

**THE REGIONAL MUNICIPALITY OF YORK
[DEBENTURE COMMITTEE]**

BYLAW NO. 2015-61

To authorize the borrowing upon additional sinking fund debentures in the principal amount of \$6,000,000.00 for a capital work of The Corporation of the Township of King

(Re-opening of the 2.60% \$150,000,000.00 sinking fund debentures due December 15, 2025 issued on June 15, 2015)

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 on September 23, 2010 the Council of The Regional Municipality of York (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 (the “**Policy**”);

AND WHEREAS Subsection 409 (1)(a) of the Act provides that a municipality may provide in a debenture by-law that all or a portion of the debentures are sinking fund debentures which have the principal payable on a fixed date and subsection 409 (2) of the Act provides that a by-law passed under section 409 of the Act shall provide for an estimated amount in each year for the sinking fund which, with interest compounded annually, will be sufficient to pay the principal of the debentures at maturity. Subsection 409 (3) of the Act provides that an amount required to be provided in a year under subsection 409 (2) of the Act shall be deemed to be an amount of principal payable to the lender in the year for the purposes of subsection 408 (4)(a) of the Act (as well as of other subsections of the Act);

AND WHEREAS subsection 408 (2.1) of the Act provides that a municipality may issue a debenture or other financial instrument for long-term borrowing only to provide financing for a capital work;

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 Council of the Upper-tier Municipality received a request of the Council of The Corporation of the Township of King (the “**Lower-tier Municipality**”) to borrow money for the capital work of the Lower-Tier Municipality (the “**Capital Work**”) set out in Column (2) of Schedule “A” attached hereto and forming part of this by-law (“**Schedule “A”**”) and to issue debentures for the Capital Work in the principal amount specified in Column (5) of Schedule “A”;

AND WHEREAS before authorizing the Capital Work, and before authorizing any additional cost amount and any additional debenture authority therefor the Council of the Lower-tier Municipality had its Treasurer calculate an updated limit in respect of its most recent annual debt and financial obligation limit received from the Ministry of Municipal Affairs and Housing in accordance with the applicable regulation. Prior to the Council of the Lower-tier Municipality authorizing the Capital Work, each such additional cost amount and each such additional debenture authority the Treasurer determined that the estimated annual amount payable in respect of the Capital Work, each such additional cost amount and each such additional debenture authority would not cause the Lower-tier Municipality to exceed its updated limit and that the approval of the Capital Work by the Ontario Municipal Board pursuant to such regulation was not required;

AND WHEREAS on June 15, 2015 the Upper-tier Municipality issued 10 year sinking fund debentures of the Upper-tier Municipality in the principal amount of \$150,000,000.00 pursuant to debenture Bylaw No. 2015-35 (the “**Original Debentures**”) for the capital works of the Upper-tier Municipality described therein (the “**Original Issue**”);

AND WHEREAS Bylaw No. 2015-35 provides that the Upper-tier Municipality reserves the right to issue additional sinking fund debentures of the same maturity, interest rate and terms and conditions;

AND WHEREAS to provide long-term financing for the Capital Work it is now deemed to be expedient to re-open the Original Issue and to borrow money by the issue and sale of additional sinking fund debentures of the Upper-tier Municipality in the principal amount of \$6,000,000.00 forming part of one series of additional sinking fund debentures in the aggregate principal amount of \$150,000,000.00 to be issued on November 5, 2015, all such additional sinking fund debentures collectively forming part of one aggregate series of sinking fund debentures with the Original Debentures in the aggregate principal amount of \$300,000,000.00 with the same maturity, interest rate and terms and conditions as the Original Debentures, and all such additional sinking fund debentures are to be payable at the time and bearing interest as hereinafter set forth, as agreed to by the Upper-tier Municipality on October 27, 2015;

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

1. For the Capital Work, the borrowing upon the credit of the Upper-tier Municipality at large of the principal amount of \$6,000,000.00 and the issue of additional sinking fund debentures therefor forming part of one series of additional sinking fund debentures in the aggregate principal amount of \$150,000,000.00 of the same maturity, interest rate and terms and conditions as the Original Debentures, in minimum denominations of \$1,000.00, as hereinafter set forth, are hereby authorized on the basis that the additional sinking fund debentures shall, when combined with the Original Debentures, constitute one series of 10 year sinking fund debentures in the aggregate principal amount of \$300,000,000.00.

