

Authority: Debenture Committee Item 4.1, as adopted by Debenture Committee on January 25, 2012 under the delegated authority of Section 30-5 of Chapter 30, Debenture Committee, of the City of Toronto Municipal Code  
Enacted by Debenture Committee: January 25, 2012

## CITY OF TORONTO

### BY-LAW No. 105-2012

#### **To authorize the borrowing upon amortizing debentures in the principal amount of \$143,670,000.00 for a purpose of the City of Toronto.**

WHEREAS the *City of Toronto Act, 2006* (the "Act") and the regulations made thereunder provide that the City of Toronto may for its purposes borrow money to obtain or provide long-term financing for any capital work by issuing debentures, issuing revenue bonds and entering bank loan agreements and that the City of Toronto shall adopt and maintain policies with respect to the financing of capital works, including the limits on the annual costs associated with the financing; and

WHEREAS the Council of the City of Toronto, in accordance with section 212 of the Act, adopted by By-law No. 261-2007 a policy with respect to the financing of capital works (the "City Policy"), including requirements pertaining to limits on the amount of debt to be issued annually and on the annual costs associated with debt financing (the "City Debt Limits"); and

WHEREAS the Council of the City of Toronto authorized the capital work of the City of Toronto (the "Capital Work") set out in Column 1 of Schedule "A" attached hereto and forming part of this By-law ("Schedule "A'") and authorized an additional cost amount and an additional debenture authority in respect thereof. All of the authorizations in respect of the Capital Work, and such additional cost amount and such additional debenture authority have been granted in accordance with the City Policy, the City Debt Limits, the Act and the applicable regulations; and

WHEREAS the City of Toronto desires to issue debentures for the Capital Work, which constitute a capital work that the City of Toronto considers necessary or desirable for the public, in the principal amount of \$143,670,000.00 and the proposed issue of debentures in the principal amount of \$143,670,000.00 in respect thereof is in accordance with the City Policy and, in this regard will not cause the City to exceed the City Debt Limits; and

WHEREAS in accordance with the City Policy and By-law No. 330-2011, as amended, the Mayor and the Deputy City Manager and Chief Financial Officer (the "DCM/CFO") were authorized during each of the years 2011, 2012, 2013 and 2014 to enter into an agreement or agreements with a purchaser or purchasers for the issue, or the sale and issue of debentures upon such terms and conditions including price or prices that they deem expedient to provide an amount not exceeding \$900,000,000.00 for the City of Toronto's purposes, including purposes of the former Municipality of Metropolitan Toronto. For clarification and confirmation the debentures can be issued at any time in the year the agreement is entered into or thereafter without affecting the \$900,000,000.00 limit because the limit shall be reduced during the year the agreement is entered into by the amount of debentures specified in any such agreement regardless of the year in which the debentures are issued; and

WHEREAS the City of Toronto has submitted an application to Ontario Infrastructure and Lands Corporation ("OILC") for long term borrowing through the issue of debentures to OILC in respect of the Capital Work (the "Application") and the Application has been approved; and

WHEREAS the Mayor and the DCM/CFO have, as authorized by By-law No. 330-2011, as amended, entered into a written agreement dated and effective as of December 20, 2011 with OILC, for the provision of long term borrowing for the Capital Work (the "Financing Agreement") on the terms and conditions set out therein; and

WHEREAS the total of the principal amount of the amortizing debentures to be issued by the City of Toronto in accordance with the Financing Agreement, together with the principal amount of any other debentures authorized by any agreements entered into by the City of Toronto with any purchasers during the year 2011 pursuant to By-law No. 330-2011, as amended, does not exceed the debenture authority under By-law No. 330-2011, as amended; and

WHEREAS the City of Toronto has complied with all of the applicable provisions of the City Policy, the City Debt Limits, the Act and the applicable regulations, relating to the borrowing of money for the Capital Work and the issue of amortizing debentures to obtain or provide the principal amount set out in Column 2 of Schedule "A"; and

WHEREAS to obtain long term financing for the Capital Work pursuant to the Financing Agreement, it is now expedient to issue 3.51% amortizing debentures in the principal amount of \$143,670,000.00 in lawful money of Canada, payable in semi-annual instalments of combined (blended) principal and interest in each year commencing on August 1, 2012 and ending on February 2, 2032, on the terms hereinafter set forth;

