$2,640,495.70	\$340,762.84	\$21,123,965.60
6/15/2018	\$2,941,740.81	\$2,640,495.70	\$301,245.11	\$18,483,469.90
12/17/2018	\$2,906,430.05	\$2,640,495.70	\$267,934.35	\$15,842,974.20
6/17/2019	\$2,866,429.53	\$2,640,495.70	\$225,933.83	\$13,202,478.50
12/16/2019	\$2,828,773.89	\$2,640,495.70	\$188,279.19	\$10,561,982.80
6/15/2020	\$2,791,118.26	\$2,640,495.70	\$150,622.56	\$7,921,487.10
12/15/2020	\$2,754,083.31	\$2,640,495.70	\$113,587.61	\$5,280,991.40
6/15/2021	\$2,715,806.98	\$2,640,495.70	\$75,311.28	\$2,640,495.70
12/15/2021	\$2,678,958.24	\$2,640,495.70	\$37,862.54	\$0.00
<b>Total</b>	<b>\$60,748,012.33</b>	<b>\$52,809,914.00</b>	<b>\$7,938,098.33</b>	