

Report to Corporate Services Committee

To: Chair and Members
Corporate Services Committee

From: Anna Lisa Barbon, CPA, CGA, Managing Director, Corporate Services and City Treasurer, Chief Financial Officer

Subject: 2021 Debenture Issuance Report #2

Date: April 12, 2021

Recommendation

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

- a) the issuance of serial debentures for a total of \$23,000,000 **BE APPROVED**, noting the average all-in rate is 1.819% over a 10-year term; and
- b) the attached proposed by-law (Appendix A) **BE INTRODUCED** at the Municipal Council meeting on April 13, 2021 to authorize the borrowing upon serial debentures in the aggregate principal amount of \$23,000,000 towards the cost of certain capital works of the Corporation of the City of London.

Executive Summary

The City typically issues debt through the capital markets using a fiscal agent for complete or substantially complete projects. Civic Administration is recommending issuing a serial 10-year debenture in the amount of \$23,000,000 representing the 2021 issuance. The purpose of this report is to obtain approval to enact the issuance of the \$23,000,000 debenture at an average all-in rate of 1.819% in the capital markets.

Linkage to the Corporate Strategic Plan

Council's 2019 to 2023 Strategic Plan for the City of London identifies "Leading in Public Service" as a strategic area of focus. Continuing to ensure the strength and sustainability of London's finances and adhering to the City of London's limit on authorized debt are strategies to maintain London's finances in a well-planned manner to balance equity and affordability over the long term. This second 2021 Debenture Issuance report ensures that the proper mechanisms are in place to fund major capital projects while supporting intergenerational equity.

Analysis

1.0 Background Information

1.1 Previous Reports Related to this Matter

Corporate Services Committee, March 1, 2021, Agenda Item 2.1, 2021 Debenture Issuance
<https://pub-london.escribemeetings.com/FileStream.ashx?DocumentId=77891>

Corporate Services Committee, October 19, 2020, Agenda Item 2.2, City of London's Credit Rating.

<https://pub-london.escribemeetings.com/filestream.ashx?DocumentId=75309>

2.0 Discussion and Considerations

Municipal Council at its session on March 23, 2021 authorized the Managing Director, Corporate Services and City Treasurer, Chief Financial Officer to proceed with the issuance of debentures to provide permanent financing for capital works in an amount not to exceed \$23,000,000.

Starting March 24, 2021, with The Toronto-Dominion Bank (TD) as lead fiscal agent, the Corporation of the City of London launched a serial debenture issuance for \$23,000,000 with settlement on April 16, 2021. The issuance of serial debentures is structured with coupon rates ranging from 0.30% to 2.20% from one to ten years and a **net all-in rate of 1.819%** (including fiscal agency fees) over the 10-year term.

Over the past five years, the City has issued a total of approximately \$211.43 million in debentures as follows:

Issuance Date	Amount of Issuance (\$)	Term (years)	All in Rate of Borrowing*	Agency
5-Jun-2020	36,000,000	10	1.67%	Capital Markets-CDS&CO
2-Apr-2019	49,380,000	10	2.66%	Capital Markets-CDS&CO
13-Mar-2018	55,000,000	10	2.98%	Capital Markets-CDS&CO
7-Mar-2017	41,000,000	10	2.48%	Capital Markets-CDS&CO
29-Apr-2016	27,000,000	10	2.30%	Capital Markets-CDS&CO
7-Mar-2016	3,048,000	10	2.25%	Government Agency-FCM-GMF
Total	211,428,000			

*All-in rate includes fees

CDS& CO- nominee of CDS Clearing and Depository Services Inc – serial debentures
 FCM-GMF- Federation of Canadian Municipalities-Green Municipal Fund – amortizing debenture

2.1 Authorizing By-Law

The attached by-law, to be introduced at Municipal Council on Tuesday, April 13, 2021, will allow the City to borrow upon serial debentures for the debenture term and amount identified above. It will also authorize the Mayor, City Treasurer and City Clerk to execute all documents and other papers in the name of the Municipality in order to carry out the issuance of the serial debentures and settlement of the issuance on April 16, 2021. The by-law is attached as **Appendix A** along with its corresponding schedules:

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

A presentation from The Toronto-Dominion Bank (TD) the lead fiscal agent, providing a summary of the 2021 debt issuance, is attached as **Appendix B**.

