

Authority: Policy and Finance Committee Report No. 5, Clause No. 5,
adopted as amended, by City of Toronto Council on June 22, 23 and 24, 2004
Enacted by Council: June 22, 2004

CITY OF TORONTO

BY-LAW No. 462-2004

To authorize the issue of 2.761% debentures in the amount of \$175,330,772.70 for a purpose of the City of Toronto.

WHEREAS 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 effective January 1, 1998 the *City of Toronto Act, 1997*, as amended, incorporated a new municipality under the name of "City of Toronto" and the new municipality stands in the place, for all purposes, of the former municipality known as The Municipality of Metropolitan Toronto and of its six area municipalities; and

WHEREAS the former Municipality of Metropolitan Toronto ("Metropolitan Toronto") authorized a portion of the purpose described in Column 1 of Schedule "A" attached hereto and forming part of this By-law ("Schedule 'A' ") ("the Project") and the City of Toronto subsequently authorized the balance of the Project as well as additional cost amounts and additional debenture authorities in respect of the Project and the City of Toronto desires to issue debentures for the Project in the amount specified in Column 2 of Schedule "A"; and

WHEREAS in respect of the portion of the Project that was authorized before January 1, 1993, the Ontario Municipal Board, by its Order described in Column 4 of Schedule "A", authorized the issue of debentures for such portion of the Project in the amount of \$145,000,000.00 over a term of years not to exceed twenty years, and

WHEREAS before authorizing the portion of the Project that was authorized after January 1, 1993, and before authorizing additional cost amounts and additional debenture authorities in respect of the Project, the City of Toronto had its Chief Financial Officer and Treasurer update its most recent annual debt and financial obligation limit received from the Ministry of Municipal Affairs and Housing in accordance with Ontario Regulation 403/02, or its predecessor, and, prior to authorizing such portion of the Project, and prior to authorizing such additional cost amounts and such additional debenture authorities, the Chief Financial Officer and Treasurer determined that the estimated annual amount payable in respect of such portion of the Project, in respect of such additional cost amounts and in respect of such additional debenture authorities would not cause the City of Toronto to exceed its updated limit and that the approval of such portion of the Project, of such additional cost amounts and of such additional debenture authorities by the Ontario Municipal Board was not required; and

WHEREAS the *City of Toronto Act, 1997 (No. 2)*, as amended, provides that when the Council of the City of Toronto has authorized the City of Toronto to borrow money and issue debentures for its purposes the Council may, by by-law, authorize the Mayor and the Treasurer to enter into an agreement or agreements for the issue and sale of debentures, with any person or persons, at any time in the year in which the by-law is passed; and

WHEREAS pursuant to By-law No. 747-2003 the Mayor and the Chief Financial Officer and Treasurer entered into an agreement dated August 28, 2003 (the “2003 Agreement”) with Her Majesty the Queen in Right of Ontario, as represented by the Minister of Municipal Affairs and Housing and pursuant to the 2003 Agreement the Council of the City of Toronto passed Debenture By-law No. 864-2003 and under authority of that By-law the City of Toronto issued 3% amortizing debentures dated April 1, 2003 in the principal amount of \$183,750,000.00 to be repaid in semi-annual instalments of combined (blended) principal and interest over a 10 year amortization period (the “2003 Debenture”); and

WHEREAS the City of Toronto has paid two semi-annual instalments of combined (blended) principal and interest in respect of the 2003 Debenture, on October 15, 2003 and on January 15, 2004, respectively, each such instalment being in the amount of \$10,000,000.00 (in the aggregate amount of \$20,000,000.00); and

WHEREAS pursuant to By-law No. 461-2004 the Council of the City of Toronto authorized the Mayor and the Chief Financial Officer and Treasurer to enter into an agreement with Her Majesty the Queen in Right of Ontario, as represented by the Minister of Municipal Affairs and Housing (the “Ministry”) which agreement provides that: the City of Toronto will repay the outstanding balance owing to the Ministry in respect of the 2003 Debenture and the Ministry will extinguish the debt evidenced by the 2003 Debenture and discharge the City of Toronto from all of its obligations evidenced by the 2003 Debenture; the City will issue and sell to the Ministry a new debenture in the principal amount of \$175,330,772.70 for a purchase price equal to the outstanding balance evidenced by the 2003 Debenture (\$175,330,772.70); and the Ministry will refund the City of Toronto the January 15, 2004 instalment of combined (blended) principal and interest in the amount of \$10,000,000.00 paid by the City of Toronto in respect of the 2003 Debenture; and

