

Authority: Notice of Motion J(2), moved by Mayor Miller, seconded by Councillor Soknacki, as adopted by City of Toronto Council on October 26, 27, 28 and 31, 2005

Enacted by Council: October 26, 2005

CITY OF TORONTO

BY-LAW No. 860-2005

To authorize the borrowing upon instalment debentures in the principal amount of \$150,000,000.00 for purposes 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 Council of the City of Toronto has authorized the undertaking of the purposes of the City of Toronto (individually a “Project”, collectively the “Projects”) set out in Column 1 of Schedule “A” attached hereto and forming part of this By-law (“Schedule “A”) and desires to issue debentures for the Projects in the respective principal amounts specified in Column 2 of Schedule “A”; and

WHEREAS before authorizing the Projects, the City of Toronto had its Treasurer update its most recent annual debt and financial obligation limit received from the Ministry of Municipal Affairs and Housing in accordance with the applicable regulation and, prior to authorizing each Project, the Treasurer determined that the estimated annual amount payable in respect of each Project, would not cause the City of Toronto to exceed the updated limit and that the approval of each Project, 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 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. 69-2005, as amended, the Council of the City of Toronto authorized the Mayor and the treasurer appointed under section 286 of the *Municipal Act, 2001* (the “Treasurer”) during the year 2005 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 Mayor and the Treasurer will, as authorized by By-law No. 69-2005, as amended, enter into an agreement dated October 17, 2005 with Scotia Capital Inc., CIBC World Markets Inc. and RBC Dominion Securities Inc. for the issue and sale of debentures in the aggregate principal amount of \$200,000,000.00, including nine year instalment debentures dated October 28, 2005 in the principal amount of \$150,000,000.00 (the "Agreement"); and

WHEREAS the total of the amount of debentures to be issued by the City of Toronto in accordance with the Agreement, with the amount of debentures previously issued by the City of Toronto in the year 2005, exhausts but does not exceed the debenture authority under By-law No. 69-2005, as amended; 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. 69-2005, as amended, the Council of the City of Toronto shall pass all necessary money by-laws in accordance with such agreement, Part XIII of the Act and specified sections of the *City of Toronto Act, 1997 (No. 2)*; and

WHEREAS the City of Toronto has complied with all of the provisions of the aforesaid Acts relating to the borrowing of money for the Projects, and the issue of debentures to provide the respective principal amounts set out in Column 2 of Schedule "A"; and

WHEREAS to provide long term financing for the Projects it is now deemed to be expedient to borrow money by the issue and sale of instalment debentures of the City of Toronto in the principal amount of \$150,000,000.00 payable at the times and bearing interest at the rates hereinafter set forth;

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

1. For the Projects, the borrowing upon the credit of the City of Toronto at large of the principal amount of \$150,000,000.00 and the issue of instalment debentures therefor within the term of years set out in Column 3 of Schedule "A", in minimum denominations of \$1,000.00, as hereinafter set forth, are hereby authorized.
2. The Mayor and the Treasurer of the City of Toronto are hereby authorized to cause any number of debentures in the principal amount of \$150,000,000.00 as described in section 1 above (the "Debentures"), payable in annual instalments of principal with semi-annual instalments of interest thereon to be issued for such amounts of money as may be required for the Projects in global and definitive forms, not exceeding in total the said principal amount of \$150,000,000.00. The Debentures shall bear the City of Toronto's municipal seal and the signatures of the Mayor and the 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 issued in global fully registered form as five certificates, each in the principal amount of \$30,000,000.00, in the aggregate principal amount of \$150,000,000.00, each in the name of CDS & CO. as nominee of The Canadian Depository for Securities Limited ("CDS"), substantially in the form of Schedule "B" attached hereto and forming part of this By-law (the "Global Debentures")

