

Bill No. •
2012

BY-LAW NO. D.-767-265

BY-LAW TO AUTHORIZE THE BORROWING
UPON INSTALMENT DEBENTURES IN THE
PRINCIPAL AMOUNT OF \$70,000,000.00
TOWARDS THE COST OF CERTAIN CAPITAL
WORKS OF THE CORPORATION OF THE CITY
OF LONDON.

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

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

AND WHEREAS on September 23, 2002 pursuant to By-law No. D.-742-266, the Council of The Corporation of the City of London (the “City”) authorized the issue of debentures for projects numbered GG1694 and GG1695 (the “2002 Capital Works”) in the aggregate principal amount of \$14,000,000.00 on the basis that \$8,707,000.00 of the aggregate principal amount of such debentures payable in the year 2012 shall be raised by the issue of refunding debentures over a further term not to exceed 10 years pursuant to the provisions of the *Municipal Act*, R.S.O. 1990, c. M.45, as in force until January 1, 2003 (the “Refinancing Debentures”);

AND WHEREAS the currently applicable legislation as contained in subsection 408(4) of the Act provides (a) that a debenture by-law shall provide for raising in each year as part of the general levy the amounts of principal and interest payable in each year under the by-law to the extent that the amounts have not been provided for by other taxes or by fees or charges imposed on persons or property by a by-law of any municipality and subsections (b) and (c) provide that a debenture by-law shall include provisions that contemplate the payment of principal and interest in each year. Subsection 408(5) of the Act further provides that the total amount of principal and interest that must be raised in a year under subsection 408(4)(a) of the Act does not include any outstanding amount of principal specified as payable on the maturity date of a debenture if one or more refinancing debentures are issued by the municipality on or before the maturity date in respect of the outstanding principal;

AND WHEREAS the projects numbered EA4052, EA4024 and LH1330 (“Joint Water Boards Capital Works”) were authorized in compliance with Transfer Order Elgin Area numbered W1/1998 and Transfer Order Lake Huron Area numbered W1/1998 (the “Orders”), as the case may be;

AND WHEREAS the Orders provide that where the relevant joint board determines what money will be required for capital expenditures, the City (the Administering Municipality) shall raise the money so required by the issue of debentures or otherwise and the money so required shall be apportioned amongst the participating municipalities described in the Orders and collected through the System Rate (as described in each of the Orders) and so much as each such municipality’s portion that remains unpaid is a debt due by such municipality to the City;

AND WHEREAS the Council of the City has authorized the capital works of the City, including the 2002 Capital Works and including the Joint Water Boards Capital Works, set out in Column (2) of Schedule “A” attached hereto and forming part of this By-law (“Schedule “A””) and the issue of debentures in respect thereof, including the Refinancing Debentures, in the respective principal amount specified in Column (3) of Schedule “A” (individually a “Capital Work”, collectively the “Capital Works”);

AND WHEREAS before authorizing the Capital Works and before authorizing any additional cost amounts and any additional debenture authorities 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 and, prior to the Council of the City authorizing each Capital Work, each such additional cost amount and each such additional debenture authority, the Treasurer determined that the estimated annual amount payable in respect of each Capital Work, each such additional cost amount and each such additional debenture authority, would not cause the City to exceed the updated limit and that the approval of each Capital Work, each such additional cost amount and each such additional debenture authority by the Ontario Municipal Board 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 principal amount of \$70,000,000.00 payable at the times and bearing interest at the rates hereinafter set forth, as agreed to by the City on September 10, 2012.