The Debenture Committee of the City of Toronto HEREBY ENACTS as follows:

1. The Debenture Committee hereby approves the obtaining or provision of long-term financing of the Capital Work through the issue of amortizing debentures therefor in the principal amount of \$143,670,000.00 upon the credit of the City of Toronto to be repaid in semi-annual instalments of combined (blended) principal and interest as hereinafter set forth, are hereby authorized.
2. The Mayor and the DCM/CFO of the City of Toronto are hereby authorized to cause any number of amortizing debentures to be issued for such amounts of money as may be required for the Capital Work in definitive form, not exceeding in total the said principal amount of \$143,670,000.00 (the "Debentures"). The Debentures shall bear the seal of the City of Toronto and the signatures of the Mayor and the DCM/CFO of the City of Toronto, all in accordance with the provisions of the Act. The 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.
3. The Debentures shall be in fully registered form as one or more certificates in the aggregate principal amount of \$143,670,000.00, in the name of OILC or as OILC may otherwise direct, substantially in the form attached as Schedule "B" hereto and forming part of this By-law with provision for payment of principal and interest (other than in

respect of the final payment of principal and outstanding interest on the maturity date upon presentation and surrender) by pre-authorized debit in respect of such principal and interest to the credit of such registered holder on such terms as to which the registered holder and the City of Toronto may agree.

4. In accordance with the provisions of section 25 of the *Ontario Infrastructure and Lands Corporation Act, 2011* as security for the payment by the City of Toronto of the indebtedness of the City of Toronto to OILC under the Debentures (the "**Obligations**"), the City of Toronto is hereby authorized to agree in writing with OILC that the Minister of Finance is entitled, without notice to the City of Toronto, as appropriate, to deduct from money appropriated by the Legislative Assembly of Ontario for payment to the City of Toronto, or from money appropriated by such Assembly for payment to the City of Toronto in respect of such matters as may be specified, amounts not exceeding the amounts that the City of Toronto fails to pay to OILC on account of the Obligations and to pay such amounts to OILC.
5. The Debentures shall all be dated the 1st day of February, 2012 and shall be issued within two years after the day on which this By-law is enacted, and as to both principal and interest shall be expressed and be payable in lawful money of Canada. The Debentures shall bear interest at the rate of 3.51% per annum from the date thereof payable semi-annually in arrears as described in this section. The Debentures shall be paid in full by February 2, 2032 and payable in semi-annual instalments of combined (blended) principal and interest on such days in August and February as are set forth in Schedule "C" attached hereto and forming part of this By-law ("**Schedule "C"**") in each of the years during the currency of the Debentures as set forth in the amortization schedule set forth in Schedule "C".
6. Payments in respect of principal of and interest on the Debentures shall be made only on a day on which banking institutions in Toronto, Ontario, are not authorized or obligated by law or executive order to be closed (a "**Business Day**") and if any date for payment is not a Business Day, payment shall be made on the next following Business Day.
7. Interest shall be payable to the date of maturity of the Debentures and on default shall be payable on any overdue amounts both before and after default and judgment at a rate per annum equal to the greater of the rate specified on the Schedule as attached to and forming part of the Debentures for such amounts plus 200 basis points (2% per annum) or Prime Rate (as defined below) plus 200 basis points (2% per annum), calculated on a daily basis from the date such amounts become overdue for so long as such amounts remain overdue and the City of Toronto shall pay to the registered holders any and all costs incurred by the registered holders as a result of the overdue payment. Any amounts payable by the City of Toronto as interest on overdue principal or interest and all costs incurred by the registered holders as a result of the overdue payment in respect of the Debentures shall be paid out of current revenue. Whenever it is necessary to compute any amount of interest in respect of the Debentures for a period of less than one full year, other than with respect to regular semi-annual interest payments, such interest shall be calculated on the basis of the actual number of days in the period and a year of 365 or 366 days as appropriate.

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

8. Each year in which a payment of an instalment of combined (blended) 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 levied or imposed on persons or property by a by-law of any municipality.
9. The Debentures may contain any provision for their registration thereof authorized by any statute relating to municipal debentures in force at the time of the issue thereof.
10. The 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 cancellations, 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.
11. 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 the 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 of Toronto 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 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.
12. The Debentures will be transferable or exchangeable at the office of the DCM/CFO 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 DCM/CFO of the City of Toronto shall issue and deliver a new Debenture or Debentures of an equal aggregate principal amount in any authorized denomination or denominations as directed by the transferee, in the case of a transfer or as directed by the registered holder in the case of an exchange.