WHEREAS pursuant to By-law No. 461-2004 the Mayor and the Chief Financial Officer and Treasurer entered into an agreement for the issue and sale of a new 2.761% amortizing debenture dated January 15, 2004 in the principal amount of \$175,330,772.70 to be repaid in semi-annual instalments of combined (blended) principal and interest over a 10 year amortization period (the “2004 Agreement”); and

WHEREAS the *City of Toronto Act, 1997 (No. 2)*, as amended, provides that when an agreement is made under a by-law, like By-law No. 461-2004, the Council of the City of Toronto shall pass all necessary money by-laws in accordance with such agreement, Part XIII of the *Municipal Act, 2001* and specified sections of the *City of Toronto Act, 1997 (No. 2)*; and

WHEREAS to provide long term financing for the Project it is now expedient to issue 2.761% amortizing debentures in the amount of \$175,330,772.70 in lawful money of Canada, payable semi-annually in instalments of combined (blended) principal and interest in each year during the currency of such debentures pursuant to the 2004 Agreement, on the terms hereinafter set forth; and

WHEREAS pursuant to By-law No. 94-2004 the Council of the City of Toronto authorized the Mayor and the Treasurer during the year 2004 to enter into an agreement or agreements with a purchaser or purchasers for the issue and sale of debentures upon such terms and conditions as they deem expedient to provide an amount not exceeding \$500,000,000.00 for the purposes of the City of Toronto; and

WHEREAS the 2004 Debenture will be issued by the City and purchased by the Ministry during the year 2004, in the place and stead of the 2003 Debenture which 2003 Debenture will be discharged and returned by the Ministry to the City of Toronto before the 2004 Debenture will be issued by the City of Toronto, it is now deemed expedient to ratify, confirm and approve the provisions of By-law No. 92-2004 on the basis that such provisions are not intended to apply to the issue and sale of the 2004 Debenture in accordance with the 2004 Agreement and that the provisions of By-law No. 92-2004 are intended to apply only to an agreement or agreements in connection with the issue and sale of debentures in the capital markets.

The Council of the City of Toronto HEREBY ENACTS as follows:

1. For the Project, the borrowing upon the credit of the City of Toronto of the sum of \$175,330,772.70 and the issue of debentures therefor on the credit of the City of Toronto to be repaid in semi-annual instalments of combined (blended) principal and interest in denominations of \$1,000 and any integral multiples thereof as hereinafter set forth, are hereby authorized.
2. The Mayor and the Chief Financial Officer and Treasurer of the City of Toronto are hereby authorized to cause any number of 2.761% amortizing debentures payable semi-annually in instalments of combined (blended) principal and interest to be issued for such sums of money as may be required for the Project in global and definitive forms, not exceeding in total the said sum of \$175,330,772.70 (the "Debentures"). The Debentures shall bear the City of Toronto's municipal seal and the signatures of the Mayor and the Chief Financial Officer and Treasurer of the City of Toronto, all in accordance with the provisions of the Act. The municipal seal of the City of Toronto 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 in fully registered form as one certificate in the principal amount of \$175,330,772.70, in the name of the Minister of Finance, substantially in the form attached as Schedule "B" hereto and forming part of this By-law (the "Ministry Debenture") with provision for payment of principal and interest (other than in respect of the payment of outstanding interest and principal on the maturity date upon presentation and surrender) by cheque sent by post to the registered address of the registered holder or, if the City of Toronto and the registered holder of the Ministry Debenture so consent, by electronic transfer of payment in respect of such principal and interest to the credit of such registered holder on such terms as to which the registered holder and the City of Toronto may agree.