3.0 Financial Impact/Considerations

The financial impact of this debenture issuance has been included in the 2020 to 2023 Multi-Year Budget and will also be incorporated in future Multi-Year Budget submissions. Furthermore, proceeds from our debt issuance will represent a cash injection to the City to aid in managing cash flows and maintaining its positive liquidity position.

4.0 Key Issues and Considerations

4.1. Current Market Conditions

Despite the COVID-19 pandemic and the corresponding effect on the financial/capital markets in 2020, investor appetite for municipal debenture issuance has been quite strong recently.

At the March 10, 2021 Bank of Canada (BOC) policy decision announcement, the BOC maintained the overnight rate at 0.25%. The overnight rate is the rate at which major financial institutions borrow and lend one-day (or "overnight") funds among themselves. Changes in this rate influences other rates and has a resulting effect on bond yields, including municipal debentures.

The Bank acknowledged that globally, the economic outlook is better in the near term while noting that uncertainty remains heightened in the outlook due to a weak labour market and the ongoing pandemic, flagging emerging COVID variants and renewed containment measures as the largest downside risk to economic recovery. The BOC's ongoing bond purchases through the quantitative easing (QE) program is focused across the yield curve, thus promoting liquidity/market functioning in Canada's bond markets, including for municipal issuers; this also results in keeping rates low further out the yield curve for longer duration borrowings.

As uncertainty over recovery from COVID-19 has remained high, there has been continued volatility in the marketplace. Even so, given the City's strong credit rating and history with previous issuances, the 2021 debt issuance was filled and priced within days of receiving Council approval to proceed.

Conclusion

The City's 2021 planned debt issuance will provide the required long-term funding for the identified projects within Appendix A and aligns with the City's Debt Management Policy. This approval will provide the authorization to issue debentures through the capital markets.

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

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

Recommended by: Anna Lisa Barbon, CPA, CGA, Managing Director, Corporate Services and City Treasurer, Chief Financial Officer

Attachment: Appendix A and B

Appendix “A”

Bill No. 163
2021

BY-LAW NO. D.-● -●

BY-LAW TO AUTHORIZE THE BORROWING
UPON INSTALMENT DEBENTURES IN THE
AGGREGATE PRINCIPAL AMOUNT OF
\$23,000,000.00 TOWARDS THE COST OF
CERTAIN CAPITAL WORKS OF THE
CORPORATION OF THE CITY OF LONDON.

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

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

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

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

AND WHEREAS to provide long-term financing for the Capital Works it is now deemed to be expedient to borrow money by the issue and sale of instalment debentures of the City in the aggregate principal amount of \$23,000,000.00 payable at the times and bearing interest at the rates hereinafter set forth, as agreed to by the City on March 24, 2021.

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

1. For the Capital Works, the borrowing upon the credit of the City at large of the aggregate principal amount of \$23,000,000.00 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 or the Deputy Treasurer of the City are hereby authorized to cause any number of instalment debentures in the aggregate principal amount of \$23,000,000.00, as described in section 1 above (the "**Debentures**"), payable in annual instalments of principal (April 16) with semi-annual instalments of interest thereon (April 16 and October 16, commencing on October 16, 2021) to be issued for such amounts of money as may be required for the Capital Works in global and definitive forms, not exceeding in total the said aggregate principal amount of \$23,000,000.00. The Debentures shall bear the City's municipal seal and the signatures of the Mayor and of the Treasurer or the Deputy Treasurer of the City, all in accordance with the provisions of the Act. The Debentures are sufficiently signed if they bear the required signatures and each person signing has the authority to do so on the date he or she signs. The Debentures shall initially be issued in global fully registered form as one certificate in the aggregate principal amount of \$23,000,000.00 substantially in the form of Schedule "B" attached hereto and forming part of this By-law (the "**Global Debenture**"). The Global Debenture shall initially be issued in the name of CDS & CO. as nominee of CDS Clearing and Depository Services Inc. ("**CDS**"), and shall provide for payment of principal and interest, electronically in final and irrevocable same-day funds in accordance with the applicable requirements of CDS, so long as the Global Debenture is held by CDS.
3. (1) The Debentures shall all be dated the 16th day of April, 2021, and as to both principal and interest shall be expressed and be payable in lawful money of Canada. The Debentures shall mature within the term of years set out in Column (6) of Schedule "A" and the respective amounts of interest or of principal and interest payable in each of the years during the currency of the Debentures shall be as set forth in Schedule "C" attached hereto and forming part of this By-law ("**Schedule "C"**"). The Debentures maturing (principal payable) in the year 2022 shall bear interest at the rate of 0.30% per annum, the Debentures maturing (principal payable) in the year 2023 shall bear interest at the rate of 0.45% per annum, the Debentures maturing (principal payable) in the year 2024 shall bear interest at the rate of 0.80% per annum, the Debentures maturing