- 13.** The Mayor and the DCM/CFO of the City of Toronto shall issue and deliver new Debentures in exchange or substitution for Debentures outstanding on the registry with the same maturity and of like form which have become lost, stolen, mutilated, defaced or destroyed, provided that the applicant therefor shall have: (a) paid such costs as may have been incurred in connection therewith; (b) (in the case of a lost, stolen or destroyed Debenture) furnished the 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.
- 14.** The Debentures issued upon any registration of transfer or exchange or in substitution for any Debentures or part thereof shall carry all the rights to interest if any, accrued and unpaid which were carried by such Debentures or part thereof and shall be so dated and shall bear the same maturity date and, subject to the provisions of this By-law, shall be subject to the same terms and conditions as the Debentures in respect of which the transfer, exchange or substitution is effected.
- 15.** The cost of all transfers and exchanges, including the printing of authorized denominations of the new Debentures, shall be borne by the City of Toronto. When any of the Debentures are surrendered for transfer or exchange the DCM/CFO 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.
- 16.** Reasonable fees for the substitution of a new Debenture or new Debentures for any of the Debentures that are lost, stolen, mutilated, defaced or destroyed and for the replacement of lost, stolen, mutilated, defaced or destroyed principal and interest cheques may be imposed by the 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.
- 17.** Except as otherwise expressly provided herein, any notice required to be given to a registered holder of one or more of the Debentures will be sufficiently given if a copy of such notice is mailed or otherwise delivered to the registered address of such registered holder.
- 18.** The Mayor and the DCM/CFO of the City of Toronto are hereby authorized to cause the Debentures to be issued, the Clerk and DCM/CFO of the City of Toronto are hereby

individually 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 DCM/CFO of the City of Toronto is authorized to affix the City of Toronto's municipal seal to any of such documents and papers.

- 19.** The proceeds realized in respect of the Debentures, after providing for the expenses related to their issue, if any, shall be apportioned and applied for the Capital Works and for no other purpose except as permitted by the Act, the regulations made thereunder and the City Policy.
- 20.** Subject to the City of Toronto's investment policies and goals, the applicable legislation and the terms and conditions of the Debentures, 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.
- 21.** This By-law comes into force on the day it is passed.

ENACTED AND PASSED this 25th day of January, A.D. 2012.

MIKE DEL GRANDE  
Vice Chair of Debenture Committee

ULLI S. WATKISS  
City Clerk

(Corporate Seal)

**City of Toronto**  
**Schedule "A" to By-law No. 105-2012**  
**Corporate Finance Division 20 Year Issuance**

Capital Work	Principal Amount	Total Repayment Years	Authorizing By-laws Nos.	Authorizing By-laws Date	Maximum Years approved by Council
1	2	3	4	5	6
	\$				
<b>SOLID WASTE MANAGEMENT SERVICES</b>					
Capital expenditures in connection with the Green Lane Landfill Acquisition project	143,670,000.00	20	761-2006 447-2007 1427-2011	September 19, 2006 April 23, 2007 December 1, 2011	20
<b>Total Solid Waste Management Services</b>	<b>143,670,000.00</b>				
<b>GRAND TOTAL</b>	<b>143,670,000.00</b>				

**City of Toronto**  
**Schedule "B" to By-law No. 105-2012**  
**Corporate Finance Division 20 Year Issuance**

No. •

\$143,670,000.00

C A N A D A

Province of Ontario  
CITY OF TORONTO

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FULLY REGISTERED 3.51% AMORTIZING DEBENTURE

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

ONTARIO INFRASTRUCTURE AND LANDS CORPORATION ("OILC")

or registered assigns, subject to the Conditions attached hereto which form part hereof (the "Conditions"), upon presentation and surrender of this debenture by the maturity date of this debenture (February 2, 2032), the principal sum of

ONE HUNDRED FORTY-THREE MILLION, SIX HUNDRED AND SEVENTY THOUSAND  
DOLLARS

----- (\$143,670,000.00) -----

by semi-annual instalments of combined (blended) principal and interest in the manner and in the amounts set forth in the attached Amortization Schedule (the "Schedule") and subject to late payment interest charges pursuant to the Conditions, in lawful money of Canada. Interest shall be paid until the maturity date of this debenture, in like money in semi-annual payments from the 1st day of February, 2012 or from the last date on which interest has been paid on this debenture, whichever is later at the rate of 3.51% per annum, in arrears, on the specified dates, as set forth in the Schedule (each, a "Payment Date") in the manner provided in the Conditions. Interest shall be paid on default at the applicable rate set out in the Conditions both before and after default and judgment. The applicable rate of interest, the payments of principal and interest and the principal balance outstanding in each year are shown in the Schedule.