and each with provision for payment of principal and interest (other than in respect of the provision for the final payment of principal and outstanding interest on the final maturity date upon presentation and surrender at the office of the Treasurer of the City of Toronto in the case of the Global Debentures or at any specified branch in Canada of the City of Toronto's bank in other cases) 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 Global Debentures 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 28th day of October, 2005, 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 (3) of Schedule "A" and the respective amounts of principal and interest payable in each of the years in such period shall be as set forth in Schedule "C" attached hereto and forming part of this By-law ("Schedule "C"). The Debentures maturing (principal payable) in the year 2006 shall bear interest at the rate of 3.450% per annum, the Debentures maturing (principal payable) in the year 2007 shall bear interest at the rate of 3.500% per annum, the Debentures maturing (principal payable) in the year 2008 shall bear interest at the rate of 3.650% per annum, the Debentures maturing (principal payable) in the year 2009 shall bear interest at the rate of 3.750% per annum, the Debentures maturing (principal payable) in the year 2010 shall bear interest at the rate of 3.875% per annum, the Debentures maturing (principal payable) in the year 2011 shall bear interest at the rate of 3.950% per annum, the Debentures maturing (principal payable) in the year 2012 shall bear interest at the rate of 4.050% per annum, the Debentures maturing (principal payable) in the year 2013 shall bear interest at the rate of 4.150% per annum and the Debentures maturing (principal payable) in the year 2014 shall bear interest at the rate of 4.300% per annum.
 - (2) Payments in respect of principal of and interest on the Debentures shall be made only on a day on which banking institutions in Toronto, Ontario are not authorized or obligated by law or executive order to be closed (a "Business Day") and if any date for payment is not a Business Day, payment shall be made on the next following Business Day and no further interest shall be paid in respect of the delay in such payment.
4. Interest shall be payable to the date of maturity of the Debentures and on default shall be payable both before and after default and judgment. Any amounts payable by the City 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 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 set out in the letter of representations addressed to CDS referred to below and as set out in the Global Debentures) the Global Debentures shall be exchangeable for certificated Debentures in definitive fully registered form in authorized denominations upon surrender of the Global Debentures to the Treasurer of the City of Toronto provided that there is at least one definitive Debenture which matures in each of the remaining years of the currency of the Global Debentures. Any of the Debentures issued as definitive Debentures may, with Council approval, be countersigned in writing by officials so designated by Council. The definitive Debentures shall aggregate the same principal amount as the principal outstanding balance of the Global Debentures as of the record date for such exchange in accordance with the provisions of the Global Debentures, shall bear the same interest rates and maturity dates, shall bear all unmatured interest obligations and shall have the same benefits and be subject to the same terms and conditions as the Global Debentures (except insofar as they specifically relate to the Global Debentures). In issuing definitive Debentures no change shall be made in the amount which would otherwise be payable in each year under the Global Debentures. The definitive Debentures shall be in fully registered form, payable as to principal and outstanding interest in lawful money of Canada at maturity upon presentation and surrender thereof at any specified branch in Canada of the City of Toronto's bank designated in the definitive Debentures, otherwise, with provision for payment of semi-annual interest by cheque sent through the post to the registered addresses of the registered holders or, if the City of Toronto and any registered holder of the definitive Debentures so consent, by electronic transfer of payment in respect of such interest to the credit of such registered holder on such terms as to which the registered holder and the City of Toronto may agree.
6. In each year in which a payment of an instalment of principal and interest becomes due in respect of the Debentures there shall be raised as part of the general levy the amounts of principal and interest payable in each year as set out in Schedule "C" to the extent that the amounts have not been provided for by any other available source including other taxes or fees or charges imposed on persons or property by a by-law of any municipality.
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 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.
9. 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, including the Global Debentures, as the absolute owners thereof for all purposes whatsoever notwithstanding any notice to the contrary and all payments to or to the order of registered holders shall be valid and effectual to discharge the liability of the City 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.

10. 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, the Mayor and the Treasurer shall issue and deliver a new Debenture or Debentures of an equal aggregate principal amount in any authorized denomination or denominations as directed by the transferee, in the case of a transfer or as directed by the registered holder in the case of an exchange.
11. The Mayor and the Treasurer shall issue and deliver new Debentures in exchange or substitution for Debentures outstanding on the registry with the same maturity dates and of like form which have become 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 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 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.

