

Authority: City Council Item CC14.1,
as adopted by City of Toronto Council on November 19 and 20, 2007
Enacted by Council: November 19, 2007

CITY OF TORONTO

BY-LAW No. 1207-2007

To authorize the borrowing upon ten year sinking fund debentures in the principal amount of \$200,000,000.00 for purposes 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 of 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 has authorized the capital works of the City of Toronto (the “Capital Works”) set out in Column 1 of Schedule “A” in accordance with the City Policy; and

WHEREAS the Council of the City of Toronto desires to issue debentures for the Capital Works all of which constitute capital works that the City of Toronto considers necessary or desirable for the public as included in its Five Year Capital Plan, in the respective principal amounts specified in Column 2 of Schedule “A” and the proposed issue of debentures in the aggregate principal amount of \$200,000,000.00 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 pursuant to By-law No. 260-2007, the Council of the City of Toronto has authorized the City of Toronto to borrow money and to issue debentures for its capital works during the year 2007 in an amount not exceeding \$500,000,000.00; and

WHEREAS in accordance with the City Policy and By-law No. 260-2007 the Mayor and the Deputy City Manager and Chief Financial Officer (the “DCM/CFO”) were authorized during the year 2007 to enter into an agreement or agreements with a purchaser or purchasers for 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 \$500,000,000.00 for the purpose of obtaining long-term financing of the capital works of the City of Toronto; and

WHEREAS the Mayor and the DCM/CFO have, as authorized by By-law No. 260-2007, entered into a written agreement dated June 28, 2007 with Scotia Capital Inc., CIBC World Markets Inc. and RBC Dominion Securities Inc. for the issue and sale of sinking fund debentures in the aggregate principal amount of \$200,000,000.00 (the “June 28, 2007 Agreement”) on the terms and conditions set out therein; and

WHEREAS pursuant to the June 28, 2007 Agreement, and as authorized by debenture By-law No. 767-2007, the City of Toronto has reserved the right to issue additional sinking fund debentures of the same maturity, interest rate and terms and conditions; and

WHEREAS the Mayor and the DCM/CFO have as at November 6, 2007 agreed with CIBC World Markets Inc., RBC Dominion Securities Inc. and Scotia Capital Inc. (the "Agreement"), for the issue and sale of additional sinking fund debentures of the same maturity, interest rate and terms and conditions as the sinking fund debentures issued pursuant to debenture By-law No. 767-2007 (in the principal amount of \$200,000,000.00) on the terms and conditions set out herein and will, as authorized by By-law No. 260-2007, enter into a written agreement dated as at that date; and

WHEREAS the total of the principal amount of additional sinking fund debentures to be issued by the City of Toronto in accordance with the Agreement, together with the principal amount of the sinking fund debentures issued pursuant to debenture By-law No. 767-2007 (in the principal amount of \$200,000,000.00), and together with the principal amount of amortizing debentures issued pursuant to debenture By-law No. 768-2007 (in the principal amount of \$100,000,000.00), exhausts, but does not exceed, the debenture authority under By-law No. 260-2007; and

WHEREAS the City of Toronto has complied with all of the provisions of the City Policy, the Act and the regulations made thereunder relating to the borrowing of money for the Capital Works, and the issue of additional sinking fund debentures to obtain the respective principal amounts set out in Column 2 of Schedule "A"; and

WHEREAS to obtain long-term financing for the Capital Works it is now deemed to be expedient to borrow money by issuing additional sinking fund debentures of the City of Toronto in the principal amount of \$200,000,000.00 payable at the time and bearing interest at the rate hereinafter set forth;