3. (1) The Debentures shall all be dated the 15th day of January, 2004 and shall be issued within one year after the day on which this By-law is enacted, and as to both principal and interest shall be expressed and be payable in lawful money of Canada. The Debentures shall be issued for a term of 10 years bearing interest at the rate of 2.761% per annum, compounded semi-annually, payable semi-annually in arrears, as part of the semi-annual instalments described in this section. The Debentures shall be paid in full by January 15, 2014 in accordance with the amortization schedule set forth in Schedule "C" attached hereto and forming part of this By-law ("Schedule "C"), save and except for the first combined (blended) instalment of principal and interest, by semi-annual instalments of combined (blended) principal and interest (after the first instalment) payable on January 15 and July 15 in each of the years during the currency of the Debentures as set forth in Schedule "C". The first combined (blended) instalment of principal and interest shall be paid on January 15, 2005.

(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 of Toronto 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 instalments of combined (blended) principal and 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 each year in which a payment of an instalment of combined (blended) principal and interest becomes due, 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.
6. 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.
7. The City of Toronto shall maintain a registry in respect of the Debentures in which shall be recorded the names and the addresses of the registered holders and particulars of the Debentures held by them respectively and in which particulars of the cancellation, exchanges, substitutions and transfers of Debentures, may be recorded and the City of Toronto is authorized to use electronic, magnetic or other media for records of or related to the Debentures or for copies of them.

- 8.** The City of Toronto 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 of Toronto shall deem and treat registered holders of Debentures, including the Ministry 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 of Toronto on the Debentures to the extent of the sum or sums so paid. Where a Debenture is registered in more than one name, the principal of and interest from time to time payable on such Debenture shall be paid to or to the order of all the joint registered holders thereof, failing written instructions to the contrary from all such joint registered holders, and such payment shall constitute a valid discharge to the City of Toronto. 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 of Toronto.
- 9.** The Debentures are transferable or exchangeable at the office of the Chief Financial Officer and Treasurer of the City of Toronto upon presentation for such purpose accompanied by an instrument of transfer or exchange in a form approved by the City of Toronto 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 Chief Financial Officer and 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.
- 10.** The Mayor and the Chief Financial Officer and Treasurer shall issue and deliver new Debentures in exchange or substitution for Debentures outstanding on the registry with the same maturity date and of like form which have become lost, stolen, mutilated, defaced or destroyed, provided that the applicant therefor shall have: (a) paid such costs as may have been incurred in connection therewith; (b) (in the case of a lost, stolen or destroyed Debenture) furnished the City of Toronto with such evidence (including evidence as to the certificate number of the Debenture in question) and indemnity in respect thereof satisfactory to the City of Toronto in its discretion; and (c) surrendered to the City of Toronto any mutilated or defaced Debentures in respect of which new Debentures are to be issued in substitution.
- 11.** The Debentures issued upon any registration of transfer or exchange or in substitution for any Debentures or part thereof shall carry all the rights to interest if any, accrued and unpaid which were carried by such Debentures or part thereof and shall be so dated and shall bear the same maturity date and, subject to the provisions of this By-law, shall be subject to the same terms and conditions as the Debentures in respect of which the transfer, exchange or substitution is effected.

- 12.** The cost of all transfers and exchanges, including the printing of authorized denominations of the new Debentures, shall be borne by the City of Toronto. When any of the Debentures are surrendered for transfer or exchange the Chief Financial Officer and Treasurer of the City of Toronto 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.
- 13.** Reasonable fees for the substitution of a new Debenture or new Debentures for any of the Debentures that are lost, stolen, mutilated, defaced or destroyed and for the replacement of lost, stolen, mutilated, defaced or destroyed principal and interest cheques may be imposed by the City of Toronto. Where new Debentures are issued in substitution in these circumstances the City of Toronto 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.
- 14.** 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.
- 15.** (1) The Mayor and the Chief Financial Officer and Treasurer are hereby authorized to cause the Debentures to be issued, the Clerk and Chief Financial Officer and Treasurer are hereby severally authorized to generally do all things and to execute all documents and other papers in the name of the City of Toronto in order to carry out the issue of the Debentures and the Chief Financial Officer and Treasurer is authorized to affix the City of Toronto's municipal seal to any of such documents and papers.
- (2) The proceeds realized in respect of the Debentures, after providing for the expenses related to their issue, if any, shall be apportioned and applied to the Project and to no other purpose except as permitted by the Act.
- 16.** Subject to the City of Toronto's investment policies and goals and the applicable legislation, the City of Toronto 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 of Toronto may in its discretion determine.
- 17.** The City of Toronto hereby ratifies, confirms and approves the provisions of By-law No. 92-2004 on the basis that such provisions do not apply to the issue and sale of the 2004 Debenture to be issued pursuant to the 2004 Agreement and that such provisions apply only to an agreement or agreements in connection with the issue and sale of debentures in the capital markets.

