

## THE REGIONAL MUNICIPALITY OF YORK

### BILL NO. 29

#### BY-LAW NO. 2009-28

to provide for the borrowing of the aggregate of the principal amounts authorized by by-laws numbered 2009-26 and 2009-27 and for the issuing of one series of instalment debentures therefor in the aggregate principal amount of \$40,000,000.00

**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** the Act provides that if a municipality intends to incur debt for two or more purposes, or if it has passed separate debenture by-laws authorizing borrowing for two or more purposes but has not sold any of the debentures, the municipality may by by-law provide for the issue of one series of debentures for the debt;

**AND WHEREAS** the Council of The Regional Municipality of York (the “**Upper-tier Municipality**”) has passed debenture by-laws as follows:

(a) By-law No. 2009-26: to authorize the borrowing upon instalment debentures in the aggregate principal amount of \$31,906,000.00 (five year instalment debentures in the principal amount of \$3,111,000.00 and ten year instalment debentures in the principal amount of \$28,795,000.00) for purposes of the Upper-tier Municipality; and

(b) By-law No. 2009-27: to authorize the borrowing upon instalment debentures in the principal amount of \$8,094,000.00 for purposes of The Corporation of the City of Vaughan.

both of which by-laws are hereinafter referred to as the “**Debenture By-laws**”;

**AND WHEREAS** the Act also provides that all debentures issued under a by-law passed by a regional municipality for its own purposes are direct, joint and several obligations of the regional municipality and its lower-tier municipalities;

**AND WHEREAS** the Act also provides that a municipality shall authorize long term borrowing by the issue of debentures or through another municipality under section 403 or 404 of the Act and subsection 403(7) of the Act

provides that all debentures issued under a by-law passed by an upper-tier municipality under section 403 of the Act are direct, joint and several obligations of the upper-tier municipality and its lower-tier municipalities;

**AND WHEREAS** the total of the principal amounts authorized to be borrowed by the Debenture By-laws is the aggregate principal amount of \$40,000,000.00 (five year instalment debentures in the principal amount of \$3,111,000.00 and ten year instalment debentures in the principal amount of \$36,889,000.00) and it is desirable to consolidate the said amounts into one aggregate principal amount of \$40,000,000.00 within the respective terms of years set out in the respective Schedules "A" to the Debenture By-laws, and such debentures shall be repayable in accordance with Schedule "A" attached hereto and forming part of this By-law ("**Schedule "A"**"), as agreed to by the Upper-tier Municipality on May 13, 2009, and to issue one series of debentures therefor;

**NOW THEREFORE** the Council of The Regional Municipality of York hereby enacts as follows:

1. For the Projects, the borrowing upon the credit of the Upper-tier Municipality at large of the aggregate principal amount of \$40,000,000.00 (five year instalment debentures in the principal amount of \$3,111,000.00 and ten year instalment debentures in the principal amount of \$36,889,000.00) and the issue of instalment debentures therefor as one series of instalment debentures within the respective terms of years set out in the respective Schedules "A" to the Debenture By-laws in denominations of \$1,000 and any integral multiples thereof, as hereinafter set forth are hereby authorized.
2. The Regional Chair and the Commissioner of Finance and Treasurer of the Upper-tier Municipality are hereby authorized to cause any number of instalment debentures in the aggregate principal amount of \$40,000,000.00, 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 aggregate principal amount of \$40,000,000.00. The Debentures shall bear the Upper-tier Municipality's municipal seal and the signatures of the Regional Chair and the Commissioner of Finance and Treasurer of the Upper-tier Municipality, all in accordance with the provisions of the Act. The municipal seal of the Upper-tier Municipality 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 one certificate in the principal amount of \$40,000,000.00, substantially in the form attached as Schedule "B" hereto and forming part of this By-law (the "**Global Debenture**"). The Global Debenture shall initially be issued in the name of CDS & CO. as

nominee of CDS Clearing and Depository Services Inc. (“CDS”), and shall provide for payment of interest or of principal and interest (other than in respect of the provision for the payment of principal and outstanding interest on the final maturity date upon presentation and surrender at the office of the Commissioner of Finance and Treasurer of the Upper-tier Municipality in the case of the Global Debenture or at any specified branch in Canada of the Upper-tier Municipality’s bank in other cases) by cheque sent by mail to the registered address of the registered holder or, if the Upper-tier Municipality and the registered holder of the Global Debenture so consent, by electronic transfer of payment in respect of such principal and interest to the credit of such registered holder on such terms as to which the registered holder and the Upper-tier Municipality may agree.