(principal payable) in the year 2025 shall bear interest at the rate of 1.10% per annum, the Debentures maturing (principal payable) in the year 2026 shall bear interest at the rate of 1.40% per annum, the Debentures maturing (principal payable) in the year 2027 shall bear interest at the rate of 1.60% per annum, the Debentures maturing (principal payable) in the year 2028 shall bear interest at the rate of 1.75% per annum, the Debentures maturing (principal payable) in the year 2029 shall bear interest at the rate of 1.90% per annum, the Debentures maturing (principal payable) in the year 2030 shall bear interest at the rate of 2.10% per annum and the Debentures maturing (principal payable) in the year 2031 shall bear interest at the rate of 2.20% per annum.

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

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

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

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

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

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

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

14. Subject to an agreement that the City may enter into to the contrary, reasonable fees may be imposed by the City for the substitution of a new Debenture or new Debentures for any of the Debentures that are mutilated, defaced, lost, mysteriously or unexplainably missing, stolen, destroyed or dematerialized and for the replacement of any of the interest cheques that are mutilated, defaced, lost, mysteriously or unexplainably missing, stolen or destroyed. When new Debentures are issued in substitution in these circumstances the City shall: (a) treat as cancelled and destroyed the Debentures in respect of which new Debentures will be issued in substitution; (b) certify the deemed cancellation and destruction in the registry; (c) enter in the registry particulars of the new Debentures issued in substitution; and (d) make a notation of any indemnities provided.
15. Except as otherwise expressly provided herein, any notice required to be given to a registered holder of one or more of the Debentures will be sufficiently given if a copy of such notice is mailed or otherwise delivered to the registered address of such registered holder.
16. (1) The Mayor and the Treasurer or the Deputy Treasurer are hereby authorized to cause the Debentures to be issued and the execution of the purchase letter in respect of the Debentures, dated as at March 24, 2021, by the Treasurer (Managing Director, Corporate Services and City Treasurer, Chief Financial Officer) is hereby ratified, confirmed and approved. One or more of the Treasurer or the Deputy Treasurer and the Clerk are hereby authorized to generally do all things and to execute all other documents and papers in the name of the City in order to carry out the sale of the Debentures through CDS's book entry only system and the Treasurer or the Deputy Treasurer or the Clerk, as the case may be, is authorized to affix the City's municipal seal to any of such documents and papers.

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

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

Passed in Open Council on April 13, 2021

Ed Holder
Mayor

Catharine Saunders
City Clerk

First Reading – April 13, 2021
Second Reading – April 13, 2021
Third Reading – April 13, 2021

THE CORPORATION OF THE CITY OF LONDON

SCHEDULE "A" TO BY-LAW NO. D.-● -●

(1)	(2)	(3)	(4)	(5)	(6)
By-Law Number	Capital Work Description	Approved Principal Amount to be Financed Through the Issue of Debentures	Principal Amount of Debentures Previously Issued	Principal Amount of Debentures to be Issued	Term of Years
		\$	\$	\$	
General – Rate / Tax Supported (91210)					
W.-5670-64	Capital costs in connection with the 2020 bus purchase replacement project (MU104420)	5,367,700.00	Nil	5,367,700.00	10
W.-5652-260	Capital costs in connection with the new sportspark project (PD218118)	1,101,200.00	Nil	542,000.00	10
W.-5600-57 W.-5600(a)-47 W.-5600(b)-167	Capital costs in connection with the Adelaide Street grade separation project (TS1306)	22,714,638.00	Nil	6,921,000.00	10
W.-5662-111	Capital costs in connection with the Dundas Street Old East Village streetscape project (TS1749)	2,186,940.00	Nil	1,231,300.00	10
Total – General Rate / Tax Supported				14,062,000.00	