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 principal amount of \$70,000,000.00 and the issue of instalment debentures therefor within the term of 10 years in denominations of \$1,000.00 and any integral multiples thereof, as hereinafter set forth, are hereby authorized.
2. The Mayor and the Treasurer of the City are hereby authorized to cause any number of instalment debentures in the principal amount of \$70,000,000.00, as described in section 1 above (the "**Debentures**"), payable in annual instalments of principal (September 24) with semi-annual instalments of interest thereon (March 24 and September 24) 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 principal amount of \$70,000,000.00. The Debentures shall bear the City's municipal seal and the signatures of the Mayor and of the Treasurer of the City, all in accordance with the provisions of the Act. The 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 two certificates, each in the principal amount of \$35,000,000.00, in the aggregate principal amount of \$70,000,000.00, substantially in the forms of Schedule "B" attached hereto and forming part of this By-law (the "**Global Debentures**"). The Global Debentures 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 Debentures are held by CDS.
3. (1) The Debentures shall all be dated the 24th day of September, 2012, 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 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 2013 shall bear interest at the rate of 1.50% per annum, the Debentures maturing (principal payable) in the year 2014 shall bear interest at the rate of 1.70% per annum, the Debentures maturing (principal payable) in the year 2015 shall bear interest at the rate of 1.85% per annum, the Debentures maturing (principal payable) in the year 2016 shall bear interest at the rate of 2.05% per annum, the Debentures maturing (principal payable) in the year 2017 shall bear interest at the rate of 2.30% per annum, the Debentures maturing (principal payable) in the year 2018 shall bear

interest at the rate of 2.50% per annum, the Debentures maturing (principal payable) in the year 2019 shall bear interest at the rate of 2.70% per annum, the Debentures maturing (principal payable) in the year 2020 shall bear interest at the rate of 2.90% per annum, the Debentures maturing (principal payable) in the year 2021 shall bear interest at the rate of 3.05% per annum and the Debentures maturing (principal payable) in the year 2022 shall bear interest at the rate of 3.20% per annum.

(2) 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.

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 Debentures shall be exchangeable for certificated Debentures in definitive fully registered form in authorized denominations upon surrender of the Global Debentures 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 Debentures. The definitive Debentures shall aggregate the same principal amount as the principal outstanding balance of the Global Debentures as of the record date for such exchange in accordance with the provisions of the Global Debentures, 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 Debentures (except insofar as they specifically relate to the Global Debentures). In issuing definitive Debentures no change shall be made in the amount which would otherwise be payable in each year under the Global Debentures. 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 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. Without limiting the generality of the foregoing, the money required for the Joint Water Boards Capital Works in respect of such payments shall be apportioned amongst the participating municipalities described in the Orders and collected through the System Rate and so much as each such municipality’s portion that remains unpaid is a debt due by such municipality to the City, all in accordance with the Orders and the applicable legislation.

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 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 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 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.
11. The Mayor and the Treasurer shall issue and deliver new Debentures in exchange or substitution for Debentures outstanding on the registry with the same maturity dates and of like form which have become 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 where a Debenture is 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 indemnity in respect thereof satisfactory to the City in its discretion; and (c) surrendered to the City any 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; and (c) enter in the registry particulars of the new Debenture or Debentures issued in exchange.
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 defaced, lost, mysteriously or unexplainably missing, stolen, destroyed or dematerialized and for the replacement of any of the interest cheques that are defaced, lost, mysteriously or unexplainably missing, stolen or destroyed. Where new Debentures are issued in substitution in these circumstances the City shall: (a) treat as cancelled and destroyed the Debentures in respect of which new Debentures will be issued in substitution; (b) certify the deemed cancellation and destruction in the registry; (c) enter in the registry particulars of the new Debentures issued in substitution; and (d) make a notation of any indemnities provided.
15. Except as otherwise expressly provided herein, any notice required to be given to a registered holder of one or more of the Debentures will be sufficiently given if a copy of such notice is mailed or otherwise delivered to the registered address of such registered holder.
16. (1) The Mayor and the Treasurer are hereby authorized to cause the Debentures to be issued, the execution of the purchase letter in respect of the Debentures, dated as at September 10, 2012, by the Treasurer 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' 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, 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 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 September 18, 2012

Joe Fontana, Mayor

Catharine Saunders, City Clerk

First Reading – September 18, 2012
Second Reading – September 18, 2012
Third Reading – September 18, 2012