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

This debenture is subject to the Conditions.

DATED at the City of Toronto the 1st day of February, 2012.

IN TESTIMONY WHEREOF and under the authority of By-law No. 105-2012 of the City of Toronto duly passed on the 25th day of January, 2012 (the "By-law"), this debenture is sealed with the municipal seal of the City of Toronto and signed by the Mayor and by the Deputy City Manager and Chief Financial Officer thereof.

Date of Registration: February 1, 2012

\_\_\_\_\_  
Robert Ford,  
Mayor

(seal)

\_\_\_\_\_  
Cameron S. Weldon,  
Deputy City Manager and  
Chief Financial Officer

Schedule



Amortizing Debenture Schedule

<b>Organization Name</b>	City of Toronto
<b>Principal Amount</b>	\$143,670,000.00
<b>Annual Interest Rate</b>	3.5100%
<b>Loan Term (Year)</b>	20
<b>Debenture Date (m/d/yyyy)</b>	2/1/2012
<b>Maturity Date (m/d/yyyy)</b>	2/2/2032
<b>Payment Frequency</b>	Semi Annual
<b>Loan Type</b>	Amortizing

Payment Date	Total Payment	Principal Amount	Interest Amount	Principal Balance
8/1/2012	\$5,028,936.68	\$2,507,528.18	\$2,521,408.50	\$141,162,471.82
2/1/2013	\$5,028,936.68	\$2,551,535.30	\$2,477,401.38	\$138,610,936.52
8/1/2013	\$5,028,936.68	\$2,596,314.74	\$2,432,621.94	\$136,014,621.78
2/3/2014	\$5,028,936.68	\$2,641,880.07	\$2,387,056.61	\$133,372,741.71
8/1/2014	\$5,028,936.68	\$2,688,245.06	\$2,340,691.62	\$130,684,496.65
2/2/2015	\$5,028,936.68	\$2,735,423.76	\$2,293,512.92	\$127,949,072.89
8/4/2015	\$5,028,936.68	\$2,783,430.45	\$2,245,506.23	\$125,165,642.44
2/1/2016	\$5,028,936.68	\$2,832,279.66	\$2,196,657.02	\$122,333,362.78
8/2/2016	\$5,028,936.68	\$2,881,986.16	\$2,146,950.52	\$119,451,376.62
2/1/2017	\$5,028,936.68	\$2,932,565.02	\$2,096,371.66	\$116,518,811.60
8/1/2017	\$5,028,936.68	\$2,984,031.54	\$2,044,905.14	\$113,534,780.06
2/1/2018	\$5,028,936.68	\$3,036,401.29	\$1,992,535.39	\$110,498,378.77
8/1/2018	\$5,028,936.68	\$3,089,690.13	\$1,939,246.55	\$107,408,688.64
2/1/2019	\$5,028,936.68	\$3,143,914.19	\$1,885,022.49	\$104,264,774.45
8/1/2019	\$5,028,936.68	\$3,199,089.89	\$1,829,846.79	\$101,065,684.56
2/3/2020	\$5,028,936.68	\$3,255,233.92	\$1,773,702.76	\$97,810,450.64
8/4/2020	\$5,028,936.68	\$3,312,363.27	\$1,716,573.41	\$94,498,087.37
2/1/2021	\$5,028,936.68	\$3,370,495.25	\$1,658,441.43	\$91,127,592.12
8/3/2021	\$5,028,936.68	\$3,429,647.44	\$1,599,289.24	\$87,697,944.68
2/1/2022	\$5,028,936.68	\$3,489,837.75	\$1,539,098.93	\$84,208,106.93
8/2/2022	\$5,028,936.68	\$3,551,084.40	\$1,477,852.28	\$80,657,022.53

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City of Toronto By-law No. 105-2012

