CITY OF TORONTO

BY-LAW 857-2017

To authorize the borrowing upon issuance of an instalment debenture in the principal amount of $2,557,333.00 to the Federation of Canadian Municipalities.

Whereas the City of Toronto Act, 2006, as amended (the "Act") and the regulations made thereunder provides 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 261-2007, a policy with respect to the financing of capital works as amended from time to time (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 passed the by-law(s) enumerated in Column 4 of Schedule "A" attached hereto and forming part of this By-law ("Schedule "A") authorizing the capital work described in Column 1 of Schedule "A" (the "Capital Work") and has authorized the entering into of a loan agreement dated July 23, 2015 for the provision of temporary and long term borrowing from the Federation of Canadian Municipalities, as trustee of the Green Municipal Fund ("FCM") in respect of the Capital Work (the "Financing Agreement"). All of the authorizations in respect of the Capital Work have been authorized in accordance with the City Policy; and

Whereas the Council of the City of Toronto desires to issue debentures to provide long-term financing for the Capital Work, which constitutes a capital work that the City of Toronto considers necessary or desirable for the public, in the principal amount specified in Column 2 of Schedule "A" and the proposed issue of debentures in the principal amount of $2,557,333.00 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 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 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 provide long-term financing for the Capital Work and to repay certain temporary advances in respect of the Capital Work made by FCM pursuant to the Financing Agreement, it is now expedient to borrow money by issuing 1.75 percent amortizing debentures of the City of Toronto in the principal amount of $2,557,333.00 in lawful money of Canada, on the terms hereinafter set forth;

The Debenture Committee of the City of Toronto enacts:

1. The borrowing upon the credit of the City of Toronto at large of the principal amount of $2,557,333.00 for the purposes of the City of Toronto to provide long-term financing for
the Capital Work by issuing amortizing debentures therefor to be repaid in semi-annual instalments of combined (blended) principal and interest (with the exception of the first two instalments which shall be interest only) as hereinafter set forth, are hereby authorized. For greater certainty, such debentures will evidence the conversion from temporary borrowing to long term borrowing of the outstanding principal of the Second Loan Disbursement as defined in the Combined Loan and Grant Agreement.

2. The Mayor and the Deputy City Manager and Chief Financial Officer (the "DCM/CFO") are hereby authorized to cause any number of amortizing debentures to be issued in the principal amount of $2,557,333.00, as described in section 1 above and substantially in the form attached as Schedule "B" attached hereto and forming part of this By-law (the "Debentures") payable semi-annually in instalments of combined (blended) principal and interest (with the exception of the first two instalments which shall be interest only) to be issued for such amounts of money as may be required for the Capital Work, not exceeding in total the said principal amount of $2,557,333.00. 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.

3. The Debentures shall be in fully registered form as one or more certificates in the principal amount of $2,557,333.00, in the name of FCM or as FCM may otherwise direct, with provision for payment of principal and interest (with the exception of the first two instalments which shall be interest only), other than in respect of the final payment of principal and outstanding interest on the maturity date which shall be payable upon presentation and surrender, on such terms as to which the registered holder and the City of Toronto may agree.

4. The Debentures shall all be dated October 31, 2017, 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 1.75 percent per annum from the date thereof payable semi-annually in arrears as described in this section. The Debentures shall be paid in full by May 27, 2026 and shall be payable in semi-annual instalments of combined (blended) principal and interest (with the exception of the first two instalments which shall be interest only) on such days as are set forth in the attachment to Schedule "B" attached hereto and forming part of this By-law in each of the years during the currency of the Debentures, as set forth in Schedule "B".

5. 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 an 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.

6. If the City of Toronto defaults in the payment of any instalment of combined (blended) principal and interest (with the exception of the first two instalments which shall be interest only) at any time appointed for payment thereof, the City of Toronto shall, until such overdue principal and/or interest amount(s) has/have been paid in full, pay to FCM
interest on the principal and that is from time to time outstanding at an annual rate that equals the total of: (a) 1.75 percent, plus 2.5 percent per annum, or (b) the GoC ten (10) year benchmark bond yield indicated at www.bankofcanada.ca on the applicable default date plus 2.5 percent per annum, calculated from the date of such default. 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.

7. Whenever it is necessary to compute any amount of interest in respect of the Debentures for a period of less than one full year, other than with respect to regular semi-annual instalments of combined (blended) principal and interest (with the exception of the first two instalments which shall be interest only), 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.