3. (1) The Debentures shall all be dated the 27th day of May, 2009, and as to both principal and interest shall be expressed and be payable in lawful money of Canada. The Debentures shall mature within the terms of years set out in Column (6) of the respective Schedules “A” to the Debenture By-laws and the respective amounts of interest or of principal and interest payable in each of the years during the currency of the Debentures shall be as set forth in Schedule “A”. The Debentures maturing (principal payable) in the year 2010 shall bear interest at the rate of 0.95% per annum, the Debentures maturing (principal payable) in the year 2011 shall bear interest at the rate of 1.75% per annum, the Debentures maturing (principal payable) in the year 2012 shall bear interest at the rate of 2.30% per annum, the Debentures maturing (principal payable) in the year 2013 shall bear interest at the rate of 2.85% per annum, the Debentures maturing (principal payable) in the year 2014 shall bear interest at the rate of 3.20% per annum, the Debentures maturing (principal payable) in the year 2015 shall bear interest at the rate of 3.65% per annum, the Debentures maturing (principal payable) in the year 2016 shall bear interest at the rate of 4.00% per annum, the Debentures maturing (principal payable) in the year 2017 shall bear interest at the rate of 4.30% per annum, the Debentures maturing (principal payable) in the year 2018 shall bear interest at the rate of 4.55% per annum and the Debentures maturing (principal payable) in the year 2019 shall bear interest at the rate of 4.75% 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 Upper-tier Municipality 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 Debenture) the Global Debenture shall be exchangeable for certificated Debentures in definitive fully registered form in authorized denominations upon surrender of the Global Debenture to the Commissioner of Finance and Treasurer of the Upper-tier Municipality provided that there is at least one definitive Debenture which matures in each of the remaining years of the currency of the Global Debenture. The definitive Debentures shall aggregate the same principal amount as the principal outstanding balance of the Global Debenture as of the record date for such exchange in accordance with the provisions of the Global Debenture, 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 Debenture (except insofar as they specifically relate to the Global Debenture). In issuing definitive Debentures no change shall be made in the amount which would otherwise be payable in each year under the Global Debenture. 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 Upper-tier Municipality's bank designated in the definitive Debentures, otherwise, with provision for payment of principal and interest by cheque, sent by mail to the registered addresses of the registered holders or, if the Upper-tier Municipality and any registered holder of the definitive 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 Upper-tier Municipality may agree.
6. (1) In each year in which a payment of an instalment of interest or of principal and interest becomes due in respect of the Debentures, there shall be raised as part of the general upper-tier levy the amounts of interest or of principal and interest payable in each year as set out in Schedule "A" 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. Without limiting the generality of the foregoing, the lower-tier municipalities that comprise the Upper-tier Municipality (individually a "Lower-tier Municipality", collectively the "Lower-tier Municipalities") shall pay all instalments of interest or of principal and interest payable in each year to the Upper-tier Municipality in accordance with By-law No. 2009-26 and The Corporation of the City of Vaughan shall pay all instalments of interest or of principal and interest payable in each year to the Upper-tier Municipality in accordance with By-law No. 2009-27. The Upper-tier

Municipality shall pay to the registered holder of the Debentures the respective amounts of principal and interest payable in each year in respect of the Debentures by such entities as set out in the Debenture By-laws and the amounts to be raised by levy each year pursuant to the Debenture By-laws shall be raised and collected and such amounts shall be applied to the amounts of interest or of principal and interest payable in the respective year in respect of the Debentures to be issued under this By-law in accordance with the Debenture By-laws and the Act.

(2) If any Lower-tier Municipality fails to make any payment or portion of it as provided in this By-law, such Lower-tier Municipality shall pay interest to the Upper-tier Municipality on the amount in default at the rate of 15% per annum, from the date the payment is due until it is made.

(3) There shall be raised, pursuant to this By-law, in each year of the currency of the Debentures, as part of the general upper-tier levy, the amounts required to be paid to the Upper-tier Municipality in any previous year by any one or more of the Lower-tier Municipalities to the extent that the amounts have not been paid to the Upper-tier Municipality in accordance with this By-law and the Act.