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

1. The borrowing upon the credit of the City of Toronto at large of the principal amount of \$200,000,000.00 for the purposes of the City of Toronto to obtain long-term financing for the Capital Works by issuing additional sinking fund debentures of the same maturity, interest rate and terms and conditions as the sinking fund debentures issued pursuant to debenture By-law No. 767-2007 therefore within the term of years set out in Column 3 of Schedule "A", in minimum denominations of \$1,000.00, as hereinafter set forth, is hereby authorized.
2. The Mayor and the DCM/CFO of the City of Toronto are hereby authorized to cause any number of debentures in the principal amount of \$200,000,000.00, as described in section 1 above (the "Debentures") payable on July 18, 2017 to be issued for such amounts of money as may be required for the Capital Works in global and definitive forms, not exceeding in total the said principal amount of \$200,000,000.00. 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. 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. The Debentures shall initially be issued in global fully registered form as five certificates, each in the principal amount of \$40,000,000.00 (in the aggregate principal amount of \$200,000,000.00), each in the name of CDS & CO. as nominee of CDS Clearing and Depository Services Inc. ("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 interest (other than in respect of the provision for the payment of outstanding interest and principal on the maturity date upon presentation and surrender at the office of the DCM/CFO 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 mail 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 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 21st day of November, 2007, 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 ten years bearing interest at the rate of 5.05% per annum and shall be payable on the 18th day of July, 2017 and in each year during such ten year period, the amount of \$10,100,000.00 shall be payable for interest on the Debentures (\$5,050,000.00 on each of January 18 and July 18) and the amount of \$16,658,188.00 shall be deposited by the DCM/CFO of the City of Toronto, or an authorized official of the City of Toronto, into a sinking fund (the "Sinking Fund"), commencing on January 18, 2008, which amount, with interest compounded annually, will be sufficient to pay the principal of the Debentures at maturity (the 18th day of July, 2017) as required by the provisions of the Act and the regulations made thereunder.
- (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 DCM/CFO of the City of Toronto. 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 rate and maturity date, 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 interest by cheque sent by mail 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 respect of the Debentures there shall be raised in each year during the said ten year period as part of the general levy the amount of \$10,100,000.00 payable for interest on the Debentures (\$5,050,000.00 on each of January 18 and July 18) and the amount of \$16,658,188.00 for deposit into the Sinking Fund, commencing on January 18, 2008, for the payment of the principal of the Debentures at maturity and in each such year, for the Projects, the said two amounts shall be raised as part of the general levy 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.
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 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.

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 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.
10. The Debentures are 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 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 DCM/CFO 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 therefore 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 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.

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 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.
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 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) In accordance with the Agreement, the Mayor and the DCM/CFO are hereby authorized to cause the Debentures to be issued, the DCM/CFO is hereby authorized to enter into a letter of representations with CDS, the DCM/CFO and the City of Toronto Clerk are hereby individually 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 issue of the Debentures and the DCM/CFO is authorized to affix the seal of the City of Toronto to any of such documents and papers.
 - (2) Money received by the City of Toronto from the sale of the Debentures, including any premium, and any earnings derived from the investment of that money, shall be apportioned and applied for the purposes of the Capital Works, and to no other purpose except as permitted by the Act, the regulations made thereunder and the City Policy.
17. The City of Toronto reserves the right to issue additional sinking fund debentures of the same maturity, interest rate and terms and conditions.
18. 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.

19. This By-law comes into force on the day it is passed.

ENACTED AND PASSED this 19th day of November, A.D. 2007.

SANDRA BUSSIN,
Speaker

ULLI S. WATKISS
City Clerk

(Corporate Seal)

**Schedule “A” to By-law No. 1207-2007
Corporate Finance Division 10 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 Surface Track – State of Good Repair program | 40,000,000.00 | 10 | 261-2007 | March 7, 2007 | 20 |
| Capital expenditures in connection with the Mount Dennis Bus Facility Upgrade project | 27,000,000.00 | 10 | 261-2007 | March 7, 2007 | 20 |
| Capital expenditures in connection with the Heavy Bus Rebuild – State of Good Repair program | 14,000,000.00 | 10 | 261-2007 | March 7, 2007 | 20 |
| Capital expenditures in connection with the Subway Car Overhaul – State of Good Repair program | 10,000,000.00 | 10 | 261-2007 | March 7, 2007 | 20 |
| Capital expenditures in connection with the Computer Equipment and Software Purchase program | 4,000,000.00 | 10 | 261-2007 | March 7, 2007 | 20 |
| Capital expenditures in connection with the Communications Upgrade at various locations project | 20,000,000.00 | 10 | 261-2007 | March 7, 2007 | 20 |
| Capital expenditures in connection with the Other Buildings and Structures – State of Good Repair program | 32,000,000.00 | 10 | 261-2007 | March 7, 2007 | 20 |
| Total Toronto Transit Commission | 147,000,000.00 | | | | |