8. Following May 27, 2021, the City of Toronto may on any subsequent semi-annual payment date (the "Prepayment Date"), on not less than thirty (30) days notice to FCM, prepay all or part of the principal that is outstanding on the specified semi-annual payment date, provided it simultaneously pays all accrued interest thereon plus an amount equal to eighteen (18) months of interest calculated pursuant to s. 2.09(b) of the Financing Agreement on the principal amount of the Debentures so prepaid. Notwithstanding the foregoing, the City of Toronto shall pay an amount equal to twelve (12) months of interest instead of eighteen (18) months of interest if the Prepayment Date occurs on or after the date where three fourths (3/4) of the term of the Debentures has elapsed. Prepayments must be in an amount equal to or greater than 10 percent of the outstanding principal amount of the Debentures. In the event of a prepayment, FCM shall provide to the City of Toronto a new amortization schedule effective as of the Prepayment Date. Upon delivery of such notice, the City of Toronto shall be obligated to effect prepayment in accordance with the terms of the notice and this section. Any amounts prepaid may not be re-borrowed.

9. In each year in which a payment of an instalment 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 the attachment to Schedule "B" of this By-law 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 City of Toronto.

10. 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.

11. The City of Toronto shall maintain a registry in respect of the Debentures in which shall be entered 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.
12. 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.

13. 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 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.

14. The Mayor and the DCM/CFO shall issue and deliver new Debentures in exchange or substitution for the Debentures outstanding on the registry with the same maturity and of like form which have become mutilated, defaced, lost or subject to a mysterious or unexplainable disappearance, stolen 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 where a Debenture is mutilated, defaced, lost, mysteriously or unexplainably missing, stolen or destroyed) and indemnity in respect thereof satisfactory to the City of Toronto in its discretion; and (c) surrendered to the City of Toronto any defaced Debentures in respect of which new Debentures are to be issued in substitution.

15. 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.

16. 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.

17. 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 cheques may be imposed by the City of
Toronto. Where new Debentures or new cheques are issued in substitution in these
circumstances the City of Toronto shall: (a) treat as cancelled and destroyed the
Debentures or cheques in respect of which new Debentures or cheques 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 or new cheques issued in substitution;
and (d) make a notation of any indemnities provided.

18. 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.

19. The Mayor and DCM/CFO 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 is authorized to affix the seal
of the City of Toronto to any of such documents and papers.

20. The money received by the City of Toronto from the issue of the Debentures, including
any premium, and any earnings derived from the investment of that money, after
providing for the expenses related to their issue, if any, shall be apportioned and applied
to the Capital Work and to no other purpose except as permitted by the Act, the
regulations made thereunder and the City Policy.

21. 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.

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

Enacted and passed on August 29, 2017.

Mayor John Tory                                     Ulli S. Watkiss
Chair, Debenture Committee                           City Clerk

(Seal of the City)
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Schedule "B" to Municipal Borrowing By-law

Debenture
Province of Ontario
CITY OF TORONTO

No. FCM17-01

FULLY REGISTERED 1.75% AMORTIZING DEBENTURE

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

FEDERATION OF CANADIAN MUNICIPALITIES, AS TRUSTEE FOR THE GREEN MUNICIPAL FUND ("FCM")

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 May 27, 2026, the principal amount of

TWO MILLION, FIVE HUNDRED FIFTY SEVEN THOUSAND, THREE HUNDRED AND THIRTY THREE DOLLARS

($2,557,333.00)

by semi-annual installments of combined (blended) principal and interest (with the exception of the first two instalments which shall be interest only) in the manner and in the amounts set forth in the attached amortization schedule (the "Amortization Schedule") and subject to late payment interest charges pursuant to the Conditions, in lawful money of Canada. Subject to the Conditions, interest shall be paid until the maturity date of this debenture, in like money in semi-annual payments on April 30th and October 31st of each year, in the case of the first semi-annual payment, from the date hereof on the principal amount of this debenture at the rate of 1.75% per annum, in arrears. All such semi-annual payments are to be made on the specified dates, as set forth in the Amortization Schedule (each, a "Payment Date") in the manner provided in the Conditions. The applicable rate of interest from the date hereof, the payments of principal and interest and the principal balance outstanding in each year are shown in the Amortization Schedule.

This debenture is subject to the Conditions.

DATED at the City of Toronto, on October 31, 2017.