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 Upper-tier Municipality 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 Upper-tier Municipality is authorized to use electronic, magnetic or other media for records of or related to the Debentures or for copies of them.
9. The Upper-tier Municipality 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 Upper-tier Municipality shall deem and treat registered holders of the Debentures, including the 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 Upper-tier Municipality 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 Upper-tier Municipality. 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 Upper-tier Municipality.

10. The Debentures are transferable or exchangeable at the office of the Commissioner of Finance and Treasurer of the Upper-tier Municipality upon presentation for such purpose accompanied by an instrument of transfer or exchange in a form approved by the Upper-tier Municipality 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 Regional Chair and the Commissioner of Finance and Treasurer shall issue and deliver a new Debenture or Debentures of an equal aggregate principal amount in any authorized denomination or denominations as directed by the transferee, in the case of a transfer or as directed by the registered holder in the case of an exchange.
11. The Regional Chair and the Commissioner of Finance and 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 Upper-tier Municipality with such evidence (including evidence as to the certificate number of the Debenture in question) and indemnity in respect thereof satisfactory to the Upper-tier Municipality in its discretion; and (c) surrendered to the Upper-tier Municipality 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 Upper-tier Municipality. When any of the Debentures are surrendered for transfer or exchange the Commissioner of Finance and Treasurer of the Upper-tier Municipality 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 Upper-tier Municipality. Where new Debentures are issued in substitution in these circumstances the Upper-tier Municipality 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 Regional Chair and the Commissioner of Finance and Treasurer are hereby authorized to cause the Debentures to be issued, the Commissioner of Finance and Treasurer is hereby authorized to enter into a letter of representations with CDS, the execution of the purchase letter in respect of the Debentures, dated as at May 13, 2009, by the Commissioner of Finance and Treasurer is hereby ratified, confirmed and approved, the Commissioner of Finance and Treasurer and the Regional Clerk are hereby individually authorized to generally do all things and to execute all other documents and papers in the name of the Upper-tier Municipality in order to carry out the sale of the Debentures and the Commissioner of Finance and Treasurer is authorized to affix the Upper-tier Municipality's municipal seal to any of such documents and papers.  
  
(2) The money received by the Upper-tier Municipality and by The Corporation of the City of Vaughan, as the case may be, from the sale of the Debentures, including any premium, and any earnings derived from the investment of that money, shall be apportioned and applied to the Projects, and to no other purpose except as permitted by the Act.

17. The Upper-tier Municipality reserves the right to issue additional debentures of the same maturities, interest rates and terms and conditions.
18. Subject to the Upper-tier Municipality's investment policies and goals and the applicable legislation, the Upper-tier Municipality 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 Upper-tier Municipality may in its discretion determine.

**ENACTED AND PASSED** this 21st day of May, 2009.

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Regional Clerk

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Regional Chair

*Authorized by Bill Nos. 27, and 28, presented to Regional Council at its meeting on the 21st day of May, 2009*

**THE REGIONAL MUNICIPALITY OF YORK**  
**SCHEDULE "A" TO BY-LAW NO. 2009-28**

| YEAR | INTEREST | PRINCIPAL     | INTEREST----- |              | TOTAL ANNUAL  |
|------|----------|---------------|---------------|--------------|---------------|
|      | RATE     |               | -----         | --           |               |
| ---- | %        | 27-May        | 27-Nov        | 27-May       | PAYMENT       |
|      |          | \$            | \$            | \$           | \$            |
| 2009 |          |               | 648,858.00    |              | 648,858.00    |
| 2010 | 0.950    | 3,900,000.00  | 630,333.00    | 648,858.00   | 5,179,191.00  |
| 2011 | 1.750    | 3,936,000.00  | 595,893.00    | 630,333.00   | 5,162,226.00  |
| 2012 | 2.300    | 4,003,000.00  | 549,858.50    | 595,893.00   | 5,148,751.50  |
| 2013 | 2.850    | 4,092,000.00  | 491,547.50    | 549,858.50   | 5,133,406.00  |
| 2014 | 3.200    | 4,208,000.00  | 424,219.50    | 491,547.50   | 5,123,767.00  |
| 2015 | 3.650    | 3,672,000.00  | 357,205.50    | 424,219.50   | 4,453,425.00  |
| 2016 | 4.000    | 3,804,000.00  | 281,125.50    | 357,205.50   | 4,442,331.00  |
| 2017 | 4.300    | 3,953,000.00  | 196,136.00    | 281,125.50   | 4,430,261.50  |
| 2018 | 4.550    | 4,124,000.00  | 102,315.00    | 196,136.00   | 4,422,451.00  |
| 2019 | 4.750    | 4,308,000.00  |               | 102,315.00   | 4,410,315.00  |
|      |          | -----         | -----         | -----        | -----         |
|      |          | 40,000,000.00 | 4,277,491.50  | 4,277,491.50 | 48,554,983.00 |

