

1
BYLAW NO. 2011 – 42

The Debenture Committee enacts:

- 1. Bylaw No. 2011-42 to authorize the borrowing upon amortizing debentures in the principal amount of \$7,246,683.00 towards the cost of certain capital works of The Corporation of the Town of Whitchurch-Stouffville.**

(The attachment referred to in this clause is attached to this report.)

THE REGIONAL MUNICIPALITY OF YORK

BILL NO. 42

BYLAW NO. 2011-42

**A BY-LAW TO AUTHORIZE THE BORROWING UPON
AMORTIZING DEBENTURES IN THE PRINCIPAL AMOUNT OF
\$7,246,683.00 TOWARDS THE COST OF CERTAIN CAPITAL
WORKS OF THE CORPORATION OF THE TOWN OF
WHITCHURCH-STOUFFVILLE**

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 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 WHEREAS section 403 of the Act provides that a by-law of an upper-tier municipality authorizing the issuing of debentures for the purposes or joint purposes of one or more of its lower-tier municipalities may require those lower-tier municipalities to make payments in each year to the upper-tier municipality in the amounts and on the dates specified in the by-law 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 are direct, joint and several obligations of the upper-tier municipality and its lower-tier municipalities;

AND WHEREAS the Council of The Corporation of the Town of Whitchurch-Stouffville (the “Municipality”), which is a lower-tier municipality forming part of The Regional Municipality of York (hereinafter called the “Upper-tier Municipality”), has passed the By-laws enumerated in column (1) of Schedule “A” attached hereto and forming part of this By-law (“Schedule “A”) authorizing the projects described in column (2) of Schedule “A” (individually a “Project”, collectively the “Projects”) and authorizing the entering into of a Financing Agreement for the provision of temporary and long term borrowing from the Ontario Infrastructure and Lands Corporation (“OILC”) in respect of the Projects (the “Financing Agreement”);

AND WHEREAS the Upper-tier Municipality has passed a by-law to authorize submitting an application to OILC for financing the Projects and to authorize long term borrowing for the Projects through the issue of debentures to OILC;

AND WHEREAS the Council of the Upper-tier Municipality has received a request from the Council of the Municipality to borrow money for the purpose of providing long term financing for the Projects and to repay certain temporary advances made to the Municipality by OILC in respect of the Projects pursuant to the Financing Agreement and to issue debentures for the Projects in the respective amounts specified in column (5) of Schedule “A”;

AND WHEREAS before authorizing the Projects and before authorizing any additional cost amounts and any additional debenture authorities in respect thereof, the Municipality had its Treasurer update its most recent annual debt and financial obligation limit received from the

Ministry of Municipal Affairs and Housing in accordance with the applicable regulation and, prior to authorizing each Project, each such additional cost amount and each such additional debenture authority, the Treasurer determined that the estimated annual amount payable in respect of each Project, each such additional cost amount and each such additional debenture authority would not cause the Municipality to exceed the updated limit and that the approval of each Project, each such additional cost amount and each such additional debenture authority by the Ontario Municipal Board was not required;

AND WHEREAS the Upper-tier Municipality has submitted an application to OILC for long term borrowing through the issue of debentures to OILC in respect of the Projects (the "Application") and the Application has been approved;

AND WHEREAS on September 23, 2010 the Council of the Upper-tier Municipality by By-law No. 2010-69 established a Debenture Committee and delegated to the Debenture Committee, among other things, the authority to enact by-laws authorizing the issuance of debentures in accordance with the debt authority previously provided by Regional Council and the Region's Capital Financing and Debt Policy, as amended;

AND WHEREAS to provide long term financing for the Projects pursuant to the Financing Agreement dated and effective as of June 28, 2011, it is now expedient to issue 3.5100% amortizing debentures in the principal amount of \$7,246,683.00 in lawful money of Canada, payable in semi-annual instalments of combined (blended) principal and interest in each year commencing on February 2, 2012 and ending on August 3, 2021, on the terms hereinafter set forth.