- 14.** 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 interest cheques or 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.
- 15.** Except as otherwise expressly provided herein, any notice required to be given to a registered holder of one or more of the Debentures will be sufficiently given if a copy of such notice is mailed or otherwise delivered to the registered address of such registered holder.
- 16.** (1) The Mayor and the Treasurer are hereby authorized to cause the Debentures to be issued, the Treasurer is hereby authorized to enter into a letter of representations with CDS, the Treasurer and the Clerk are hereby individually or jointly authorized to generally do all things and to execute all other documents and papers in the name of the City of Toronto in order to carry out the sale of the Debentures and the 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 discount, if any, and the expenses related to their issue, shall be apportioned and applied to the Projects, and to no other purpose except as permitted by the Act.
- 17.** 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.
- 18.** This By-law comes into force on the day it is passed.

ENACTED AND PASSED this 26th day of October, A.D. 2005.

DAVID R. MILLER,
Mayor

ULLI S. WATKISS
City Clerk

(Corporate Seal)

City of Toronto
Schedule “A” to By-law No. 860-2005
Corporate Finance Division 9 Year Issuance

Purpose	Principal Amount	Total Repayment Years	Authorizing By-laws Nos.	Authorizing By-laws Date	Maximum Years approved by Council
1	2	3	4	5	6
	\$				
TORONTO TRANSIT COMMISSION					
Capital expenditures in connection with the Power Distribution/Electric systems at various locations – state of good repair project, subject to the debt limits set out in the City’s 2005 Capital Budget	4,762,000.00	9	172-2005 187-2005 192-2005	February 21, 22 and 23, 2005 February 28, 2005 March 1, 2005	20
Capital expenditures in connection with the surface tracks at various locations – state of good repair project, subject to the debt limits set out in the City’s 2005 Capital Budget	32,966,000.00	9	172-2005 187-2005 192-2005	February 21, 22 and 23, 2005 February 28, 2005 March 1, 2005	20
Capital expenditures in connection with the fire ventilation upgrade at various locations – state of good repair project, subject to the debt limits set out in the City’s 2005 Capital Budget	10,187,000.00	9	172-2005 187-2005 192-2005	February 21, 22 and 23, 2005 February 28, 2005 March 1, 2005	20
Capital expenditures in connection with the Easier Access at various locations – Phase 11 project, subject to the debt limits set out in the City’s 2005 Capital Budget - as required by the applicable legislation	8,365,000.00	9	172-2005 187-2005 192-2005	February 21, 22 and 23, 2005 February 28, 2005 March 1, 2005	20
Capital expenditures in connection with the bridges and tunnels at various locations – state of good repair project, subject to the debt limits set out in the City’s 2005 Capital Budget	9,237,000.00	9	172-2005 187-2005 192-2005	February 21, 22 and 23, 2005 February 28, 2005 March 1, 2005	20

City of Toronto By-law No. 860-2005

Purpose	Principal Amount	Total Repayment Years	Authorizing By-laws Nos.	Authorizing By-laws Date	Maximum Years approved by Council
1	2	3	4	5	6
	\$				
Capital expenditures in connection with the signal system at various locations – state of good repair project, subject to the debt limits set out in the City’s 2005 Capital Budget	6,168,000.00	9	172-2005 187-2005 192-2005	February 21, 22 and 23, 2005 February 28, 2005 March 1, 2005	20
Capital expenditures in connection with the communications at various locations – state of good repair project, subject to the debt limits set out in the City’s 2005 Capital Budget	5,361,000.00	9	172-2005 187-2005 192-2005	February 21, 22 and 23, 2005 February 28, 2005 March 1, 2005	20
Capital expenditures in connection with the other buildings and structures at various locations – state of good repair project, subject to the debt limits set out in the City’s 2005 Capital Budget	11,285,000.00	9	172-2005 187-2005 192-2005	February 21, 22 and 23, 2005 February 28, 2005 March 1, 2005	20
Capital expenditures in connection with the heavy bus rebuild program – 18 years	19,124,000.00	9	172-2005 187-2005 192-2005	February 21, 22 and 23, 2005 February 28, 2005 March 1, 2005	20
Capital expenditures in connection with the replacement of the 40 diesel buses project	42,545,000.00	9	172-2005 187-2005 192-2005	February 21, 22 and 23, 2005 February 28, 2005 March 1, 2005	20
Total Toronto Transit Commission	150,000,000.00				
GRAND TOTAL	150,000,000.00				

City of Toronto
Schedule "B" to By-law No. 860-2005
Corporate Finance Division 9 Year Issuance

Unless this debenture is presented by an authorized representative of The Canadian Depository for Securities Limited ("CDS") 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 CDS & CO., or in such other name 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 as the registered holder hereof, CDS & CO. has an interest herein.