2. The Regional Chair and the Commissioner of Finance and Treasurer of the Upper-tier Municipality are hereby authorized to cause any number of additional sinking fund debentures in the principal amount of \$6,000,000.00, as described in section 1 above, (the “**Debentures**”) payable as to principal on December 15, 2025 with semi-annual instalments of interest thereon payable on each of June 15 and December 15 (commencing on December 15, 2015) to be issued for such amounts of money as may be required for the Capital Works in global and definitive forms, not exceeding in total the said principal amount of \$6,000,000.00. The Debentures shall bear the Upper-tier Municipality’s municipal seal and the signatures of the Regional Chair and of 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 part of three certificates, each in the principal amount of \$50,000,000.00 (in the aggregate principal amount of \$150,000,000.00), each substantially in the form attached as Schedule “B” hereto and forming part of this by-law (the “**Global Debentures**”). The Global Debentures shall initially be issued in the name of CDS & CO. as nominee of CDS Clearing and Depository Services Inc. (“**CDS**”), and each shall provide for payment of principal and interest electronically in final and irrevocable same-day funds in accordance with the applicable requirements of CDS, so long as the Global Debentures are held by CDS.

3. (1) The Debentures shall all be dated the 5th day of November, 2015, and as to both principal and interest shall be expressed and be payable in lawful money of Canada. The Debentures shall be issued for a term of approximately 10 years bearing interest at the rate of 2.60% per annum and shall be payable as follows: the principal payment at maturity will be made on December 15, 2025, the first interest payment (accrued from June 15, 2015) in the amount of \$78,000.00 will be made on December 15, 2015 and thereafter interest payments in the aggregate amount of \$156,000.00 will be made in each year of the currency of the Debentures in semi-annual instalments of \$78,000.00 on each of June 15 and December 15 (commencing on June 15, 2016). The additional amount of \$542,519.07 shall be deposited in each year of the said period on or before June 15 (commencing on June 15, 2016) by the Commissioner of Finance and Treasurer of the Upper-tier Municipality, or an authorized official of the Upper-tier Municipality, into the sinking fund previously established under Bylaw No. 2015-35 in respect of the Original Issue (the “**Sinking Fund**”), which amount, with interest compounded annually, will be sufficient to pay at maturity (December 15, 2025) the principal of the Debentures and, with the annual contribution described in Bylaw No. 2015-35, will be sufficient to pay the principal of the Original Debentures.

(2) Payments in respect of contributions to the Sinking Fund as well as 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 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 agreed to by both the Upper-tier Municipality and CDS) the Global Debentures shall be exchangeable for certificated Debentures in definitive fully registered form in authorized denominations upon surrender of the Global Debentures to the Commissioner of Finance and Treasurer of the Upper-tier Municipality. Any of the Debentures issued as definitive Debentures may, with the approval of the Debenture Committee, be countersigned in writing by officials so designated by the Debenture Committee. The definitive Debentures shall aggregate the same principal amount as the principal outstanding balance of the Global Debentures as of the record date for such exchange in accordance with the provisions of the Global Debentures, shall bear the same interest rate and maturity date, shall bear all unmatured interest obligations and shall have the same benefits and be subject to the same terms and conditions as the Global Debentures (except insofar as they specifically relate to the Global Debentures). In issuing definitive Debentures no change shall be made in the amount which would otherwise be payable in each year under the Global Debentures. The definitive Debentures shall be in fully registered form, payable as to principal and outstanding interest in lawful money of Canada at maturity upon presentation and surrender thereof at any specified branch in Canada of the Upper-tier Municipality's bank designated in the definitive Debentures. Prior to maturity, the definitive Debentures shall be payable as to interest by cheque sent by mail to the registered addresses of the registered holders or, if authorized in writing, by electronic transfer.
6.
 - (1) In respect of the Debentures, there shall be raised in each year during the currency of the Debentures as part of the general upper-tier levy as follows: the first interest payment (accrued from June 15, 2015) in the amount of \$78,000.00 will be made on December 15, 2015 and thereafter interest payments in the aggregate amount of \$156,000.00 will be made in each year of the currency of the Debentures in semi-annual instalments of \$78,000.00 on each of June 15 and December 15 (commencing on June 15, 2016). There shall also be raised in each year during the said period as part of the general upper-tier levy, the amount of \$542,519.07 for deposit into the Sinking Fund on or before June 15 (commencing on June 15, 2016) for the payment at maturity (December 15, 2025) of the principal of the Debentures. In each such year, for the Capital Work, the said two amounts (the amount for interest and the amount for the contribution to the Sinking Fund) shall be raised as part of the general upper-tier levy 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.
 - (2) Without limiting the generality of the foregoing, the Lower-tier Municipality shall pay to the Upper-tier Municipality the amounts required to be paid to the Upper-tier Municipality by the Lower-tier Municipality in respect of the Capital Work, as set out in Schedule "C", 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 Lower-tier 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 payable for deposit into the Sinking Fund 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.