THE CORPORATION OF THE CITY OF LONDON
SCHEDULE "A" TO BY-LAW No. D.-767-265

(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.-1965(b)-166/W.-1965(a)-214/W.-1965-545	Capital costs in connection with the multipurpose community recreation centre project (RC2762)	8,300,000	Nil	8,300,000	10
W.-2025(a)-167/W.-2025-215	Capital costs in connection with the North East Branch Library project (RC3465)	902,662	Nil	902,662	10
W.-5287-173	Capital costs in connection with the City Hall building improvements project (GG1554-639)	1,550,204	Nil	1,550,204	10
W.-2046-106	Capital costs in connection with the 2009 Recreation Facilities project (RC2200)	2,392,033	Nil	2,392,033	10
W.-1706(a)-221/W.-1706(a)-201/W.1706-19	Capital costs in connection with the Building Upgrades-Code Compliance project (TS6183)	3,198,225	Nil	3,198,225	10
W.-1690-132	Capital costs in connection with the New Fire Station-West London project (PP1070)	2,250,947	Nil	2,250,947	10
W.-5249-158	Capital costs in connection with the 2010 Road Rehabilitation project (TS1446)	2,873,905	Nil	2,873,905	10
W.-2050-127	Capital costs in connection with the 2009 Road Rehabilitation project (TS3013)	4,577,396	Nil	4,577,396	10
W.-5319-216	Capital costs in connection with the City Wide Sportsfield program (PD2180-RINC1)	676,650	Nil	676,650	10
W.-5320-217	Capital costs in connection with the 2011 Bus Purchases program (MU1044-11)	3,568,407	Nil	3,568,407	10
W.-5322-219	Capital costs in connection with the 2009 Facility upgrades program (MU1135)	1,400,000	Nil	1,400,000	10
W.-5321-218	Capital costs in connection with the Transit Building lifecycle replacement project (MU1135-121)	2,309,571	Nil	2,309,571	10

THE CORPORATION OF THE CITY OF LONDON
SCHEDULE "A" TO BY-LAW No. D.-767-265

(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.-2047-124	Capital costs in connection with the 2009 Sewer Replacement program (ES2413)	\$ 1,271,195	Nil	\$ 1,271,195	10
W.-5311-269	Capital costs in connection with the 2010 Sewer Replacement program (ES2414)	532,899	Nil	532,899	10
W.-1867-292	Capital costs in connection with the Pottersburg Creek remediation project (ES3062)	875,571	Nil	875,571	10
W.-2072(b)-237/W.-2072(a)-111/W.-2072-228	Capital costs in connection with the White Oaks area servicing project (ES5246)	2,300,000	Nil	2,300,000	10
W.-1898-182	Capital costs in connection with the Murray Marr storm water retention project (PP2172)	1,318,311	Nil	1,318,311	10
W.-2005(a)-136/W.-2005-35	Capital costs in connection with the SS4 Dingman Drive trunk project (ES5243)	2,441,000	Nil	2,441,000	10
W.-5312-270	Capital costs in connection with the 2010 Separation and CSO program	261,024	Nil	261,024	10
W.-1702-177	Capital costs in connection with the Downtown Arena and Entertainment Centre project (GG1694)	58,720,000	51,095,664	5,597,357.14*	10
W.-1702-177	Capital costs in connection with the Western Fair Arena project (GG1695)	58,720,000	47,095,664	3,109,642.86*	10
A.-6828-179	Capital costs in connection with the backup generator project (EA4052)	3,500,000	Nil	3,500,000	10
A.-6828-179	Capital costs in connection with the treated water transmission project (EA4024)	7,000,000	Nil	7,000,000	10

* Refinancing debentures authorized by by-law No. D.-742-266

THE CORPORATION OF THE CITY OF LONDON
SCHEDULE "A" TO BY-LAW No. D.-767-265

(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
A.-6828-179	Capital cots in connection with the PLC & SCADA (Process Logic Controllers & Supervisory Control and Date Acquisition) systems upgrade project (LH1330)	1,750,000	Nil	1,750,000	10
W.-1965(b)-166/W.-1965(a)-214/W.-1965-545	Capital costs in connection with the multipurpose community recreation centre project (RC2762)	3,400,000	Nil	3,400,000	10
W.-2072(b)-237/W.-2072(a)-111/W.-2072-228	Capital costs in connection with the White Oaks area servicing project (ES5246)	1,700,000	Nil	1,700,000	10
W.-5323-220	Capital costs in connection with the SWM (Stormwater Management) ponds project (ES3020)	943,000	Nil	943,000	10
	GRAND TOTAL			70,000,000.00	

THE CORPORATION OF THE CITY OF LONDON

Schedule "B" to By-law No. D.-767-265

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 (the "Issuer") 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. FRG12-01

\$35,000,000.00

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

FULLY REGISTERED GLOBAL INSTALMENT DEBENTURE

THE 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 (September 24, 2022), the principal amount of

THIRTY-FIVE MILLION DOLLARS

----- (\$35,000,000.00) -----

by annual payments on the 24th day of September in each of the years 2013 to 2022, both inclusive, in the amounts set forth in the Schedule on the reverse side hereof (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 September 24, 2012, 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 24th day of March and the 24th day of September, in each year (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 24th day of September, 2012.