NOW THEREFORE, the Debenture Committee of The Regional Municipality of York hereby enacts as follows:

1. For the Projects, the borrowing upon the credit of the Upper-tier Municipality of the principal sum of \$7,246,683.00 and the issue of amortizing debentures therefor upon the credit of the Upper-tier Municipality to be repaid in semi-annual instalments of combined principal and interest 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 amortizing debentures to be issued for such sums of money as may be required for the Projects in definitive form, not exceeding in total the said sum of \$7,246,683.00 (the "Debentures"). 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.
3. The Debentures shall be in fully registered form as one or more certificates in the aggregate principal amount of \$7,246,683.00, in the name of OILC or as OILC may otherwise direct, substantially in the form attached as Schedule "B" hereto and forming part of this By-law with provision for payment of principal and interest (other than in respect of the final payment of principal and outstanding interest on the maturity date upon presentation and surrender) by pre-authorized debit in respect of such principal and

interest to the credit of such registered holder on such terms as to which the registered holder and the Upper-tier Municipality may agree.

4. In accordance with the provisions of section 25 of the *Ontario Infrastructure and Lands Corporation Act, 2011* as security for the payment by the Upper-tier Municipality of the indebtedness of the Upper-tier Municipality to OILC under the Debentures (the “Obligations”), the Upper-tier Municipality is hereby authorized to agree in writing with OILC that the Minister of Finance is entitled, without notice to the Upper-tier Municipality or the Municipality, as appropriate, to deduct from money appropriated by the Legislative Assembly of Ontario for payment to the Upper-tier Municipality or to the Municipality, as appropriate, or from money appropriated by such Assembly for payment to the Upper-tier Municipality or the Municipality, as appropriate, in respect of such matters as may be specified, amounts not exceeding the amounts that the Upper-tier Municipality or the Municipality fails to pay to OILC on account of the Obligations and to pay such amounts to OILC.
5. The Debentures shall all be dated the 2nd day of August, 2011 and shall be issued within two years after the day on which this By-law is enacted, and as to both principal and interest shall be expressed and be payable in lawful money of Canada. The Debentures shall bear interest at the rate of 3.5100% per annum from the date thereof payable semi-annually in arrears as described in this section. The Debentures shall be paid in full by August 3, 2021 and payable in semi-annual instalments of combined (blended) principal and interest on such days in February and August as are set forth in Schedule “C” attached hereto and forming part of this By-law (“Schedule “C””) in each of the years during the currency of the Debentures as set forth in the amortization schedule set forth in Schedule “C”.
6. Payments in respect of principal of and interest on the Debentures shall be made only on a day on which banking institutions in Toronto, Ontario, are not authorized or obligated by law or executive order to be closed (a “Toronto Business Day”) and if any date for payment is not a Toronto Business Day, payment shall be made on the next following Toronto Business Day.
7. Interest shall be payable to the date of maturity of the Debentures and on default shall be payable on any overdue amounts both before and after default and judgment at a rate per annum equal to the greater of the rate specified on the Schedule as attached to and forming part of the Debentures for such amounts plus 200 basis points (2% per annum) or Prime Rate (as defined below) plus 200 basis points (2% per annum), calculated on a daily basis from the date such amounts become overdue for so long as such amounts remain overdue and the Upper-tier Municipality shall pay to the registered holders any and all costs incurred by the registered holders as a result of the overdue payment. Any amounts payable by the Upper-tier Municipality as interest on overdue principal or interest and all costs incurred by the registered holders as a result of the overdue payment in respect of the Debentures shall be paid out of current revenue. Whenever it is necessary to compute any amount of interest in respect of the Debentures for a period of less than one full year, other than with respect to regular semi-annual interest payments, such interest shall be calculated on the basis of the actual number of days in the period and a year of 365 or 366 days as appropriate.