(3) If the Lower-tier Municipality fails to make any payment or portion of it as provided in this by-law, the 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.

(4) 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 the Lower-tier Municipality 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 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 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 transferor, 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 date and of like form which have become mutilated, defaced, lost, subject to a mysterious or unexplainable disappearance, stolen, destroyed or dematerialized, provided that the applicant therefor shall have: (a) paid such costs as may have been incurred in connection therewith; (b) (in the case when a Debenture is mutilated, defaced, lost, mysteriously or unexplainably missing, stolen, destroyed or dematerialized) 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 date and, subject to the provisions of this by-law, shall be subject to the same terms and conditions as the Debentures in respect of which the transfer, exchange or substitution is effected.
13. The cost of all transfers and exchanges, including the printing of authorized denominations of the new Debentures, shall be borne by the 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; (c) enter in the registry particulars of the new Debenture or Debentures issued in exchange; and (d) in the case of a transfer, enter in the registry the name of the registered holder as directed by the transferor.
14. Subject to an agreement that the Upper-tier Municipality may enter into to the contrary, reasonable fees may be imposed by the Upper-tier Municipality for the substitution of a new Debenture or new Debentures for any of the Debentures that are mutilated, defaced, lost, mysteriously or unexplainably missing, stolen, destroyed or dematerialized and for the replacement of any of the interest cheques that are mutilated, defaced, lost, mysteriously or unexplainably missing, stolen or destroyed. When 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 execution of a purchase letter in respect of the Debentures, dated as at October 27, 2015, by the Director, Treasury Office is hereby ratified, confirmed and approved, the Regional Chair and the Commissioner of Finance and Treasurer are hereby authorized to cause the Debentures to be issued, one or more of the Commissioner of Finance and Treasurer and the Regional Clerk are hereby 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 through CDS's book entry only system 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 from the sale 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 delivered to the Lower-tier Municipality on the basis that the Lower-tier Municipality shall apportion and apply such money to the Capital Work, and to no other purpose except as permitted by the Act.
17. The Upper-tier Municipality reserves the right to issue additional sinking fund debentures of the same maturity, interest rate 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 on November 3, 2015.

Denis Kelly

Wayne Emmerson

Regional Clerk

Regional Chair

Authorized by those by-law(s) listed in Schedule "A" to this by-law.

**THE REGIONAL MUNICIPALITY OF YORK
SCHEDULE "A" TO BYLAW NO. 2015-61**

(1)	(2)	(3)	(4)	(5)	(6)
Bylaw	Capital Work Description	Approved Principal Amount to be Financed Through the Issue of Debentures \$	Principal Amount of Debentures Previously Issued \$	Principal Amount of Debentures to be Issued \$	Approximate Term of Years
<u>Capital Work of The Corporation of the Township of King</u>					
2011-01	Capital costs in	26,747,178.00	6,000,000.00	6,000,000.00	10
2011-36	connection with the				
2012-13	Sanitary Sewer				
2012-121	Works – Roads and				
2013-01	Watermains (Phase				
2013-32	1) in the Community				
2013-124	of Nobleton project				
GRAND TOTAL				6,000,000.00	

THE REGIONAL MUNICIPALITY OF YORK
SCHEDULE "B" TO BYLAW NO. 2015-61

Unless this certificate is presented by an authorized representative of CDS Clearing and Depository Services Inc. ("CDS") to The Regional Municipality of York or its agent for registration of transfer, exchange or payment, and any certificate 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 (and any payment is made to CDS & CO. or to such other entity 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 the registered holder hereof, CDS & CO., has a property interest in the securities represented by this certificate herein and it is a violation of its rights for another person to hold, transfer or deal with this certificate.

No. GSF2015-04-10

\$50,000,000.00	CUSIP NO. 98704CQX7 ISIN NO. CA 98704CQX79
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C A N A D A
Province of Ontario
THE REGIONAL MUNICIPALITY OF YORK

FULLY REGISTERED GLOBAL 2.60% ADDITIONAL SINKING FUND DEBENTURE

(RE-OPENING OF 2.60% \$150,000,000.00 SINKING FUND DEBENTURES DUE DECEMBER 15, 2025)

THE REGIONAL MUNICIPALITY OF YORK (the "Issuer"), for value received, hereby promises to pay to
CDS & CO.

as nominee of CDS or registered assigns, subject to the Conditions attached hereto which form part hereof (the "Conditions"), by the maturity date of this global debenture (December 15, 2025), the principal amount of