IN TESTIMONY WHEREOF and under the authority of By-law 857-2017 of the City of Toronto duly passed on August 29, 2017 (the "By-law"), this debenture is sealed with the seal of the City of Toronto and signed by the Mayor and Deputy City Manager and Chief Financial Officer (the "DCM/CFO") thereof.

Date of Registration: October 31, 2017

Mayor   Deputy City Manager and Chief Financial Officer
### Amortization Schedule

**City of Toronto By-law 857-2017**

**File:** GF 12110  **Type:** Municipal
**Business:** City of Toronto and Toronto Atmospheric Fund
**Mr. Randy LeClair**
100 Queen Street West  **City Hall, 7th Floor**
Toronto, Ontario, Canada  **M5H 2N2**
recta@toronto.ca; byeurl@toronto.ca; jdrecine@toronto.ca;
cio@toronto.ca
Creditors: Federation of Canadian Municipalities

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**Date:** 14/08/2017

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**Margill Loan Manager ©**  
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<td>Total Amount Financed</td>
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<td>$2,557,333.00</td>
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<td>Other increases (negative payments)</td>
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<td>Total Accrued Interest</td>
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<td>$233,637.53</td>
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<td>Grand total</td>
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<td></td>
<td>$2,790,970.53</td>
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<td>Total payments (positive)</td>
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<td>$2,790,970.53</td>
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<td>Balance</td>
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<td>$0.00</td>
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CONDITIONS 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 FCM and held by FCM.

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

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 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.

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 installments of combined (blended) principal and interest (with the exception of the first two instalments which shall be interest only) on the Debentures on each Payment Date commencing on October 31, 2017 (other than in respect of the final payment of principal and outstanding interest on the maturity date upon presentation and surrender of this Debenture) on such terms as the City of Toronto and the registered holder may agree.

8. Following May 27, 2021, the City of Toronto may on any subsequent semi-annual payment date, on not less than thirty (30) days' notice to FCM, prepay all or part of the principal that is outstanding provided it simultaneously pays all accrued interest thereon plus, an amount equal to eighteen (18) months of interest calculated pursuant to s. 2.09(b) of the Financing Agreement on
the principal amount of the Debentures so prepaid. Notwithstanding the foregoing, the City of Toronto shall pay an amount equal to twelve (12) months of interest instead of eighteen (18) months of interest if the prepayment occurs on or after the date where three fourths (3/4) of the term of the Debentures has elapsed. Prepayments must be in an amount equal to or greater than ten percent (10%) of the outstanding principal amount of the Debentures. In the case of a prepayment of a part of the principal, a new amortization schedule will be provided to the City of Toronto effective as of the date of the prepayment and such new amortization schedule shall be deemed to replace the amortization schedule which constitutes part of the Debenture in respect of which the prepayment was effected. Upon delivery of such notice, the Municipality shall be obligated to effect prepayment in accordance with the terms of the notice and this section. Any amounts prepaid may not be re-borrowed.

9. If the City of Toronto defaults in the payment of any installment at any time appointed for payment thereof, the City of Toronto shall, until such overdue principal and/or interest amount(s) has/have been paid in full, pay to FCM interest on the principal and interest that is from time to time outstanding at an annual rate that equals the total of: (a) **1.75%**, plus two point five percent (2.5%) per annum, or (b) the GoC ten (10) year benchmark bond yield indicated at www.bankofcanada.ca effective on the applicable default date plus two point five percent (2.5%) per annum, calculated from the date of such default.

10. 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.

11. 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.

12. The Debentures may be transferred by FCM only with the prior written consent of the City of Toronto. Notwithstanding the foregoing, FCM may transfer the Debentures without the prior consent of the City of Toronto if such transfer: (i) is to another trustee of the Green Municipal Fund, or any successor thereof; (ii) is part of a transfer of all or substantially all of the assets and undertaking held by it on behalf of the Green Municipal Fund, or any successor thereof; (iii) is part of a reorganization of the business and affairs of the FCM and/or the Green Municipal Fund, or any successor thereof; or (iv) is mandated by any laws, regulations, by-laws, treaties, judgments, decrees, official directives, rules, consents, approvals, authorizations, guidelines, orders and policies of any judicial, administrative, governmental or other authority or arbitrator which is applicable to the FCM or its assets.

13. 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 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.

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 to the Deputy City Manager and the Chief Financial Officer 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. 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.

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

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.