IN TESTIMONY WHEREOF and under the authority of By-law No. D.-767-265 of the Issuer duly passed on the 18th day of September, 2012 (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: September 24, 2012

Mayor

(seal)

Treasurer

SCHEDULE

Year	CUSIP No.	ISIN No.	Interest Rate %	Semi-annual Interest		Principal September 24 \$	Total Annual Payment \$	Principal Balance Outstanding September 24 \$
				March 24 \$	September 24 \$			
2012				-	-	-	-	35,000,000.00
2013	541908GA1	CA 541908GA18	1.50	422,560.00	422,560.00	3,124,000.00	3,969,120.00	31,876,000.00
2014	541908GB9	CA 541908GB90	1.70	399,130.00	399,130.00	3,202,000.00	4,000,260.00	28,674,000.00
2015	541908GC7	CA 541908GC73	1.85	371,913.00	371,913.00	3,282,000.00	4,025,826.00	25,392,000.00
2016	541908GD5	CA 541908GD56	2.05	341,554.50	341,554.50	3,364,500.00	4,047,609.00	22,027,500.00
2017	541908GE3	CA 541908GE30	2.30	307,068.38	307,068.37	3,448,500.00	4,062,636.75	18,579,000.00
2018	541908GF0	CA 541908GF05	2.50	267,410.63	267,410.62	3,534,500.00	4,069,321.25	15,044,500.00
2019	541908GG8	CA 541908GG87	2.70	223,229.38	223,229.37	3,623,000.00	4,069,458.75	11,421,500.00
2020	541908GH6	CA 541908GH60	2.90	174,318.88	174,318.87	3,713,500.00	4,062,137.75	7,708,000.00
2021	541908GJ2	CA 541908GJ27	3.05	120,473.13	120,473.12	3,806,500.00	4,047,446.25	3,901,500.00
2022	541908GK9	CA 541908GK99	3.20	62,424.00	62,424.00	3,901,500.00	4,026,348.00	-
				2,690,081.90	2,690,081.85	35,000,000.00	40,380,163.75	

LEGAL OPINION

We have examined the Debenture By-law of the Issuer authorizing the issue of instalment debentures in the principal amount of \$70,000,000.00 dated September 24, 2012 and maturing in ten (10) instalments of principal of varying amounts on the 15th day of December in each of the years 2013 to 2022, both inclusive.

The Debenture By-law has been properly passed and is within the legal powers of the Issuer. The global debenture issued under the Debenture By-law in the within form (the “**Global Debenture**”) is a direct, general, unsecured and unsubordinated obligation of the Issuer. The Global Debenture is enforceable against the Issuer subject to the special jurisdiction and powers of the Ontario 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 delivered on the date of the Global Debenture.

Toronto, September 24, 2012

BORDEN LADNER GERVAIS 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, unsecured and unsubordinated obligations of the Issuer. The Debentures rank concurrently and equally in respect of payment of principal and interest with all other debentures of the Issuer except for the availability of money in a sinking or retirement fund for a particular issue of debentures.
3. This Debenture is a Global Debenture registered in the name of the nominee of CDS and held by CDS. Beneficial interests in this Global Debenture are represented through book entry accounts, to be established and maintained by CDS, on its records for CDS’ participants (the “Participants”) in accordance with its participant agreement and rules and procedures which are posted on CDS’ 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 reasonable 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, with or without cause; 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 each Payment Date commencing on March 24, 2013 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 transferee, 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 date and of like form in the event of a 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 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 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 or for the issue of new cheques in substitution for Debentures that are defaced, lost, mysteriously or unexplainably missing, stolen, destroyed or dematerialized, or interest cheques that are defaced, lost, mysteriously or unexplainably missing 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.