THE CORPORATION OF THE CITY OF LONDON

SCHEDULE "A" TO BY-LAW NO. D.-● -●

(1)	(2)	(3)	(4)	(5)	(6)
By-Law Number	Capital Work Description	Approved Principal Amount to be Financed Through the Issue of Debentures	Principal Amount of Debentures Previously Issued	Principal Amount of Debentures to be Issued	Term of Years
		\$	\$	\$	
Non-Rate / Tax Supported (95410)					
W.-5593-37 W.-5593(a)-467 W.-5593(b)-223	Capital costs in connection with the Colonel Talbot Pumping Station project (ES2204)	12,268,956.00	6,500,000.00	4,291,000.00	10
W.-5236-9 W.-5236(a)-86	Capital costs in connection with the Riverbend trunk sanitary sewer extension project (ES5253)	2,062,000.00	Nil	1,047,000.00	10
W.-5642-466	Capital costs in connection with the Southwest Capacity improvement project (ES5263)	15,006,387.00	2,300,000.00	2,000,000.00	10
W.-5643-22 W.-5643(a)-110	Capital costs in connection with the Industrial Land Development Strategy (ILDS) sanitary servicing trunk and internal oversizing project (ID1057)	7,250,000.00	3,500,000.00	1,600,000.00	10
Total – Non-rate / Tax Supported				8,938,000.00	
TOTAL				23,000,000.00	

THE CORPORATION OF THE CITY OF LONDON

Schedule "B" to By-law NO. D.-● -●

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

No. FRG21-01

\$23,000,000.00

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

FULLY REGISTERED GLOBAL INSTALMENT DEBENTURE

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

CDS & CO.

as nominee of CDS or registered assigns, subject to the Conditions attached hereto which form part hereof (the "Conditions"), by the final maturity date of this global debenture (April 16, 2031), the principal amount of

Twenty-Three Million Dollars

----- (\$23,000,000.00) -----

by annual payments on the 16th day of April in each of the years 2022 to 2031, both inclusive, in the amounts set forth in the attached Schedule (the "Schedule") in lawful money of Canada, and to pay interest thereon until the final maturity date of this Global Debenture in like money in semi-annual payments from April 16, 2021, 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 16th day of April and the 16th day of October, in each year, commencing on October 16, 2021 (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 16th day of April, 2021.

IN TESTIMONY WHEREOF and under the authority of the related debenture by-law (Bill No. 163) duly passed by the Council of the Issuer on the 13th day of April, 2021, pursuant to which this Global Debenture is authorized and issued (the "Debenture By-law"), this Global Debenture is sealed with the municipal seal of the Issuer and signed by the Mayor and by the Deputy Treasurer thereof.

Date of Registration: April 16, 2021

Mayor

(seal)

Deputy Treasurer

SCHEDULE

Year	CUSIP No.	ISIN No.	Interest Rate %	Semi-annual Interest		Principal April 16 \$	Total Annual Payment \$	Principal Balance Outstanding April 16 \$
				April 16 \$	October 16 \$			
2021					156,400.00		156,400.00	23,000,000.00
2022	541908KU2	CA541908KU26	0.30	156,400.00	152,950.00	2,300,000.00	2,609,350.00	20,700,000.00
2023	541908KV0	CA541908KV09	0.45	152,950.00	147,775.00	2,300,000.00	2,600,725.00	18,400,000.00
2024	541908KW8	CA541908KW81	0.80	147,775.00	138,575.00	2,300,000.00	2,586,350.00	16,100,000.00
2025	541908KX6	CA541908KX64	1.10	138,575.00	125,925.00	2,300,000.00	2,564,500.00	13,800,000.00
2026	541908KY4	CA541908KY48	1.40	125,925.00	109,825.00	2,300,000.00	2,535,750.00	11,500,000.00
2027	541908KZ1	CA541908KZ13	1.60	109,825.00	91,425.00	2,300,000.00	2,501,250.00	9,200,000.00
2028	541908LA5	CA541908LA52	1.75	91,425.00	71,300.00	2,300,000.00	2,462,725.00	6,900,000.00
2029	541908LB3	CA541908LB36	1.90	71,300.00	49,450.00	2,300,000.00	2,420,750.00	4,600,000.00
2030	541908LC1	CA541908LC19	2.10	49,450.00	25,300.00	2,300,000.00	2,374,750.00	2,300,000.00
2031	541908LD9	CA541908LD91	2.20	25,300.00	-	2,300,000.00	2,325,300.00	-
				<u>1,068,925.00</u>	<u>1,068,925.00</u>	<u>23,000,000.00</u>	<u>25,137,850.00</u>	

LEGAL OPINION

We have examined the Debenture By-law of the Issuer authorizing the issue of instalment debentures in the aggregate principal amount of \$23,000,000.00 dated April 16, 2021 and maturing in ten (10) instalments of principal of varying amounts on the 16th day of April in each of the years 2022 to 2031, both inclusive.