THE REGIONAL MUNICIPALITY OF YORK

SCHEDULE "B" TO BY-LAW NO. 2009-28

Unless this global debenture is presented by an authorized representative of CDS Clearing and Depository Services Inc. ("CDS") to The Regional Municipality of York 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. GI09-01-010

\$40,000,000

C A N A D A  
Province of Ontario  
THE REGIONAL MUNICIPALITY OF YORK

FULLY REGISTERED GLOBAL INSTALMENT DEBENTURE

THE REGIONAL MUNICIPALITY OF YORK (the "**Upper-tier Municipality**"), for value received, hereby promises to pay to  
CDS & CO.

as nominee of CDS Clearing and Depository Services Inc. 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 May 27, 2019), the principal amount of

FORTY MILLION DOLLARS  
----- (\$40,000,000) -----

by annual payments on the 27th day of May in each of the years 2010 to 2019, 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 May 27, 2009, 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 27th day of November and the 27th day of May, 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 Regional Municipality of York the 27th day of May, 2009.

IN TESTIMONY WHEREOF and under the authority of By-law No. 2009-28 of the Upper-tier Municipality duly passed on the 21st day of May, 2009 (the "**Debenture By-law**"), this global debenture is sealed with the municipal seal of the Upper-tier Municipality and signed by the Regional Chair and by the Commissioner of Finance and Treasurer thereof.

Date of Registration: May 27, 2009

\_\_\_\_\_  
Regional Chair

(seal)

\_\_\_\_\_  
Commissioner of Finance and Treasurer

## SCHEDULE

| Year | CUSIP No. | ISIN No.      | Interest Rate<br>% | Semi-annual<br>Interest |                     | Principal<br>May 27  | Total<br>Annual<br>Payment | Principal<br>Balance<br>Outstanding<br>May 27 |
|------|-----------|---------------|--------------------|-------------------------|---------------------|----------------------|----------------------------|-----------------------------------------------|
|      |           |               |                    | May 27<br>\$            | Nov 27<br>\$        |                      |                            |                                               |
| 2009 |           |               |                    | -----                   | 648,858.00          | -----                | 648,858.00                 | 40,000,000.00                                 |
| 2010 | 98704CQE9 | CA 98704CQE98 | 0.95               | 648,858.00              | 630,333.00          | 3,900,000.00         | 5,179,191.00               | 36,100,000.00                                 |
| 2011 | 98704CQF6 | CA 98704CQF63 | 1.75               | 630,333.00              | 595,893.00          | 3,936,000.00         | 5,162,226.00               | 32,164,000.00                                 |
| 2012 | 98704CQG4 | CA 98704CQG47 | 2.30               | 595,893.00              | 549,858.50          | 4,003,000.00         | 5,148,751.50               | 28,161,000.00                                 |
| 2013 | 98704CQH2 | CA 98704CQH20 | 2.85               | 549,858.50              | 491,547.50          | 4,092,000.00         | 5,133,406.00               | 24,069,000.00                                 |
| 2014 | 98704CQJ8 | CA 98704CQJ85 | 3.20               | 491,547.50              | 424,219.50          | 4,208,000.00         | 5,123,767.00               | 19,861,000.00                                 |
| 2015 | 98704CQK5 | CA 98704CQK58 | 3.65               | 424,219.50              | 357,205.50          | 3,672,000.00         | 4,453,425.00               | 16,189,000.00                                 |
| 2016 | 98704CQL3 | CA 98704CQL32 | 4.00               | 357,205.50              | 281,125.50          | 3,804,000.00         | 4,442,331.00               | 12,385,000.00                                 |
| 2017 | 98704CQM1 | CA 98704CQM15 | 4.30               | 281,125.50              | 196,136.00          | 3,953,000.00         | 4,430,261.50               | 8,432,000.00                                  |
| 2018 | 98704CQN9 | CA 98704CQN97 | 4.55               | 196,136.00              | 102,315.00          | 4,124,000.00         | 4,422,451.00               | 4,308,000.00                                  |
| 2019 | 98704CQP4 | CA 98704CQP46 | 4.75               | 102,315.00              | -----               | 4,308,000.00         | 4,410,315.00               | -----                                         |
|      |           |               |                    | <u>4,277,491.50</u>     | <u>4,277,491.50</u> | <u>40,000,000.00</u> | <u>48,554,983.00</u>       |                                               |