“Prime Rate” means, on any day, the annual rate of interest which is the arithmetic mean of the prime rates announced from time to time by the five major

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

8.
 - (1) For the Projects, in each year in which a payment of an instalment of principal and interest becomes due in respect of the Debentures, there shall be raised as part of the general upper-tier levy the amounts of principal and interest payable in each year as set out in Schedule “C” attached hereto and forming part of this By-law (“Schedule “C””) to the extent that the amounts have not been provided for by any other available source including other taxes or fees or charges imposed on persons or property by a By-law of any municipality. Without limiting the generality of the foregoing, the Municipality, as defined above, shall pay the aforesaid yearly amounts as set out in Schedule “C” to the Upper-tier Municipality one Business Day before the date payment is due. The amounts required to be paid to the Upper-tier Municipality in accordance with Schedule “C” shall constitute a debt of the Municipality to the Upper-tier Municipality and such amounts shall, when combined with any amount payable by the Upper-tier Municipality in the year for repayment of the debt for which the Debentures are to be issued, be sufficient to meet the total amount of principal and interest payable in the year by the Upper-tier Municipality in respect of the Debentures, all in accordance with the provisions of this By-law and the Act.
 - (2) If the Municipality fails to make any payment or portion of it as provided in this By-law, the 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, for the Projects, 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 the Municipality to the extent that the amounts have not been paid to the Upper-tier Municipality in accordance with this By-law.
9. The Debentures may contain any provision for their registration thereof authorized by any statute relating to municipal debentures in force at the time of the issue thereof.
10. The 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 cancellation, 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.
11. 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 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 sum or sums so paid. Where a Debenture is registered in more than one name, the principal of and interest from time to time payable on such Debenture shall be paid to or to the order of all the joint registered holders thereof, failing written instructions to the contrary from all such joint registered holders, and such payment shall constitute a valid discharge to the 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.

12. The Debentures will be 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.
13. 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 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 Debentures in respect of which new Debentures are to be issued in substitution.
14. The Debentures issued upon any registration of transfer or exchange or in substitution for any Debentures or part thereof shall carry all the rights to interest if any, accrued and unpaid which were carried by such Debentures or part thereof and shall be so dated and shall bear the same maturity date and, subject to the provisions of this By-law, shall be subject to the same terms and conditions as the Debentures in respect of which the transfer, exchange or substitution is effected.
15. The cost of all transfers and exchanges, including the printing of authorized denominations of the new Debentures, shall be borne by the 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.

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 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.
17. Except as otherwise expressly provided herein, any notice required to be given to a registered holder of one or more of the Debentures will be sufficiently given if a copy of such notice is mailed or otherwise delivered to the registered address of such registered holder.
18. The Regional Chair and the Commissioner of Finance and Treasurer are hereby authorized to cause the Debentures to be issued, the Clerk and Commissioner of Finance and Treasurer are hereby individually authorized to generally do all things and to execute all documents and other papers in the name of the Upper-tier Municipality in order to carry out the issue 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.
19. The proceeds realized in respect of the Debentures, after providing for the expenses related to their issue, if any, shall be apportioned and applied to the Projects and for no other purpose except as permitted by the Act.
20. Subject to the Upper-tier Municipality's investment policies and goals, the applicable legislation and the terms and conditions of the Debentures, 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.
21. This By-law takes effect on the day of passing.

ENACTED AND PASSED on July 18, 2011.

Denis Kelly
Regional Clerk

Bill Fisch
Regional Chair

Authorized by By-law No. 2011-40, presented to Regional Council at its meeting on June 23, 2011.