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 (the “**Issuer**”) 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. FRG12-02

\$35,000,000.00

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

FULLY REGISTERED GLOBAL INSTALMENT DEBENTURE

THE 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 (September 24, 2022), the principal amount of

THIRTY-FIVE MILLION DOLLARS

----- (\$35,000,000.00) -----

by annual payments on the 24th day of September in each of the years 2013 to 2022, both inclusive, in the amounts set forth in the Schedule on the reverse side hereof (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 September 24, 2012, 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 24th day of March and the 24th day of September, in each year (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 24th day of September, 2012.

IN TESTIMONY WHEREOF and under the authority of By-law No. D.-767-265 of the Issuer duly passed on the 18th day of September, 2012 (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: September 24, 2012

Mayor

(seal)

Treasurer

SCHEDULE

Year	CUSIP No.	ISIN No.	Interest Rate %	Semi-annual Interest		Principal September 24 \$	Total Annual Payment \$	Principal Balance Outstanding September 24 \$
				March 24 \$	September 24 \$			
2012				-	-	-	-	35,000,000.00
2013	541908GA1	CA 541908GA18	1.50	422,560.00	422,560.00	3,124,000.00	3,969,120.00	31,876,000.00
2014	541908GB9	CA 541908GB90	1.70	399,130.00	399,130.00	3,202,000.00	4,000,260.00	28,674,000.00
2015	541908GC7	CA 541908GC73	1.85	371,913.00	371,913.00	3,282,000.00	4,025,826.00	25,392,000.00
2016	541908GD5	CA 541908GD56	2.05	341,554.50	341,554.50	3,364,500.00	4,047,609.00	22,027,500.00
2017	541908GE3	CA 541908GE30	2.30	307,068.37	307,068.38	3,448,500.00	4,062,636.75	18,579,000.00
2018	541908GF0	CA 541908GF05	2.50	267,410.62	267,410.63	3,534,500.00	4,069,321.25	15,044,500.00
2019	541908GG8	CA 541908GG87	2.70	223,229.37	223,229.38	3,623,000.00	4,069,458.75	11,421,500.00
2020	541908GH6	CA 541908GH60	2.90	174,318.87	174,318.88	3,713,500.00	4,062,137.75	7,708,000.00
2021	541908GJ2	CA 541908GJ27	3.05	120,473.12	120,473.13	3,806,500.00	4,047,446.25	3,901,500.00
2022	541908GK9	CA 541908GK99	3.20	62,424.00	62,424.00	3,901,500.00	4,026,348.00	-
				2,690,081.85	2,690,081.90	35,000,000.00	40,380,163.75	

LEGAL OPINION

We have examined the Debenture By-law of the Issuer authorizing the issue of instalment debentures in the principal amount of \$70,000,000.00 dated September 24, 2012 and maturing in ten (10) instalments of principal of varying amounts on the 15th day of December in each of the years 2013 to 2022, both inclusive.

The Debenture By-law has been properly passed and is within the legal powers of the Issuer. The global debenture issued under the Debenture By-law in the within form (the “**Global Debenture**”) is a direct, general, unsecured and unsubordinated obligation of the Issuer. The Global Debenture is enforceable against the Issuer subject to the special jurisdiction and powers of the Ontario 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 delivered on the date of the Global Debenture.

Toronto, September 24, 2012

BORDEN LADNER GERVAIS 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, unsecured and unsubordinated obligations of the Issuer. The Debentures rank concurrently and equally in respect of payment of principal and interest with all other debentures of the Issuer except for the availability of money in a sinking or retirement fund for a particular issue of debentures.
3. This Debenture is a Global Debenture registered in the name of the nominee of CDS and held by CDS. Beneficial interests in this Global Debenture are represented through book entry accounts, to be established and maintained by CDS, on its records for CDS’ participants (the “Participants”) in accordance with its participant agreement and rules and procedures which are posted on CDS’ 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 reasonable 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, with or without cause; 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 each Payment Date commencing on March 24, 2013 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 transferee, 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 date and of like form in the event of a 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 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 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 or for the issue of new cheques in substitution for Debentures that are defaced, lost, mysteriously or unexplainably missing, stolen, destroyed or dematerialized, or interest cheques that are defaced, lost, mysteriously or unexplainably missing 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.