The Debenture By-law has been properly passed and is within the legal powers of the Issuer. The instalment global debenture issued under the Debenture By-law (in the aggregate principal amount of \$23,000,000.00), substantially in the within form (the "Global Debenture") is a direct, general, unsecured and unsubordinated obligation of the Issuer. The Global Debenture is enforceable against the Issuer subject to the special jurisdiction and powers of the Local Planning Appeal Tribunal over defaulting municipalities under the *Municipal Affairs Act*, as amended. This opinion is subject to and incorporates all the assumptions, qualifications and limitations set out in our opinion letter delivered on the date of the Global Debenture.

Toronto, April 16, 2021

WeirFoulds LLP

CONDITIONS OF GLOBAL DEBENTURE

Form, Denomination, Ranking and Beneficial Interests in Global Debenture

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

Certificated Debentures

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

Registration

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

Title

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

Payments of Principal and Interest

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

11. The Issuer shall make all payments in respect of annual principal and semi-annual interest on the Debentures on the Payment Dates commencing with a payment of semi-annual interest on October 16, 2021 electronically in final and irrevocable same-day funds in accordance with the applicable requirements of CDS, so long as this Global Debenture is held by CDS.

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

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

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

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

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

Transfers, Exchanges and Substitutions

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

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

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

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

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

Purchases

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

Additional Debentures

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

Notices

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

Time

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

Governing Law

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

THE CORPORATION OF THE CITY OF LONDON

SCHEDULE "C" TO BY-LAW NO. D.-● -●

SCHEDULE

Year	Interest Rate %	Semi-annual Interest		Principal April 16 \$	Total Annual Payment \$	Principal Balance Outstanding April 16 \$
		April 16 \$	October 16 \$			
2021		-	156,400.00	-	156,400.00	23,000,000.00
2022	0.30	156,400.00	152,950.00	2,300,000.00	2,609,350.00	20,700,000.00
2023	0.45	152,950.00	147,775.00	2,300,000.00	2,600,725.00	18,400,000.00
2024	0.80	147,775.00	138,575.00	2,300,000.00	2,586,350.00	16,100,000.00
2025	1.10	138,575.00	125,925.00	2,300,000.00	2,564,500.00	13,800,000.00
2026	1.40	125,925.00	109,825.00	2,300,000.00	2,535,750.00	11,500,000.00
2027	1.60	109,825.00	91,425.00	2,300,000.00	2,501,250.00	9,200,000.00
2028	1.75	91,425.00	71,300.00	2,300,000.00	2,462,725.00	6,900,000.00
2029	1.90	71,300.00	49,450.00	2,300,000.00	2,420,750.00	4,600,000.00
2030	2.10	49,450.00	25,300.00	2,300,000.00	2,374,750.00	2,300,000.00
2031	2.20	25,300.00	-	2,300,000.00	2,325,300.00	-
		<u>1,068,925.00</u>	<u>1,068,925.00</u>	<u>23,000,000.00</u>	<u>25,137,850.00</u>	

Appendix “B”