THE REGIONAL MUNICIPALITY OF YORK

Schedule “A” to Bylaw No. 2011-42

(1)	(2)	(3)	(4)	(5)	(6)
By-law	Project Description	Approved Amount to be Financed Through the Issue of Debentures	Amount of Debentures Previously Issued	Amount of Debentures to be Issued	Approximate Term of Years of Debentures
		\$	\$	\$	
2009-018-MS 2011-066-FI 2011-025-MS 2011-074-MS	Capital costs in connection with the Road Crossing Hoover Pk/Stouf Crk project	1,814,670	Nil	1,814,670	10
2009-018-MS 2011-066-FI 2011-025-MS 2011-074-MS	Capital costs in connection with the Park Dr (Reeves) at Railway Crossing project	570,200	Nil	570,200	10
2009-018-MS 2011-066-FI 2011-025-MS 2011-074-MS	Capital costs in connection with the Go Transit – Hoover Pk Crossing project	429,842	Nil	429,842	10
2009-018-MS 2011-066-FI 2011-025-MS 2011-074-MS	Capital costs in connection with the Road Stream Crossing – Millard St/Little Rouge Creek project	1,598,232	Nil	1,598,232	10
2009-018-MS 2011-066-FI 2011-025-MS 2011-074-MS	Capital costs in connection with the Mattamy (Dougherty) Parkette project	163,744	Nil	163,744	10
2009-018-MS 2011-066-FI 2011-025-MS 2011-074-MS	Capital costs in connection with the Mattamy (Hoover Park) Neighbourhood Park, Tennis court and Splash Pad project	1,017,007	Nil	1,017,007	10
2009-018-MS 2011-066-FI 2011-025-MS 2011-074-MS	Capital costs in connection with the Tresstown Neighbourhood Park	923,150	Nil	923,150	10
2009-018-MS 2011-066-FI 2011-025-MS 2011-074-MS	Capital costs in connection with the Tovtel Parkette project	422,026	Nil	422,026	10
2009-018-MS 2011-066-FI 2011-025-MS 2011-074-MS	Capital costs in connection with the Mattamy (Kartok) Parkette project	307,812	Nil	307,812	10
	TOTAL			7,246,683.00	

THE REGIONAL MUNICIPALITY OF YORK

Schedule “B” to Bylaw No. 2011-42

No. OILC-GA11-01-10

\$7,246,683.00

C A N A D A

Province of Ontario
THE REGIONAL MUNICIPALITY OF YORK

FULLY REGISTERED 3.5100% AMORTIZING DEBENTURE

THE REGIONAL MUNICIPALITY OF YORK (the “Upper-tier Municipality”), for value received, hereby promises to pay to

ONTARIO INFRASTRUCTURE AND LANDS CORPORATION (“OILC”)

or registered assigns, subject to the Conditions attached hereto which form part hereof (the “Conditions”), upon presentation and surrender of this debenture by the maturity date of this debenture (August 3, 2021), the principal sum of

SEVEN MILLION TWO HUNDRED FORTY-SIX THOUSAND SIX HUNDRED EIGHTY-THREE DOLLARS
----- (\$7,246,683.00) -----

by semi-annual instalments of combined (blended) principal and interest in the manner and in the amounts set forth in the attached Amortization Schedule (the “Schedule”) and subject to late payment interest charges pursuant to the Conditions, in lawful money of Canada. Interest shall be paid until the maturity date of this debenture, in like money in semi-annual payments from the 2nd day of August, 2011 or from the last date on which interest has been paid on this debenture, whichever is later at the rate of 3.5100% per annum, in arrears, on the specified dates, as set forth in the Schedule (each, a “Payment Date”) in the manner provided in the Conditions. Interest shall be paid on default at the applicable rate set out in the Conditions both before and after default and judgment. The applicable rate of interest, the payments of principal and interest and the principal balance outstanding in each year are shown in the Schedule.

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

This debenture is subject to the Conditions.

DATED at the Regional Municipality of York the 2nd day of August, 2011.

IN TESTIMONY WHEREOF and under the authority of Bylaw No. 2011-42 of the Upper-tier Municipality duly passed on the 18th day of July, 2011 (the “By-law”), this 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: August 2, 2011

Bill Fisch, Regional Chair

(seal) _____
Bill Hughes, Commissioner of Finance and Treasurer

Amortizing Debenture Schedule

Organization Name	The Regional Municipality of York
Principal Amount	\$7,246,683.00
Annual Interest Rate	3.5100%
Loan Term (Year)	10
Debenture Date (m/d/yyyy)	8/2/2011
Maturity Date (m/d/yyyy)	8/3/2021
Payment Frequency	Semi Annual
Loan Type	Amortizing