City of Toronto By-law No. 1207-2007

| 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 |
| | \$ | | | | |
| TRANSPORTATION SERVICES | | | | | |
| Capital expenditures in connection with the Expressway Rehabilitation project (from Gardiner DVP to 427) | 5,000,000.00 | 10 | 261-2007 | March 7, 2007 | 20 |
| Capital expenditures in connection with the Dufferin Street Jog Elimination project | 5,000,000.00 | 10 | 261-2007 | March 7, 2007 | 20 |
| Capital expenditures in connection with the Major Road Reconstruction project | 7,000,000.00 | 10 | 261-2007 | March 7, 2007 | 20 |
| Capital expenditures in connection with the Major Road Resurfacing project | 8,000,000.00 | 10 | 261-2007 | March 7, 2007 | 20 |
| Capital expenditures in connection with the Local Road Reconstruction project | 5,964,000.00 | 10 | 261-2007 | March 7, 2007 | 20 |
| Capital expenditures in connection with the Local Road Resurfacing project | 6,000,000.00 | 10 | 261-2007 | March 7, 2007 | 20 |
| Capital expenditures in connection with the Sidewalks Improvement project | 5,036,000.00 | 10 | 261-2007 | March 7, 2007 | 20 |
| Capital expenditures in connection with the City Bridge Rehabilitation project | 11,000,000.00 | 10 | 261-2007 | March 7, 2007 | 20 |
| Total Transportation Services | 53,000,000.00 | | | | |
| GRAND TOTAL | 200,000,000.00 | | | | |

Schedule "B" to By-law No. 1207-2007
Corporate Finance Division 10 Year Issuance

Unless this debenture is presented by an authorized representative of CDS Clearing and Depository Services Inc. ("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. GB07-10-06

\$40,000,000.00

CUSIP No.: 891288CY6

ISIN No.: CA 891288CY62

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

FULLY REGISTERED GLOBAL 5.05% SINKING FUND DEBENTURE

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

CDS & CO.

as nominee of CDS or registered assigns, subject to the Conditions attached hereto which form part hereof (the "Conditions"), upon presentation and surrender of this Global Debenture by the maturity date of this Global Debenture (July 18, 2017), the principal amount of

FORTY MILLION DOLLARS

----- (\$40,000,000.00) -----

in lawful money of Canada, and to pay interest thereon until the maturity date of this Global Debenture in like money in semi-annual payments from July 18, 2007, or from the last date on which interest has been paid on this Global Debenture, whichever is later, at the rate of 5.05% per annum in arrears on the 18th day of January and the 18th day of July, 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 aforesaid rate both before and after default and judgment. The payments of interest, the amount to be deposited into the applicable sinking fund and the principal balance outstanding in each year are shown in the Schedule on the reverse side hereof.

This Global Debenture is subject to the Conditions.

DATED at the City of Toronto the 21st day of November, 2007.

IN TESTIMONY WHEREOF and under the authority of By-law No. 1207-2007 (the "Debenture By-law") of the City of Toronto duly passed on the 19th day of November, 2007, this Global Debenture is sealed with the 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: November 21, 2007

Mayor

(seal)

Deputy City Manager
and Chief Financial Officer

SCHEDULE

| Year | Interest Rate % | Semi-annual Interest | | Total Annual Interest Payment Each Year \$ | Annual Sinking Fund Deposit July 18 \$ | Principal Outstanding July 18 \$ |
|------|-----------------------|-------------------------|----------------------|--|--|---|
| | | January 18 \$ | July 18 \$ | | | |
| 2007 | | ----- | ----- | ----- | ----- | 40,000,000.00 |
| 2008 | 5.05 | 1,010,000.00 | 1,010,000.00 | 2,020,000.00 | 3,331,637.60 | 40,000,000.00 |
| 2009 | 5.05 | 1,010,000.00 | 1,010,000.00 | 2,020,000.00 | 3,331,637.60 | 40,000,000.00 |
| 2010 | 5.05 | 1,010,000.00 | 1,010,000.00 | 2,020,000.00 | 3,331,637.60 | 40,000,000.00 |
| 2011 | 5.05 | 1,010,000.00 | 1,010,000.00 | 2,020,000.00 | 3,331,637.60 | 40,000,000.00 |
| 2012 | 5.05 | 1,010,000.00 | 1,010,000.00 | 2,020,000.00 | 3,331,637.60 | 40,000,000.00 |
| 2013 | 5.05 | 1,010,000.00 | 1,010,000.00 | 2,020,000.00 | 3,331,637.60 | 40,000,000.00 |
| 2014 | 5.05 | 1,010,000.00 | 1,010,000.00 | 2,020,000.00 | 3,331,637.60 | 40,000,000.00 |
| 2015 | 5.05 | 1,010,000.00 | 1,010,000.00 | 2,020,000.00 | 3,331,637.60 | 40,000,000.00 |
| 2016 | 5.05 | 1,010,000.00 | 1,010,000.00 | 2,020,000.00 | 3,331,637.60 | 40,000,000.00 |
| 2017 | 5.05 | 1,010,000.00 | 1,010,000.00 | 2,020,000.00 | 3,331,637.60 | ----- |
| | | <u>10,100,000.00</u> | <u>10,100,000.00</u> | <u>20,200,000.00</u> | <u>33,316,376.00</u> | |