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

April 12, 2021

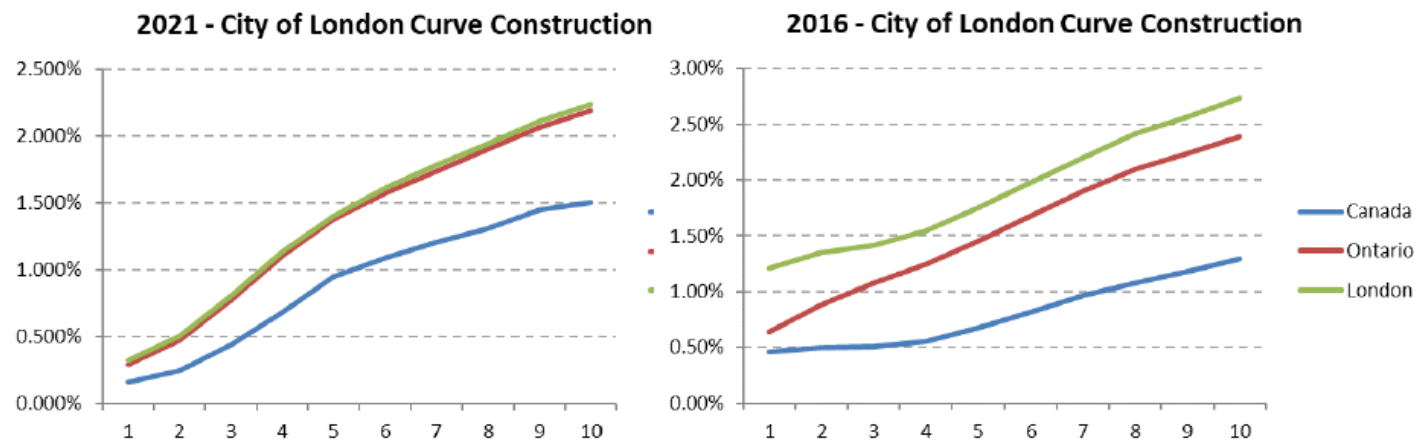
Presented By:
TD Securities

Deal Highlights

- The City of London issue was launched and priced on the morning of March 24. There was good momentum from investors in the days leading up to the deal and it was well received by the market, despite some of the recent market volatility.
- The issue size was smaller than typical at C\$ 23mm, and as a result it quickly sold to 6 buyers.
- Timing of the transaction was good as there were general concerns in the market for higher rates and weaker credit to come.
- As with past London issues, Canadian municipalities were big supporters of the deal, accounting for 38% of the interest. US buyers accounted for slightly more than half the deal.
- The issue crystallized the tightest City of London credit spreads achieved to date. The 5-year tranche priced just 3 basis points back of Ontario while the 10-year tranche priced 5 basis points back. To put this in perspective, last year's London spreads vs. Ontario were in the area of 35 basis points.
- One week after the London issue, the MFABC (Municipal Finance Authority of British Columbia) priced their dual tranche 5-year and 10-year issue at the exact same spreads to Ontario. Despite London also being a Aaa credit, the MFA is the most liquid and actively traded municipal credit in Canada and their credit spreads are the tightest of all municipal issuers. The MFA bonds priced at a new issue concession (NIC) of 2-7bps.
- Another highlight of this year's London issue was some of the lowest coupons ever achieved. The 1yr tranche has a coupon of only 30 basis points and the 2yr has a coupon of only 45 basis points.
- This year's London issue has a blended all-in rate of 1.819%, which is the second lowest on record, behind only the 2020 issue.
- The City of London issue priced on schedule this year, despite a challenging credit backdrop and in contrast to 2020 when the issue was delayed due to capital markets being shut to some borrowers.

City of London – Curve Construction

- GoC rates have been and continue to be very volatile.
- Ontario spreads have been tightening after an initial gap wider in spring 2020 due to Covid.
- London has been able to crystallize all-time tights in municipal spreads. Please see below for comparison to the last City of London issue led by TD (2016).
- London printed at a blended all-in rate of 1.819% in 2021 versus 2.301% in 2016.