FIFTY MILLION DOLLARS
----- (\$50,000,000.00) -----

in lawful money of Canada, and to pay interest thereon until the maturity date of this global debenture in like money with the first interest payment (accrued from June 15, 2015) to be made on December 15, 2015 and thereafter to be made in semi-annual payments from December 15, 2015, or from the last date on which interest has been paid on this global debenture, whichever is later, at the rate of 2.60% per annum in arrears on the 15th day of June and the 15th day of December, in each year, commencing on June 15, 2016 (each, a "Payment Date") in the manner provided in the Conditions. Subject to the Conditions, interest shall be paid on default at the aforesaid rate both before and after default and judgment. The payments of interest, the amount to be deposited into the applicable sinking fund and the principal balance outstanding in each year are shown in the Schedule on the reverse side hereof.

This global debenture is subject to the Conditions.

DATED at the Region of York the 5th day of November, 2015.

IN TESTIMONY WHEREOF and under the authority of Bylaw No. 2015-62 of the Issuer duly passed on the 3rd day of November, 2015 (the "Debenture By-law"), this global debenture is sealed with the municipal seal of the Issuer and signed by the Regional Chair and by the Commissioner of Finance and Treasurer thereof.

Date of Registration: November 5, 2015

Regional Chair

(seal)

Commissioner of Finance and Treasurer

Schedule

Year	Interest Rate %	Interest		Total Annual Interest Payment Each Year \$	Annual Sinking Fund Deposit 15-Jun \$	Principal Balance Outstanding 15-Dec \$
		15-Jun \$	15-Dec \$			
2015	2.60	-----	650,000.00	650,000.00	-----	50,000,000.00
2016	2.60	650,000.00	650,000.00	1,300,000.00	3,013,995.00	50,000,000.00
2017	2.60	650,000.00	650,000.00	1,300,000.00	3,013,995.00	50,000,000.00
2018	2.60	650,000.00	650,000.00	1,300,000.00	3,013,995.00	50,000,000.00
2019	2.60	650,000.00	650,000.00	1,300,000.00	3,013,995.00	50,000,000.00
2020	2.60	650,000.00	650,000.00	1,300,000.00	3,013,995.00	50,000,000.00
2021	2.60	650,000.00	650,000.00	1,300,000.00	3,013,995.00	50,000,000.00
2022	2.60	650,000.00	650,000.00	1,300,000.00	3,013,995.00	50,000,000.00
2023	2.60	650,000.00	650,000.00	1,300,000.00	3,013,995.00	50,000,000.00
2024	2.60	650,000.00	650,000.00	1,300,000.00	3,013,995.00	50,000,000.00
2025	2.60	650,000.00	650,000.00	1,300,000.00	3,013,995.00	-----
		<u>6,500,000.00</u>	<u>7,150,000.00</u>	<u>13,650,000.00</u>	<u>30,139,950.00</u>	

LEGAL OPINION

We have examined the Debenture By-law of the Issuer authorizing the issue of additional sinking fund debentures in the principal amount of \$150,000,000.00 dated November 5, 2015 and maturing on December 15, 2025.

The Debenture By-law has been properly passed and is within the legal powers of the Issuer. The three global fully registered debenture certificates issued under the Debenture By-law in the within form (the “**Global Debentures**”) are direct, general, unsubordinated, joint and several obligations of the Issuer and of its lower-tier municipalities (the “**Lower-tier Municipalities**”). The Global Debentures are enforceable against the Issuer 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 Debentures.

Toronto, November 5, 2015

BORDEN LADNER GERVAIS LLP

CONDITIONS OF GLOBAL DEBENTURE

Form, Denomination, Ranking and Beneficial Interests in Global Debenture

1. The additional sinking fund debentures issued pursuant to the Debenture By-law (individually a “**Debenture**” and collectively the “**Debentures**”) are issuable as fully registered Debentures without coupons in minimum denominations of \$1,000.00.
2. The Debentures are direct, general, unsubordinated, joint and several obligations of the Issuer 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 Issuer except for the availability of money in a sinking or retirement fund for a particular issue of debentures, including the sinking fund established in respect of the Debentures. (The Debentures represent additional sinking fund debentures in the principal amount of \$150,000,000.00 issued in connection with the re-opening of the 2.60% \$150,000,000.00 sinking fund Debentures due December 15, 2025 issued on June 15, 2015 (the “Original Debentures”). The Debentures and the Original Debentures constitute one series of sinking fund debentures in the aggregate principal amount of \$300,000,000.00).
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, on its records for CDS’s participants (the “Participants”) in accordance with its participant agreement and rules and procedures which are posted on CDS’s website.
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 Issuer does not have any responsibility or liability for maintaining, supervising or reviewing any records of CDS or Participants relating to payments made or to be made by CDS or any Participant on account of beneficial ownership interests in this Global Debenture.