Payment Date	Total Payment	Principal Amount	Interest Amount	Principal Balance
2/2/2012	\$432,774.36	\$305,595.07	\$127,179.29	\$6,941,087.93
8/2/2012	\$432,774.36	\$310,958.27	\$121,816.09	\$6,630,129.66
2/4/2013	\$432,774.36	\$316,415.58	\$116,358.78	\$6,313,714.08
8/2/2013	\$432,774.36	\$321,968.68	\$110,805.68	\$5,991,745.40
2/3/2014	\$432,774.36	\$327,619.23	\$105,155.13	\$5,664,126.17
8/5/2014	\$432,774.36	\$333,368.95	\$99,405.41	\$5,330,757.22
2/2/2015	\$432,774.36	\$339,219.57	\$93,554.79	\$4,991,537.65
8/4/2015	\$432,774.36	\$345,172.87	\$87,601.49	\$4,646,364.78
2/2/2016	\$432,774.36	\$351,230.66	\$81,543.70	\$4,295,134.12
8/2/2016	\$432,774.36	\$357,394.76	\$75,379.60	\$3,937,739.36
2/2/2017	\$432,774.36	\$363,667.03	\$69,107.33	\$3,574,072.33
8/2/2017	\$432,774.36	\$370,049.39	\$62,724.97	\$3,204,022.94
2/2/2018	\$432,774.36	\$376,543.76	\$56,230.60	\$2,827,479.18
8/2/2018	\$432,774.36	\$383,152.10	\$49,622.26	\$2,444,327.08
2/4/2019	\$432,774.36	\$389,876.42	\$42,897.94	\$2,054,450.66
8/2/2019	\$432,774.36	\$396,718.75	\$36,055.61	\$1,657,731.91
2/3/2020	\$432,774.36	\$403,681.16	\$29,093.20	\$1,254,050.75
8/4/2020	\$432,774.36	\$410,765.77	\$22,008.59	\$843,284.98
2/2/2021	\$432,774.36	\$417,974.71	\$14,799.65	\$425,310.27
8/3/2021	\$432,774.47	\$425,310.27	\$7,464.20	\$0.00
Total	\$8,655,487.31	\$7,246,683.00	\$1,408,804.31	

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

Ontario Infrastructure and Lands Corporation

by: _____
Authorized Signing Officer

LEGAL OPINION

We have examined the By-law of the Upper-tier Municipality authorizing the issue of amortizing debentures in the principal amount of \$7,246,683.00 dated August 2, 2011 and maturing on August 3, 2021 and payable in semi-annual instalments of combined (blended) principal and interest on such days in February and August as are set out in the Schedule in each year commencing on February 2, 2012 and ending on August 3, 2021, both inclusive.

In our opinion, the By-law has been properly passed and is within the legal powers of the Upper-tier Municipality. The debenture issued under the By-law in the within form (the "Debenture") is the direct, unsecured, unsubordinated, joint and several obligation of the Region and of its lower-tier municipalities (the "Lower-tier Municipalities"). The Debenture is enforceable against the Region 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.

August 2, 2011

BORDEN LADNER GERVAIS LLP

CONDITIONS OF THE DEBENTURE

Form, Denomination, and Ranking of the Debenture

1. The debentures issued pursuant to the By-law (collectively the “Debentures” and individually a “Debenture”) are issuable as fully registered Debentures without coupons.
2. The Debentures are direct, unsecured, unsubordinated, joint and several obligations of the Region and of its Lower-tier Municipalities. The Debentures rank concurrently and equally in respect of payment of principal and interest with all other debentures of the Region except for the availability of money in a sinking or retirement fund for a particular issue of debentures.
3. This Debenture is one fully registered Debenture registered in the name of OILC and held by OILC.

Registration

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

Title

5. 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 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 sum or sums so paid. Where a Debenture is registered in more than one name, the principal of and interest from time to time payable on such Debenture shall be paid to or to the order of all the joint registered holders thereof, failing written instructions to the contrary from all such joint registered holders, and such payment shall constitute a valid discharge to the 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.

Payments of Principal and Interest

6. The record date for purposes of payment of principal of and interest on the Debentures is as of 5:00 p.m. on the sixteenth calendar day preceding any Payment Date including the maturity date. Principal of and interest on the Debentures are payable by the 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.
7. The Upper-tier Municipality shall make all payments in respect of semi-annual instalments of combined (blended) principal and interest on the Debentures on each Payment Date commencing on February 2, 2012 (other than in respect of the final payment of principal and outstanding interest on the maturity date upon presentation and surrender of this Debenture), by pre-authorized debit in respect of such interest and principal to the credit of the registered holder on such terms as the Upper-tier Municipality and the registered holder may agree.
8. The Upper-tier Municipality shall pay to the registered holder interest on any overdue amount of principal or interest in respect of any Debenture, both before and after default and judgment, at a rate per annum equal to the greater of the rate specified on the Schedule as attached to and forming part of the Debenture for such amount plus 200 basis points (2% per annum) or Prime Rate (as defined below) plus 200 basis points (2% per annum), calculated on a daily basis from the date such amount becomes overdue for so long

as such amount remains overdue and the Upper-tier Municipality shall pay to the registered holder any and all costs incurred by the registered holder as a result of the overdue payment.