Source: TD Securities

Rates Volatility – The 10yr Government of Canada Bond Yield Since January 2016

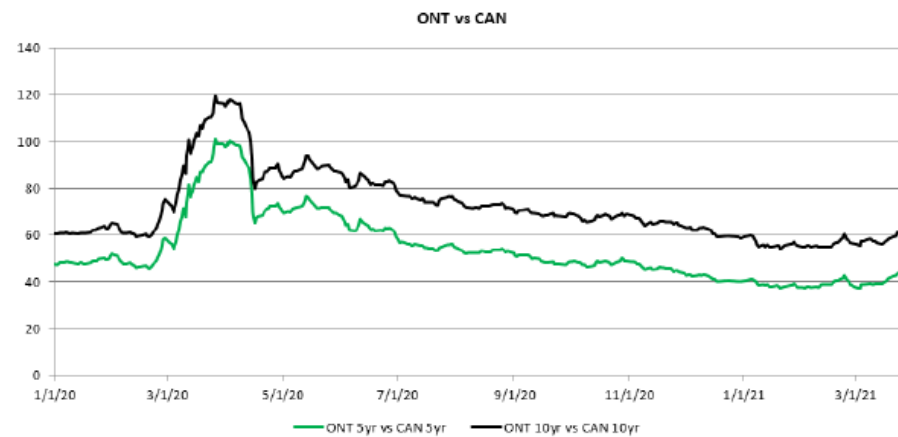
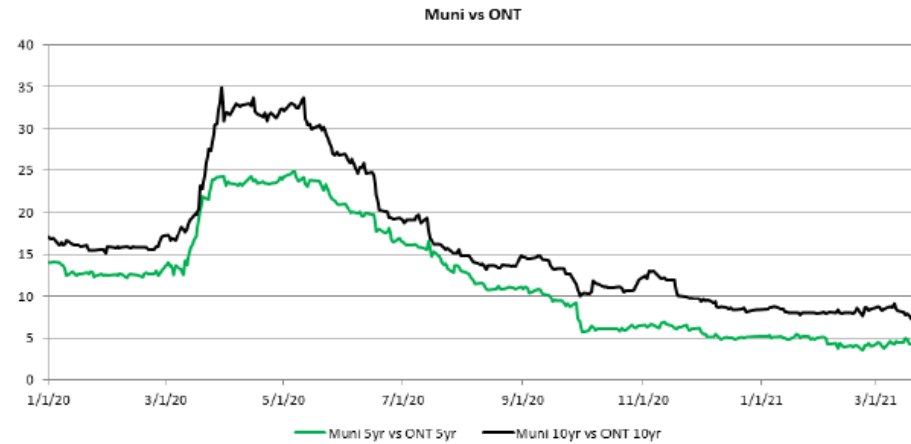
- GoC rates have been very volatile in the last few years, but particularly so since the beginning of the Covid pandemic. We rallied over 100bps in early 2020 only to undo that rally fully in 1Q of 2021.
- TD Bank is forecasting rates to rise, as are many other financial institutions. We see the Government of Canada 10yr at 1.80% and the US Treasury 10yr at 2.00% by the end of 2021.
- Trying to time markets, both from an investor and an issuer perspective, is very difficult.



Source: Bloomberg

Credit Backdrop

- After the Covid pandemic was declared, there was a large dislocation in rates and credit markets across the globe. The initial spike in yields occurred when investors and traders backed away from investment products until there was more clarity around the impacts to the economy.
- Both municipal and provincial spreads widened in 2Q of 2020, only to grind tighter ever since.



Source: Bloomberg

Revising Global Rates Forecasts

- TD modified their rate forecasts on March 5, upgrading the higher targets for both US Treasuries and Government of Canada's for the balance of the year. The sharp reflation trade that was underway and some of the sharply improving economic data, pulled back our expectations for higher rates.
- GoC 10yrs are now expected to hit 1.80% by the end of 2021 and UST 10yrs are expected to hit 2.00%.
- As a result of these upgrades to the economic outlook, TD was motivated to price the City of London issue as soon as possible after the debenture by-law was passed.

		SUMMARY RATES FORECASTS									
		Spot	2021				2022				
		Mar 21, 2021	Q1 F	Q2 F	Q3 F	Q4 F	Q1 F	Q2 F	Q3 F	Q4 F	
United States	Fed Funds Rate	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	
	3m	-0.01	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	
	2y	0.15	0.15	0.15	0.15	0.20	0.20	0.20	0.25	0.30	
	5y	0.86	0.70	0.70	0.75	0.80	0.65	0.75	0.85	0.95	
	10y	1.69	1.75	1.80	1.90	2.00	2.10	2.20	2.30	2.40	
	30y	2.40	2.40	2.45	2.50	2.55	2.60	2.65	2.70	2.75	
Canada	Overnight Rate	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	
	3m	0.09	0.10	0.15	0.15	0.15	0.15	0.15	0.25	0.35	
	2y	0.26	0.25	0.30	0.40	0.45	0.50	0.55	0.60	0.70	
	5y	1.01	0.90	1.00	1.10	1.15	1.25	1.35	1.45	1.50	
	10y	1.59	1.65	1.70	1.75	1.80	1.85	1.90	2.00	2.10	
	30y	2.06	2.00	2.05	2.10	2.15	2.20	2.25	2.30	2.35	

City of London 10y Serial Debenture – Final Pricing

- The 2021 serial debentures priced at a blended all-in rate to the City of 1.819%. Outside of 2020 when markets were shut for weeks due to Covid, this is the lowest rate the City has ever achieved.
- The 2021 issue also saw the lowest coupon for any historical City of London issue. The 1yr and 2yr terms were at record lows of 30 and 45 basis points, respectively.
- Soft sounding at the end of the March 15 week saw some positive receptivity but also concerns about the tight level of spreads. As a result, TD was motivated to price the deal asap.