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Payment Date	Total Payment	Principal Amount	Interest Amount	Principal Balance
2/1/2023	\$5,028,936.68	\$3,613,405.93	\$1,415,530.75	\$77,043,616.60
8/1/2023	\$5,028,936.68	\$3,676,821.21	\$1,352,115.47	\$73,366,795.39
2/1/2024	\$5,028,936.68	\$3,741,349.42	\$1,287,587.26	\$69,625,445.97
8/1/2024	\$5,028,936.68	\$3,807,010.10	\$1,221,926.58	\$65,818,435.87
2/3/2025	\$5,028,936.68	\$3,873,823.13	\$1,155,113.55	\$61,944,612.74
8/1/2025	\$5,028,936.68	\$3,941,808.73	\$1,087,127.95	\$58,002,804.01
2/2/2026	\$5,028,936.68	\$4,010,987.47	\$1,017,949.21	\$53,991,816.54
8/4/2026	\$5,028,936.68	\$4,081,380.30	\$947,556.38	\$49,910,436.24
2/1/2027	\$5,028,936.68	\$4,153,008.52	\$875,928.16	\$45,757,427.72
8/3/2027	\$5,028,936.68	\$4,225,893.82	\$803,042.86	\$41,531,533.90
2/1/2028	\$5,028,936.68	\$4,300,058.26	\$728,878.42	\$37,231,475.64
8/1/2028	\$5,028,936.68	\$4,375,524.28	\$653,412.40	\$32,855,951.36
2/1/2029	\$5,028,936.68	\$4,452,314.73	\$576,621.95	\$28,403,636.63
8/1/2029	\$5,028,936.68	\$4,530,452.86	\$498,483.82	\$23,873,183.77
2/1/2030	\$5,028,936.68	\$4,609,962.30	\$418,974.38	\$19,263,221.47
8/1/2030	\$5,028,936.68	\$4,690,867.14	\$338,069.54	\$14,572,354.33
2/3/2031	\$5,028,936.68	\$4,773,191.86	\$255,744.82	\$9,799,162.47
8/1/2031	\$5,028,936.68	\$4,856,961.38	\$171,975.30	\$4,942,201.09
2/2/2032	\$5,028,936.72	\$4,942,201.09	\$86,735.63	\$0.00
<b>Total</b>	<b>\$201,157,467.24</b>	<b>\$143,670,000.00</b>	<b>\$57,487,467.24</b>	

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

Ontario Infrastructure and Lands Corporation

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

#### LEGAL OPINION

We have examined the By-law of the City of Toronto authorizing the issue of amortizing debentures in the principal amount of \$143,670,000.00 dated February 1, 2012 and maturing on February 2, 2032 and payable in semi-annual instalments of combined (blended) principal and interest on such days in August and February as are set out in the Schedule in each year commencing on August 1, 2012 and ending on February 2, 2032, both inclusive.

In our opinion, the By-law has been properly passed and is within the legal powers of the City of Toronto. The debenture issued under the By-law in the within form (the "Debenture") is the direct, unsecured and unsubordinated obligation of the City of Toronto. The Debenture is enforceable against the City of Toronto 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.

February 1, 2012

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**BORDEN LADNER GERVAIS LLP**

## CONDITIONS OF THE DEBENTURE

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

1. The debentures issued pursuant to the By-law (collectively the "Debentures" and individually a "Debenture") are issuable as fully registered Debentures without coupons.
2. The Debentures are direct, unsecured and unsubordinated obligations of the 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 Debenture registered in the name of OILC and held by OILC.

### **Registration**

4. The City of Toronto shall maintain at its designated office a registry in respect of the Debentures in which shall be recorded the names and the addresses of the registered holders and particulars of the Debentures held by them respectively and in which particulars of the cancellation, exchanges, substitutions and transfers of Debentures, may be recorded and the 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.