## LEGAL OPINION

We have examined the Debenture By-law of the Upper-tier Municipality authorizing the issue of instalment debentures in the aggregate principal amount of \$40,000,000 dated May 27, 2009 and maturing in ten (10) instalments of principal of varying amounts on the 27th day of May in each of the years 2010 to 2019, both inclusive.

The Debenture By-law has been properly passed and is within the legal powers of the Upper-tier Municipality. The global debenture issued under the Debenture By-law in the within form (the “**Global Debenture**”) is a direct, unsecured, unsubordinated, joint and several obligation of the Upper-tier Municipality and of its lower-tier municipalities (the “**Lower-tier Municipalities**”). The Global Debenture is enforceable against the Upper-tier Municipality and the Lower-tier Municipalities 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 Debenture.

Toronto, May 27, 2009

**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 denominations of \$1,000 and any integral multiples thereof.
2. The Debentures are direct, unsecured, unsubordinated, joint and several obligations of the Upper-tier Municipality and of the Lower-tier Municipalities. The Debentures rank concurrently and equally in respect of payment of principal and interest with all other debentures of the Upper-tier Municipality 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 Upper-tier Municipality 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 Upper-tier Municipality 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 Upper-tier Municipality or (ii) the Upper-tier Municipality 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 Upper-tier Municipality 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 Upper-tier Municipality 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 Upper-tier Municipality will keep at its designated office in the Regional Municipality of York 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 Upper-tier Municipality 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 Upper-tier Municipality 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 Upper-tier Municipality on the Debentures to the extent of the amount or amounts 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 sixteenth calendar day preceding any Payment Date, including a maturity date. Principal of and interest on the Debentures are payable by the Upper-tier Municipality to the persons registered as holders in the registry on the relevant record date. The Upper-tier Municipality 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 Upper-tier Municipality shall make all payments in respect of annual principal and semi-annual interest on the Debentures on each Payment Date commencing on November 27, 2009 (other than in respect of the 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 Commissioner of Finance and Treasurer of the Upper-tier Municipality or at any specified branch in Canada of the Upper-tier Municipality'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 sent by mail or otherwise delivered in accordance with this section shall be dated the due date for payment of the interest and of the principal and interest in respect of which they are issued. Despite the foregoing, the Upper-tier Municipality may make payments in respect of principal and interest on any Debenture (other than in respect of the payment of principal and outstanding interest payable on the final maturity date upon presentation and surrender at the office of the Commissioner of Finance and Treasurer of the Upper-tier Municipality or at any specified branch in Canada of the Upper-tier Municipality's bank, as applicable) to the credit of the registered holder of that Debenture, by electronic transfer of payment in respect of such principal and interest to the credit of the registered holder on such terms as to which the registered holder and the Upper-tier Municipality 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 Upper-tier Municipality.
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 Upper-tier Municipality.

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

16. Debentures are transferable or exchangeable at the office of the Commissioner of Finance and Treasurer of the Upper-tier Municipality upon presentation for such purpose accompanied by an instrument of transfer or exchange in a form approved by the Upper-tier Municipality 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 Upper-tier Municipality 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 Upper-tier Municipality with such evidence (including evidence as

to the certificate number of the Debenture in question) and indemnity in respect thereof satisfactory to the Upper-tier Municipality in its discretion; and (iii) surrendered to the Upper-tier Municipality 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 Upper-tier Municipality 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 Upper-tier Municipality and the applicable legislation, the Upper-tier Municipality 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 Upper-tier Municipality may in its discretion determine.

#### **Additional Debentures**

21. The Upper-tier Municipality reserves the right to issue additional debentures of the same maturities, interest rates and terms and conditions.

#### **Notices**

22. 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 Upper-tier Municipality 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**

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

#### **Governing Law**

24. 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.