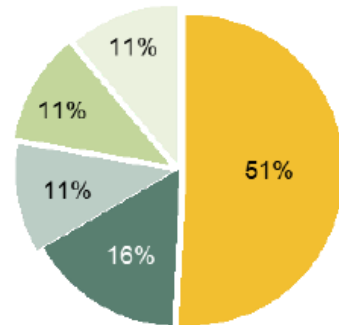
New Issue	
Launch:	1-Apr-21
Settlement:	26-Apr-21
Term (Years):	10
Amount:	\$ 23,000,000
Ratings:	Aaa

Year	Maturity	Notional	Reference Canada			Offering Terms				Fees		Net Terms	
			Coupon	Maturity	Yield	Sprd to BM	Yield	Coupon	Price	Draw Down (\$/bond)	Commissi on (\$/bond)	Net Price	Net Yield
1	16-Apr-22	2,300,000	0.000%	3/3/2022	0.160%	16.0	0.320%	0.300%	99.960	0.100	0.250	99.730	0.571%
2	16-Apr-23	2,300,000	0.250%	2/1/2023	0.245%	25.5	0.500%	0.450%	99.901	0.100	0.250	99.651	0.626%
3	16-Apr-24	2,300,000	2.250%	3/1/2024	0.444%	36.0	0.804%	0.800%	99.989	0.200	0.350	99.639	0.922%
4	16-Apr-25	2,300,000	1.250%	3/1/2025	0.682%	45.0	1.132%	1.100%	99.877	0.250	0.450	99.427	1.247%
5	16-Apr-26	2,300,000	0.250%	3/1/2026	0.949%	45.5	1.404%	1.400%	99.961	0.250	0.500	99.481	1.508%
Sub-Total		11,500,000					1.016%	1.000%	99.946	0.180	0.360	99.586	1.141%
6	16-Apr-27	2,300,000	1.000%	6/1/2027	1.088%	52.5	1.613%	1.600%	99.924	0.300	0.600	99.324	1.719%
7	16-Apr-28	2,300,000	2.000%	6/1/2028	1.204%	57.5	1.779%	1.750%	99.810	0.300	0.700	99.110	1.886%
8	16-Apr-29	2,300,000	2.250%	6/1/2029	1.309%	63.0	1.939%	1.900%	99.710	0.350	0.750	98.960	2.041%
9	16-Apr-30	2,300,000	1.250%	6/1/2030	1.443%	67.0	2.113%	2.100%	99.893	0.350	0.750	99.143	2.205%
10	16-Apr-31	2,300,000	0.500%	12/1/2030	1.503%	73.5	2.238%	2.200%	99.662	0.350	0.750	98.912	2.322%
Total		23,000,000					1.705%	1.690%	99.873	0.255	0.535	99.338	1.819%

City of London 10y Serial Debenture – Distribution

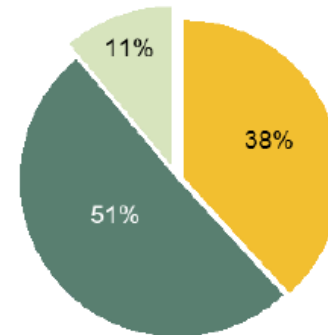
- Primary distribution of the bonds was broad-based into good buy-and-hold type clients.
- There were 6 unique buyers, all of which purchased for cash (as opposed to versus GoC's or other bonds).
- The deal was well supported by Canadian municipalities, accounting for 38% of the total issue. US buyers purchased slightly more than half the issue.
- TD marketed the transaction at recent tight levels of spreads due to 1) the smaller-than-typical size of the issue and 2) the positive momentum in credit spreads in the weeks before the issue.

Geographic Distribution



■ US ■ Ontario ■ BC ■ Manitoba ■ Quebec

Distribution by Investor Type



■ Government ■ Insurance ■ Asset Manager

For more information, contact:

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