18. This By-law takes effect on the day of passing.

ENACTED AND PASSED this 22nd day of June, A.D. 2004.

DAVID R. MILLER,
Mayor

ULLI S. WATKISS
City Clerk

(Corporate Seal)

**CITY OF TORONTO
SCHEDULE "A"**

1	2	3	4		5
Purpose	Amount	Term Repayment	Ontario Municipal Board Order Authorizing By-laws		Maximum Term of Years Approved by Council
	\$	Years	No.	Date	
Toronto Transit Commission					
Purchase of 372 T1 Subway Cars	175,330,772.70	10	200-2001	April 23,24, 25 & 26, 2001	20
		10	325-2001	April 30, May 1, 2001	20
		10	2-2000	January 27, 2000	20
		10	3-2000	January 27, 2000	20
		10	E911432	October 22, 1991	20

**CITY OF TORONTO
SCHEDULE "B"**

Unless this debenture is presented by an authorized representative of the Minister of Finance (the "Minister") to the City of Toronto for registration of transfer, exchange or payment, and any debenture issued in respect thereof is registered in the name of the Minister, or in such other name as is requested by an authorized representative of the Minister, ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since as the registered holder hereof, the Minister has an interest herein.

No. GB04-●-001

\$175,330,772.70

C A N A D A
Province of Ontario
CITY OF TORONTO

FULLY REGISTERED 2.761% DEBENTURE

CITY OF TORONTO, for value received, hereby promises to pay to

MINISTER OF FINANCE

or registered assigns, subject to the Conditions attached hereto which form part hereof (the "Conditions"), upon presentation and surrender of this debenture by the maturity date of this debenture (January 15, 2014), the principal sum of

ONE HUNDRED AND SEVENTY-FIVE MILLION, THREE HUNDRED AND THIRTY THOUSAND, SEVEN
HUNDRED AND SEVENTY-TWO DOLLARS AND SEVENTY CENTS
----- (\$175,330,772.70) -----

by semi-annual installments of combined (blended) principal and interest in the manner and in the amounts set forth in the Amortization Schedule on the reverse side hereof (the "Amortization Schedule") in lawful money of Canada. Interest shall be paid until the maturity date of this debenture in like money from the 15th day of January, 2004 or from the last date on which interest has been paid on this debenture, whichever is later, at the rate of 2.761% per annum, compounded semi-annually, in arrears, on the specified dates, as set forth in the Amortization Schedule (each, a "Payment Date") in the manner provided in the Conditions. Subject to the Conditions, interest shall be paid on default at the rate set out in the Amortization Schedule both before and after default and judgment. The payments of principal and interest and the principal balance outstanding in each year are shown in the Amortization Schedule.

This debenture is subject to the Conditions.

DATED at the City of Toronto as at the 15th day of January, 2004

IN TESTIMONY WHEREOF and under the authority of By-law No. 462-2004 of the City of Toronto duly passed on the 22nd day of June, 2004 (the "Debenture By-law"), this debenture is sealed with the municipal seal of the City of Toronto and signed by the Mayor and by the Chief Financial Officer and Treasurer thereof.

Date of Registration: June [25], 2004

(seal)

Mayor

Chief Financial Officer and Treasurer

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City of Toronto By-law No. 462-2004