### **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 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.

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

6. The record date for purposes of payment of principal of and interest on the Debentures is as of 5:00 p.m. on the sixteenth calendar day preceding any Payment Date including 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 August 1, 2012 (other than in respect of the final payment of principal and outstanding interest on the maturity date upon presentation and surrender of this Debenture), by pre-authorized debit in respect of such interest and principal to the credit of the registered holder on such terms as the City of Toronto and the registered holder may agree.
8. The City of Toronto shall pay to the registered holder interest on any overdue amount of principal or interest in respect of any Debenture, both before and after default and judgment, at a rate per annum equal to the greater of the rate specified on the Schedule as attached to and forming part of the Debenture for such amount plus 200 basis points (2% per annum) or Prime Rate (as defined below) plus 200 basis points (2% per annum), calculated on a daily basis from the date such amount becomes overdue for so long as such amount remains overdue and the City of Toronto shall pay to the registered holder any and all costs incurred by the registered holder as a result of the overdue payment.
9. Whenever it is necessary to compute any amount of interest in respect of the Debentures for a period of less than one full year, other than with respect to regular semi-annual interest payments, such interest shall be calculated on the basis of the actual number of days in the period and a year of 365 or 366 days as appropriate.
10. Payments in respect of principal of and interest on the Debentures shall be made only on a day on which banking institutions in Toronto, Ontario, are not authorized or obligated by law or executive order to be closed (a "Business Day"), and if any date for payment is not a Business Day, payment shall be made on the next following Business Day as noted on the Schedule, and no further interest shall be paid in respect of the delay in such payment.

### **Transfers, Exchanges and Substitutions**

11. The Debentures are transferable or exchangeable at the office of the 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.
12. The City of Toronto shall issue and deliver new Debentures in exchange or substitution for Debentures outstanding on the registry with the same maturity and of like form which have become lost, stolen, mutilated, defaced or destroyed, provided that the applicant therefor shall have: (a) paid such costs as may have been incurred in connection

therewith; (b) (in the case of a lost, stolen or destroyed Debenture) furnished the 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.

13. The Debentures issued upon any registration of transfer or exchange or in substitution for any Debentures or part thereof shall carry all the rights to interest if any, accrued and unpaid which were carried by such Debentures or part thereof and shall be so dated and shall bear the same maturity date and, subject to the provisions of the By-law, shall be subject to the same terms and conditions as the Debentures in respect of which the transfer, exchange or substitution is effected.
14. The cost of all transfers and exchanges, including the printing of authorized denominations of the new Debentures, shall be borne by the City of Toronto. When any of the Debentures are surrendered for transfer or exchange the 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.
15. Reasonable fees for the substitution of a new Debenture or new Debentures for any of the Debentures that are lost, stolen, mutilated, defaced or destroyed and for the replacement of lost, stolen, mutilated, defaced or destroyed principal and interest cheques may be imposed by the 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.
16. If OILC elects to terminate its obligations under the financing agreement entered into between the parties, OILC, at its discretion, shall assess any losses that it may incur as a result of the termination as follows: if on the date of termination the outstanding principal balance on the Debenture is less than the Net Present Value of the Debenture, the City of Toronto shall pay the difference between these two amounts to OILC.

### **Notices**

17. Except as otherwise expressly provided herein, any notice required to be given to a registered holder of one or more of the Debentures will be sufficiently given if a copy of such notice is mailed or otherwise delivered to the registered address of such registered holder. If the 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 10 of these Conditions) then such notice may be given on the next following Business Day.

**Time**

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

**Governing Law**

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

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**Definitions:**

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

**City of Toronto**  
**Schedule "C" to By-law No. 105-2012**  
**Corporate Finance Division 10 Year Issuance**



**Amortizing Debenture Schedule**

<b>Organization Name</b>	City of Toronto
<b>Principal Amount</b>	\$143,670,000.00
<b>Annual Interest Rate</b>	3.5100%
<b>Loan Term (Year)</b>	20
<b>Debenture Date (m/d/yyyy)</b>	2/1/2012
<b>Maturity Date (m/d/yyyy)</b>	2/2/2032
<b>Payment Frequency</b>	Semi Annual
<b>Loan Type</b>	Amortizing