No. GB05-9-001

\$30,000,000.00

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

FULLY REGISTERED GLOBAL INSTALMENT DEBENTURE

CITY OF TORONTO, for value received, hereby promises to pay to
 CDS & CO.

as nominee of The Canadian Depository for Securities Limited or registered assigns, subject to the Conditions attached hereto which form part hereof (the "Conditions"), upon presentation and surrender of this Global Debenture by the final maturity date of this Global Debenture (October 28, 2014), the principal amount of

THIRTY MILLION DOLLARS

----- (\$30,000,000.00) -----

by annual payments on the 28th day of October in each of the years 2006 to 2014, both inclusive, in the amounts set forth in the Schedule on the reverse side hereof (the "Schedule") in lawful money of Canada, and to pay interest thereon until the final maturity date of this Global Debenture in like money in semi-annual payments from October 28, 2005, or 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 28th day of April and the 28th day of October, in each year (each, a "Payment Date") in the manner provided in the Conditions. Subject to the Conditions, interest shall be paid on default at the applicable rate set out in the Schedule both before and after default and judgment. The applicable interest rate, the payments of principal and interest and the principal balance outstanding in each year are shown in the Schedule.

This Global Debenture is subject to the Conditions.

DATED at the City of Toronto the 28th day of October, 2005.

IN TESTIMONY WHEREOF and under the authority of By-law No. 860-2005 (the "Debenture By-law") of the City of Toronto duly passed on the 26th day of October, 2005, this Global Debenture is sealed with the municipal seal of the City of Toronto and signed by the Mayor and by the treasurer appointed under section 286 of the *Municipal Act, 2001*, thereof.

Date of Registration: October 28, 2005

 Mayor

(seal)

 treasurer appointed under section 286 of the
Municipal Act, 2001

SCHEDULE

Year	CUSIP No.	ISIN No.	Interest Rate %	Semi-annual Interest		Principal October 28 \$	Total Annual Payment \$	Principal Outstanding October 28 \$
				April 28 \$	October 28 \$			
2005				-----	-----	-----	-----	30,000,000.00
2006	891288CK6	CA 891288CK68	3.450	577,918.00	577,918.00	3,332,000.00	4,487,836.00	26,668,000.00
2007	891288CL4	CA 891288CL42	3.500	520,441.00	520,441.00	3,332,000.00	4,372,882.00	23,336,000.00
2008	891288CM2	CA 891288CM25	3.650	462,131.00	462,131.00	3,332,000.00	4,256,262.00	20,004,000.00
2009	891288CN0	CA 891288CN08	3.750	401,322.00	401,322.00	3,332,000.00	4,134,644.00	16,672,000.00
2010	891288CP5	CA 891288CP55	3.875	338,847.00	338,847.00	3,344,000.00	4,021,694.00	13,328,000.00
2011	891288CQ3	CA 891288CQ39	3.950	274,057.00	274,057.00	3,332,000.00	3,880,114.00	9,996,000.00
2012	891288CR1	CA 891288CR12	4.050	208,250.00	208,250.00	3,332,000.00	3,748,500.00	6,664,000.00
2013	891288CS9	CA 891288CS94	4.150	140,777.00	140,777.00	3,332,000.00	3,613,554.00	3,332,000.00
2014	891288CT7	CA 891288CT77	4.300	71,638.00	71,638.00	3,332,000.00	3,475,276.00	-----
				<u>2,995,381.00</u>	<u>2,995,381.00</u>	<u>30,000,000.00</u>	<u>35,990,762.00</u>	

LEGAL OPINION

We have examined the Debenture By-law of the City of Toronto authorizing the issue of instalment debentures in the principal amount of \$150,000,000.00 dated October 28, 2005 and maturing in nine (9) instalments of principal of varying amounts on the 28th day of October in each of the years 2006 to 2014, both inclusive.