AMORTIZATION SCHEDULE

Interest Rate: 2.761%

Due Date	Payment Amount	Interest	Principal	Balance O/S
15-Jan-2005	\$ 10,000,000.00	\$ 4,840,352.59	\$ 5,159,647.41	\$ 170,171,125.29
15-Jul-2005	\$ 10,000,000.00	\$ 2,329,648.68	\$ 7,670,351.32	\$ 162,500,773.97
15-Jan-2006	\$ 10,000,000.00	\$ 2,261,513.81	\$ 7,738,486.19	\$ 154,762,287.77
15-Jul-2006	\$ 10,000,000.00	\$ 2,118,701.15	\$ 7,881,298.85	\$ 146,880,988.93
15-Jan-2007	\$ 10,000,000.00	\$ 2,044,134.17	\$ 7,955,865.83	\$ 138,925,123.09
15-Jul-2007	\$ 10,000,000.00	\$ 1,901,889.81	\$ 8,098,110.19	\$ 130,827,012.91
15-Jan-2008	\$ 10,000,000.00	\$ 1,820,711.92	\$ 8,179,288.08	\$ 122,647,724.83
15-Jul-2008	\$ 10,000,000.00	\$ 1,679,051.66	\$ 8,320,948.34	\$ 114,326,776.49
15-Jan-2009	\$ 10,000,000.00	\$ 1,591,079.09	\$ 8,408,920.91	\$ 105,917,855.58
15-Jul-2009	\$ 10,000,000.00	\$ 1,450,019.16	\$ 8,549,980.84	\$ 97,367,874.74
15-Jan-2010	\$ 10,000,000.00	\$ 1,355,063.04	\$ 8,644,936.96	\$ 88,722,937.78
15-Jul-2010	\$ 10,000,000.00	\$ 1,214,620.13	\$ 8,785,379.87	\$ 79,937,557.91
15-Jan-2011	\$ 10,000,000.00	\$ 1,112,486.34	\$ 8,887,513.66	\$ 71,050,044.25
15-Jul-2011	\$ 10,000,000.00	\$ 972,677.60	\$ 9,027,322.40	\$ 62,022,721.85
15-Jan-2012	\$ 10,000,000.00	\$ 863,166.61	\$ 9,136,833.39	\$ 52,885,888.46
15-Jul-2012	\$ 10,000,000.00	\$ 724,009.67	\$ 9,275,990.33	\$ 43,609,898.13
15-Jan-2013	\$ 10,000,000.00	\$ 606,916.41	\$ 9,393,083.59	\$ 34,216,814.54
15-Jul-2013	\$ 10,000,000.00	\$ 468,429.39	\$ 9,531,570.61	\$ 24,685,243.93
15-Jan-2014	\$ 25,028,787.03	\$ 343,543.10	\$ 24,685,243.93	\$0.00
Total	\$ 205,028,787.03	\$ 29,698,014.33	\$ 175,330,772.70	

CONDITIONS OF THE MINISTRY DEBENTURE**Form, Denomination, and Ranking of the Ministry 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 and any integral multiples thereof.
2. The Debentures are direct, unsecured and unsubordinated obligations of the City of Toronto. The Debentures rank concurrently and equally in respect of payment of principal and interest with all other debentures of the City of Toronto except for the availability of money in a sinking or retirement fund for a particular issue of debentures.
3. This Debenture is one fully registered Ministry Debenture registered in the name of the Minister of Finance and held by the Minister of Finance.

Registration

4. The City of Toronto will keep at its designated office in the City of Toronto 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

5. The City of Toronto 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 of Toronto shall deem and treat registered holders of Debentures, including this Ministry 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 of Toronto on the Debentures to the extent of the sum or sums so paid.

Payments of Principal and Interest

6. The record date for purposes of payment of principal of and interest on the Debentures is as of 5:00 p.m. on the fourteenth calendar day preceding any Payment Date including the maturity date. Principal of and interest on the Debentures are payable by the City of Toronto to the persons registered as holders in the registry on the relevant record date. The City of Toronto shall not be required to register any transfer, exchange or substitution of Debentures during the period from any record date to the corresponding Payment Date.
7. The City of Toronto shall make all payments in respect of semi-annual instalments of combined (blended) principal and interest on the Debentures on each Payment Date commencing on January 15, 2005 (other than in respect of the payment of outstanding interest and principal on the maturity date which shall be paid upon presentation and surrender of this Ministry Debenture) by forwarding by post, a cheque dated the due date for payment to the registered address of each registered holder of Debentures sufficiently in advance of the relevant due date that delivery of such cheques to the registered address

of each registered holder on or before the due date is reasonably assured. All cheques mailed or otherwise delivered in accordance with this section shall be dated the due date for payment of the principal and interest in respect of which they are issued. Despite the foregoing, the City of Toronto may make payments in respect of semi-annual installments of combined (blended) principal and interest on any Debenture (other than in respect of the payment of outstanding interest and principal on the maturity date upon presentation and surrender) to the credit of the registered holder of that Debenture, by electronic transfer of payment in respect of such interest and principal to the credit of the registered holder on such terms as to which the registered holder and the City of Toronto may agree.