Payment Date	Total Payment	Principal Amount	Interest Amount	Principal Balance
8/1/2012	\$5,028,936.68	\$2,507,528.18	\$2,521,408.50	\$141,162,471.82
2/1/2013	\$5,028,936.68	\$2,551,535.30	\$2,477,401.38	\$138,610,936.52
8/1/2013	\$5,028,936.68	\$2,596,314.74	\$2,432,621.94	\$136,014,621.78
2/3/2014	\$5,028,936.68	\$2,641,880.07	\$2,387,056.61	\$133,372,741.71
8/1/2014	\$5,028,936.68	\$2,688,245.06	\$2,340,691.62	\$130,684,496.65
2/2/2015	\$5,028,936.68	\$2,735,423.76	\$2,293,512.92	\$127,949,072.89
8/4/2015	\$5,028,936.68	\$2,783,430.45	\$2,245,506.23	\$125,165,642.44
2/1/2016	\$5,028,936.68	\$2,832,279.66	\$2,196,657.02	\$122,333,362.78
8/2/2016	\$5,028,936.68	\$2,881,986.16	\$2,146,950.52	\$119,451,376.62
2/1/2017	\$5,028,936.68	\$2,932,565.02	\$2,096,371.66	\$116,518,811.60
8/1/2017	\$5,028,936.68	\$2,984,031.54	\$2,044,905.14	\$113,534,780.06
2/1/2018	\$5,028,936.68	\$3,036,401.29	\$1,992,535.39	\$110,498,378.77
8/1/2018	\$5,028,936.68	\$3,089,690.13	\$1,939,246.55	\$107,408,688.64
2/1/2019	\$5,028,936.68	\$3,143,914.19	\$1,885,022.49	\$104,264,774.45
8/1/2019	\$5,028,936.68	\$3,199,089.89	\$1,829,846.79	\$101,065,684.56
2/3/2020	\$5,028,936.68	\$3,255,233.92	\$1,773,702.76	\$97,810,450.64
8/4/2020	\$5,028,936.68	\$3,312,363.27	\$1,716,573.41	\$94,498,087.37
2/1/2021	\$5,028,936.68	\$3,370,495.25	\$1,658,441.43	\$91,127,592.12
8/3/2021	\$5,028,936.68	\$3,429,647.44	\$1,599,289.24	\$87,697,944.68
2/1/2022	\$5,028,936.68	\$3,489,837.75	\$1,539,098.93	\$84,208,106.93
8/2/2022	\$5,028,936.68	\$3,551,084.40	\$1,477,852.28	\$80,657,022.53

**City of Toronto**  
**Schedule "C" to By-law No. 105-2012**  
**Corporate Finance Division 10 Year Issuance**

Payment Date	Total Payment	Principal Amount	Interest Amount	Principal Balance
2/1/2023	\$5,028,936.68	\$3,613,405.93	\$1,415,530.75	\$77,043,616.60
8/1/2023	\$5,028,936.68	\$3,676,821.21	\$1,352,115.47	\$73,366,795.39
2/1/2024	\$5,028,936.68	\$3,741,349.42	\$1,287,587.26	\$69,625,445.97
8/1/2024	\$5,028,936.68	\$3,807,010.10	\$1,221,926.58	\$65,818,435.87
2/3/2025	\$5,028,936.68	\$3,873,823.13	\$1,155,113.55	\$61,944,612.74
8/1/2025	\$5,028,936.68	\$3,941,808.73	\$1,087,127.95	\$58,002,804.01
2/2/2026	\$5,028,936.68	\$4,010,987.47	\$1,017,949.21	\$53,991,816.54
8/4/2026	\$5,028,936.68	\$4,081,380.30	\$947,556.38	\$49,910,436.24
2/1/2027	\$5,028,936.68	\$4,153,008.52	\$875,928.16	\$45,757,427.72
8/3/2027	\$5,028,936.68	\$4,225,893.82	\$803,042.86	\$41,531,533.90
2/1/2028	\$5,028,936.68	\$4,300,058.26	\$728,878.42	\$37,231,475.64
8/1/2028	\$5,028,936.68	\$4,375,524.28	\$653,412.40	\$32,855,951.36
2/1/2029	\$5,028,936.68	\$4,452,314.73	\$576,621.95	\$28,403,636.63
8/1/2029	\$5,028,936.68	\$4,530,452.86	\$498,483.82	\$23,873,183.77
2/1/2030	\$5,028,936.68	\$4,609,962.30	\$418,974.38	\$19,263,221.47
8/1/2030	\$5,028,936.68	\$4,690,867.14	\$338,069.54	\$14,572,354.33
2/3/2031	\$5,028,936.68	\$4,773,191.86	\$255,744.82	\$9,799,162.47
8/1/2031	\$5,028,936.68	\$4,856,961.38	\$171,975.30	\$4,942,201.09
2/2/2032	\$5,028,936.72	\$4,942,201.09	\$86,735.63	\$0.00
<b>Total</b>	<b>\$201,157,467.24</b>	<b>\$143,670,000.00</b>	<b>\$57,487,467.24</b>	