The Debenture By-law has been properly passed and is within the legal powers of the City of Toronto. The global debentures issued under the Debenture By-law in the within form (the "Global Debentures") are direct, unsecured and unsubordinated obligations of the City of Toronto. The Global Debentures are 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 delivered on the date of the Global Debentures.

Toronto, October 28, 2005

BORDEN LADNER GERVAIS LLP

CONDITIONS OF GLOBAL DEBENTURE

Form, Denomination, Ranking and Beneficial Interests in Global Debenture

1. The debentures issued pursuant to the Debenture By-law (individually a “Debenture”, collectively the “Debentures”) are issuable as fully registered Debentures without coupons in minimum denominations of \$1,000.00.
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 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, for financial institutions acting on behalf of beneficial owners as direct and indirect participants in CDS’ book entry only system.
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 City of Toronto does not have any responsibility or liability for maintaining, supervising or reviewing any records of CDS relating to beneficial interests in this Global Debenture or for any aspect of the records of CDS relating to payments made by CDS on account of such beneficial interests.

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 if (i) CDS notifies the City of Toronto that it is unable to continue as depository in connection with this Global Debenture or ceases to be a recognized clearing agency under the *Securities Act*, as amended, or other applicable Canadian securities legislation and a successor depository is not appointed by the City of Toronto or (ii) the City of Toronto in its sole discretion elects to issue certificated Debentures in definitive form in exchange for this Global Debenture.
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 City of Toronto 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 CDS 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 City of Toronto 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 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

9. 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 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 of Toronto on the Debentures to the extent of the sum or sums 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 fourteenth calendar day preceding any Payment Date, including a 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.
11. The City of Toronto shall make all payments in respect of annual principal and semi-annual interest on the Debentures on each Payment Date commencing on April 28, 2006 (other than in respect of the final payment of principal and outstanding interest on the final maturity date which shall be paid upon presentation and surrender of this Global Debenture at the office of the Treasurer of the City of Toronto or at any specified branch in Canada of the City of Toronto's bank in other cases), 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 interest or the principal and interest in respect of which they are issued. Despite the foregoing, the City of Toronto may make payments in respect of interest or of principal and interest on any Debenture (other than in respect of the final payment of principal and outstanding interest payable on the final maturity date upon presentation and surrender at the office of the Treasurer of the City of Toronto or at any specified branch in Canada of the City of Toronto's bank, as applicable) 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.
12. 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.
13. 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.

14. 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.
15. In the case of the death of one or more joint registered holders, despite sections 9 and 14 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 City of Toronto.

Transfers, Exchanges and Substitutions

16. 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.
17. 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 dates 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.
18. 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.
19. 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, interest cheques or principal and interest cheques.

Purchases

20. 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

21. 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 then such notice may be given on the next following Business Day.

Time

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

Governing Law

23. 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.

City of Toronto
Schedule “C” to By-law No. 860-2005
Corporate Finance Division 9 Year Issuance

Year	Interest %	Interest \$ 28-Apr	Principal \$ 28-Oct	Interest \$ 28-Oct	Total Payments \$
2006	3.450	2,889,590.00	16,660,000.00	2,889,590.00	22,439,180.00
2007	3.500	2,602,205.00	16,660,000.00	2,602,205.00	21,864,410.00
2008	3.650	2,310,655.00	16,660,000.00	2,310,655.00	21,281,310.00
2009	3.750	2,006,610.00	16,660,000.00	2,006,610.00	20,673,220.00
2010	3.875	1,694,235.00	16,720,000.00	1,694,235.00	20,108,470.00
2011	3.950	1,370,285.00	16,660,000.00	1,370,285.00	19,400,570.00
2012	4.050	1,041,250.00	16,660,000.00	1,041,250.00	18,742,500.00
2013	4.150	703,885.00	16,660,000.00	703,885.00	18,067,770.00
2014	4.300	<u>358,190.00</u>	<u>16,660,000.00</u>	<u>358,190.00</u>	<u>17,376,380.00</u>
Totals		<u>14,976,905.00</u>	<u>150,000,000.00</u>	<u>14,976,905.00</u>	<u>179,953,810.00</u>