8. 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 installments of combined principal and 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.
9. 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.

Transfers, Exchanges and Substitutions

10. Debentures are transferable or exchangeable at the office of the Chief Financial Officer and Treasurer of the City of Toronto upon presentation for such purpose accompanied by an instrument of transfer or exchange in a form approved by the City of Toronto 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.
11. The City of Toronto 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 which have become lost, stolen, mutilated, defaced or destroyed 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, stolen or destroyed Debenture) furnished the City of Toronto with such evidence (including evidence as to the certificate number of the Debenture in question) and indemnity in respect thereof satisfactory to the City of Toronto in its discretion; and (iii) surrendered to the City of Toronto any mutilated or defaced Debenture in respect of which new Debentures are to be issued in substitution.

12. 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.
13. The City of Toronto 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 lost, stolen, mutilated, defaced or destroyed Debentures or principal and interest cheques.

Purchases

14. Subject to the investment policies and goals of the City of Toronto and the applicable legislation, the City of Toronto 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 City of Toronto may in its discretion determine.

Notices

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. If the City of Toronto 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 (as defined in section 9 of these Conditions) then such notice may be given on the next following Business Day.

Time

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

Governing Law

17. The Debentures are governed by and shall be construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable in Ontario.
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**CITY OF TORONTO
SCHEDULE "C"**

AMORTIZATION SCHEDULE

Interest: 2.761%

Due Date	Payment Amount	Interest	Principal	Balance O/S
15-Jan-2005	\$ 10,000,000.00	\$ 4,840,352.59	\$ 5,159,647.41	\$ 170,171,125.29
15-Jul-2005	\$ 10,000,000.00	\$ 2,329,648.68	\$ 7,670,351.32	\$ 162,500,773.97
15-Jan-2006	\$ 10,000,000.00	\$ 2,261,513.81	\$ 7,738,486.19	\$ 154,762,287.77
15-Jul-2006	\$ 10,000,000.00	\$ 2,118,701.15	\$ 7,881,298.85	\$ 146,880,988.93
15-Jan-2007	\$ 10,000,000.00	\$ 2,044,134.17	\$ 7,955,865.83	\$ 138,925,123.09
15-Jul-2007	\$ 10,000,000.00	\$ 1,901,889.81	\$ 8,098,110.19	\$ 130,827,012.91
15-Jan-2008	\$ 10,000,000.00	\$ 1,820,711.92	\$ 8,179,288.08	\$ 122,647,724.83
15-Jul-2008	\$ 10,000,000.00	\$ 1,679,051.66	\$ 8,320,948.34	\$ 114,326,776.49
15-Jan-2009	\$ 10,000,000.00	\$ 1,591,079.09	\$ 8,408,920.91	\$ 105,917,855.58
15-Jul-2009	\$ 10,000,000.00	\$ 1,450,019.16	\$ 8,549,980.84	\$ 97,367,874.74
15-Jan-2010	\$ 10,000,000.00	\$ 1,355,063.04	\$ 8,644,936.96	\$ 88,722,937.78
15-Jul-2010	\$ 10,000,000.00	\$ 1,214,620.13	\$ 8,785,379.87	\$ 79,937,557.91
15-Jan-2011	\$ 10,000,000.00	\$ 1,112,486.34	\$ 8,887,513.66	\$ 71,050,044.25
15-Jul-2011	\$ 10,000,000.00	\$ 972,677.60	\$ 9,027,322.40	\$ 62,022,721.85
15-Jan-2012	\$ 10,000,000.00	\$ 863,166.61	\$ 9,136,833.39	\$ 52,885,888.46
15-Jul-2012	\$ 10,000,000.00	\$ 724,009.67	\$ 9,275,990.33	\$ 43,609,898.13
15-Jan-2013	\$ 10,000,000.00	\$ 606,916.41	\$ 9,393,083.59	\$ 34,216,814.54
15-Jul-2013	\$ 10,000,000.00	\$ 468,429.39	\$ 9,531,570.61	\$ 24,685,243.93
15-Jan-2014	\$ 25,028,787.03	\$ 343,543.10	\$ 24,685,243.93	\$0.00
Total	\$ 205,028,787.03	\$ 29,698,014.33	\$ 175,330,772.70	