9. Whenever it is necessary to compute any amount of interest in respect of the Debentures for a period of less than one full year, other than with respect to regular semi-annual interest payments, such interest shall be calculated on the basis of the actual number of days in the period and a year of 365 days 366 days as appropriate.
10. Payments in respect of principal of and interest on the Debentures shall be made only on a day on which banking institutions in Toronto, Ontario, are not authorized or obligated by law or executive order to be closed (a "Toronto Business Day"), and if any date for payment is not a Toronto Business Day, payment shall be made on the next following Toronto Business Day as noted on the Schedule, and no further interest shall be paid in respect of the delay in such payment.

Transfers, Exchanges and Substitutions

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

Value of the Debenture, the Upper-tier Municipality shall pay the difference between these two amounts to OILC.

Notices

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

Time

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

Governing Law

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

Definitions:

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

THE REGIONAL MUNICIPALITY OF YORK

Schedule “C” to Bylaw No. 2011-42

Amortizing Debenture Schedule

Organization Name	The Regional Municipality of York
Principal Amount	\$7,246,683.00
Annual Interest Rate	3.5100%
Loan Term (Year)	10
Debenture Date (m/d/yyyy)	8/2/2011
Maturity Date (m/d/yyyy)	8/3/2021
Payment Frequency	Semi Annual
Loan Type	Amortizing

Payment Date	Total Payment	Principal Amount	Interest Amount	Principal Balance
2/2/2012	\$432,774.36	\$305,595.07	\$127,179.29	\$6,941,087.93
8/2/2012	\$432,774.36	\$310,958.27	\$121,816.09	\$6,630,129.66
2/4/2013	\$432,774.36	\$316,415.58	\$116,358.78	\$6,313,714.08
8/2/2013	\$432,774.36	\$321,968.68	\$110,805.68	\$5,991,745.40
2/3/2014	\$432,774.36	\$327,619.23	\$105,155.13	\$5,664,126.17
8/5/2014	\$432,774.36	\$333,368.95	\$99,405.41	\$5,330,757.22
2/2/2015	\$432,774.36	\$339,219.57	\$93,554.79	\$4,991,537.65
8/4/2015	\$432,774.36	\$345,172.87	\$87,601.49	\$4,646,364.78
2/2/2016	\$432,774.36	\$351,230.66	\$81,543.70	\$4,295,134.12
8/2/2016	\$432,774.36	\$357,394.76	\$75,379.60	\$3,937,739.36
2/2/2017	\$432,774.36	\$363,667.03	\$69,107.33	\$3,574,072.33
8/2/2017	\$432,774.36	\$370,049.39	\$62,724.97	\$3,204,022.94
2/2/2018	\$432,774.36	\$376,543.76	\$56,230.60	\$2,827,479.18
8/2/2018	\$432,774.36	\$383,152.10	\$49,622.26	\$2,444,327.08
2/4/2019	\$432,774.36	\$389,876.42	\$42,897.94	\$2,054,450.66
8/2/2019	\$432,774.36	\$396,718.75	\$36,055.61	\$1,657,731.91
2/3/2020	\$432,774.36	\$403,681.16	\$29,093.20	\$1,254,050.75
8/4/2020	\$432,774.36	\$410,765.77	\$22,008.59	\$843,284.98
2/2/2021	\$432,774.36	\$417,974.71	\$14,799.65	\$425,310.27
8/3/2021	\$432,774.47	\$425,310.27	\$7,464.20	\$0.00
Total	\$8,655,487.31	\$7,246,683.00	\$1,408,804.31	