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 upon the occurrence of any of the following events: (a) upon reasonable notice by CDS to the Issuer, CDS may discontinue the eligibility of this Global Debenture on deposit, or cease to hold this Global Debenture in respect of the Debentures, with or without cause; or (b) if CDS ceases to be a recognized clearing agency under applicable Canadian or provincial securities legislation and a successor is not appointed; or (c) if the Issuer gives CDS appropriate notice that it is unable or unwilling to continue to have CDS hold this Global Debenture as a book entry only security or that it desires or has processed an entitlement requiring a withdrawal of this Global Debenture, and the Issuer has all right, power, capacity and authority to do so.
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 Issuer 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 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 Issuer 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 Issuer will keep at its designated office in the Region 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 Issuer 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 Issuer 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 Issuer on the Debentures to the extent of the amount or amounts so paid.

Payments of Principal and Interest

10. In each year during the currency of the Debentures, interest shall be payable as follows: the first interest payment in the amount of \$1,950,000.00 will be made on December 15, 2015 and thereafter interest payments in the aggregate amount of \$3,900,000.00 will be made in each year of the currency of the Debentures in semi-annual instalments (\$1,950,000.00 on each of June 15 and December 15) and the additional annual amount of \$9,041,985.00 shall be deposited on or before June 15 (commencing on June 15, 2016) by the Issuer into the sinking fund previously established under Bylaw No. 2015-35 for the payment of principal of the Debentures at maturity (the "Sinking Fund"), all in accordance with the provisions of the *Municipal Act, 2001*, as amended.
11. The record date for purposes of payment of a deposit into the Sinking Fund and of payment of principal and of interest on the Debentures is as of 5:00 p.m. on the thirtieth calendar day preceding any relevant Payment Date, including the maturity date. Principal of and interest on the Debentures are payable by the Issuer to the persons registered as holders in the registry on the relevant record date. The Issuer shall not be required to register any transfer, exchange or substitution of Debentures during the period from any record date to the corresponding Payment Date.
12. The Issuer shall make all payments in respect of semi-annual interest on the Debentures on the Payment Dates commencing on December 15, 2015 and of principal at maturity, electronically in final and irrevocable same-day funds in accordance with the applicable requirements of CDS, so long as this Global Debenture is held by CDS.

13. In the case that certificated Debentures in definitive form are issued, the Issuer shall make all payments in respect of principal and outstanding interest in lawful money of Canada at maturity upon presentation and surrender thereof at any specified branch in Canada of the Issuer's bank designated in the definitive Debentures, and prior to maturity, shall make payments of interest, by cheque sent by mail to the registered addresses of the registered holders or, if authorized in writing, by electronic transfer.
14. 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.
15. Payments in respect of contributions to the Sinking Fund as well as 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.
16. 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 Issuer.
17. In the case of the death of one or more joint registered holders, despite sections 9 and 16 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 Issuer.

Transfers, Exchanges and Substitutions

18. Debentures are transferable or exchangeable at the office of the Commissioner of Finance and Treasurer of the Issuer upon presentation for such purpose accompanied by an instrument of transfer or exchange in a form approved by the Issuer 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 transferor, in the case of a transfer or as directed by the registered holder in the case of an exchange.
19. The Issuer shall issue and deliver Debentures in exchange for or in substitution for Debentures outstanding on the registry with the same maturity date and of like form in the event of a mutilation, defacement, loss, mysterious or unexplainable disappearance, theft, destruction or dematerialization, 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, mysteriously or unexplainably missing, stolen, destroyed or dematerialized Debenture) furnished the Issuer with such evidence (including evidence as to the certificate number of the Debenture in question) and indemnity in respect thereof satisfactory to the Issuer in its discretion; and (iii) surrendered to the Issuer any mutilated or defaced Debenture in respect of which new Debentures are to be issued in substitution.
20. 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.

21. Subject to an agreement that the Issuer may enter into to the contrary, the Issuer 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 Debentures that are mutilated, defaced, lost, mysteriously or unexplainably missing, stolen, destroyed or dematerialized, or interest cheques that are mutilated, defaced, lost, mysteriously or unexplainably missing, stolen or destroyed.

Purchases

22. Subject to the investment policies and goals of the Issuer and the applicable legislation, the Issuer 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 Issuer may in its discretion determine.

Additional Debentures

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

Notices

24. 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 Issuer 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

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

Governing Law

26. 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.