LEGAL OPINION

We have examined the Debenture By-law of the City of Toronto authorizing the issue of sinking fund debentures in the principal amount of \$200,000,000.00 dated November 21, 2007 and maturing on July 18, 2017.

The Debenture By-law has been properly passed and is within the legal powers of the City of Toronto. The five sinking fund debentures issued under the Debenture By-law in the within form (the "Global Debentures") are direct, general 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, November 21, 2007

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, general 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 amount or amounts so paid.

Payments of Principal and Interest

10. In each year during the currency of the Debentures, the amount of \$10,100,000.00 shall be payable as interest and the amount of \$16,658,188.00 shall be deposited by the City of Toronto into a sinking fund for the payment of principal (the "Sinking Fund") at maturity in accordance with the provisions of the *City of Toronto Act, 2006* and the regulations made thereunder.
11. The record date for purposes of payment of a deposit into the Sinking Fund and of payment of principal and of 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.
12. The City of Toronto shall make all payments in respect of semi-annual interest on the Debentures on each Payment Date commencing on January 18, 2008 (other than in respect of the payment of principal and outstanding interest on the maturity date which shall be paid upon presentation and surrender of this Global Debenture at the office of the Deputy City Manager and Chief Financial Officer ("DCM/CFO") 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 mail, 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 in respect of which they are issued. Despite the foregoing, the City of Toronto may make payments in respect of interest on any Debenture (other than in respect of the payment of principal and outstanding interest payable on the maturity date upon presentation and surrender at the office of the DCM/CFO 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 to the credit of the registered holder on such terms as to which the registered holder and the City of Toronto may agree.
13. Whenever it is necessary to compute any amount of interest in respect of the Debentures for a period of less than one full year, other than with respect to regular semi-annual interest payments, such interest shall be calculated on the basis of the actual number of days in the period and a year of 365 days or 366 days, if applicable.
14. Payments in respect of principal of and interest on the Debentures shall be made only on a day on which banking institutions in Toronto, Ontario, are not authorized or obligated by law or executive order to be closed (a "Business Day"), and if any date for payment is not a Business Day, payment shall be made on the next following Business Day and no further interest shall be paid in respect of the delay in such payment.
15. Where a Debenture is registered in more than one name, the principal of and interest from time to time payable on such Debenture shall be paid to or to the order of all the joint registered holders thereof, failing written instructions to the contrary from all such joint registered holders, and such payment shall constitute a valid discharge to the City of Toronto.

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

Transfers, Exchanges and Substitutions

17. Debentures are 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, a new Debenture or Debentures of an equal aggregate principal amount in any authorized denomination or denominations will be delivered as directed by the transferee, in the case of a transfer or as directed by the registered holder in the case of an exchange.
18. The 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.
19. Each Debenture executed and delivered upon any registration of transfer or exchange for or in substitution for any Debenture or part thereof shall carry all the rights to interest, if any, accrued and unpaid which were carried by such Debenture or part thereof and shall be so dated.
20. 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 interest cheques.

Purchases

21. 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.

Additional Debentures

22. The City of Toronto has reserved the right to issue additional sinking fund debentures of the same maturity, interest rate and terms and conditions.

Notices

23. Except as otherwise expressly provided herein, any notice required to be given to a registered holder of one or more of the Debentures will be sufficiently given if a copy of such notice is mailed or otherwise delivered to the registered address of such registered holder. If the 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

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

Governing Law

25. 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.