




TO: GENERAL COMMITTEE

SUBJECT: DEBENTURE ISSUE 

PREPARED BY AND KEY CONTACT: C. MILLAR, MBA, CGA, (ACTING) DIRECTOR OF FINANCE (EXT 4436)

SUBMITTED BY: C. MILLAR, MBA, CGA, (ACTING) DIRECTOR OF FINANCE (EXT 4436)

COMMISSIONER APPROVAL: E. ARCHER, CMA, GENERAL MANAGER OF CORPORATE SERVICES 

CHIEF ADMINISTRATIVE OFFICER APPROVAL: CARLA LADD, CHIEF ADMINISTRATIVE OFFICER 

**RECOMMENDED MOTION**

1. That the Director of Finance/Deputy Treasurer be authorized to proceed with a ten year debenture issue in the aggregate principal amount of \$23,179,072 for various tax rate funded capital projects identified in paragraph 16 of staff report FIN001-13, and a twenty year debenture with a principal amount of \$29,192,879 for the construction of Lakeshore Trunk Sewer Phases I and II and the Oro-Medonte Biosolids Facility, secured through the Ontario Infrastructure and Lands Corporation (OILC).
2. That the Mayor and Director of Finance/Deputy Treasurer be authorized to sign the interest rate offer and repayment schedule from Ontario Infrastructure and Lands Corporation (OILC) and all other documents that may be required.
3. That the appropriate by-laws be enacted in the form attached to FIN001-13 in Appendix A.

**PURPOSE & BACKGROUND**

4. The purpose of this report is to seek authorization to issue debentures totalling \$52,371,951 for various projects as outlined in paragraph 16 below. A portion of the debentures issued will convert \$20 million of existing construction financing into long term debt as required under the financing facility agreement with OILC. There is a requirement for two separate debentures as the projects were approved with 10 and 20 year terms. The capital projects relating to these debentures are complete, and will continue to be internally bridge-financed until the related debentures are issued. The issuance of these debentures will partially restore cash in the general revenue fund.
5. Council motion 12-G-112 authorized staff to execute a Financing Agreement with OILC that provides a mechanism for the issuance of debentures for the projects identified in this staff report.

**ANALYSIS**

6. The issuance of the 10 year debt for the tax support projects was previously approved by Council at the time of the awarding of the contracts for the construction under various motions (see paragraph 16). Issuing the debt over 10 years is consistent with the City's debt policy that more than 2/3 of all outstanding tax rate supported debt be retired within 10 years in any single reporting period.

7. Phase 1 of the Landfill Reengineering & Gas Collection was originally to be funded fully with debt of \$10 million; however, under Council motion 12-G-112, Council approved funding of \$3.2 million of costs from the Tax Capital Reserve. As a result, \$6.8 million of this project will be funded from debt.
8. The wastewater rate supported debt to be issued over twenty years related to the Lakeshore Trunk Sewer (Phase 1 & 11) and the Oro-Medonte Biosolids facility was approved by Council under motions 08-G-368 and 08-G-218 respectively.
9. The reliance on debt financing for water and wastewater system's capital plan adds additional pressure on annual revenue requirements. In order to manage affordability of rates, the 2010 Water and Wastewater Long-Range Financial Plan and related update in 2012 identified the need to assume a 20-year repayment plan for debt associated with both the Biosolids Facility and Lakeshore Trunk Sewer. While this increases total interest costs, it reduces annual cash requirements.

### **ENVIRONMENTAL MATTERS**

10. There are no environmental matters relating to the approval of the debenture issue.

### **ALTERNATIVES**

11. There are four alternatives presented for General Committee consideration:

#### **Alternative #1**

General Committee could choose a debenture term greater than 10 years for the tax rate supported projects totalling \$23.2 million.

This alternative is not recommended as a longer term would not meet the objectives established under the debt policy that more than 2/3 of all outstanding tax rate supported debt be retired within 10 years in any single reporting period. Additionally, the total financing costs would be higher with the longer term.

#### **Alternative #2**

General Committee could choose a debenture term less than 10 years for the tax rate supported projects totalling \$23.2 million

This alternative is not recommended as a shorter term would have a greater impact on the annual operating tax levy requirement through higher annual debt servicing costs.

#### **Alternative #3**

General Committee could choose to debenture the \$29.2 million wastewater rate projects over a term greater than 20 years.

This alternative is not recommended as a longer term will increase the total carrying cost for these capital projects and would also impact the City's borrowing capacity for a longer period of time than originally planned.

#### **Alternative #4**

General Committee could choose to debenture the \$29.2 million wastewater rate projects over a term shorter than 20 years.

This alternative is not recommended as a shorter term would put greater pressure on wastewater rates and the related negative wastewater rate capital reserve.

**FINANCIAL**

12. The ten year debenture rate as at December 17, 2012 posted on the OILC website was 2.72% with the twenty year rate at 3.44%. These rates are inclusive of all issuance costs except for the cost of external legal support (an OILC requirement) estimated to be \$2,500.
13. The City of Barrie's 2013 annual repayment limit based on 2011 financial information return still is to be provided by the Ministry of Municipal Affairs and Housing. However, including this debt issuance, existing debt and all other debt forecasted to be issued in 2013, the City is projected to be using approximately 41% of its available debt capacity.
14. The actual debenture rate offer and repayment schedule will not be known until January 8, 2013 and will be circulated separately to Council members and form part of the by-law schedule that will be passed. The rate and repayment schedule offer must be signed by the Director of Finance/Deputy Treasurer and Mayor and returned to OILC within 24 hours of receipt.
15. Contained in the draft 2012 Development Charge Background Study, 40% of the annual debt servicing costs associated with the Oro-Medonte Biosolids Facility is eligible to be funded from Development Charges (DC's). The eligible DC recoverable costs of Fire Station #1 and Lakeshore Trunk Sewer have been funded directly by Development Charges, with the remaining debt payments associated with the non-growth portion of the projects.
16. The estimated annual debt servicing costs and funding sources are summarized in the following table:

Description	Debt Motion(s)	Debenture Principal	Est. Debt Servicing Costs (2013)	Est. Debt Servicing Costs (2014)
<b>Tax Rate</b>				
Mady Centre	07-G-357/ 08-G-077/ 10-G-117/ 11-G-036	\$1,856,000	\$126,730	\$211,354
Landfill Reengineering & Gas Collection Ph I	08-G-372	6,745,000	460,559	768,093
GO Platform	ENG052-10	3,662,818	250,103	417,107
Fire Station #1 HQ	09-G-310	5,801,854	396,159	660,691
Airport ISF	09-G-310	4,233,400	289,063	482,082
Ops Centre SWP	09-G-465	880,000	60,088	100,211
<b>Total - Tax Rate</b>		<b>\$23,179,072</b>	<b>\$1,582,701</b>	<b>\$2,639,538</b>

<b>Wastewater Rate</b>				
Lakeshore Ph I & II	08-G-368/ 09-G-015	\$8,103,744	\$395,997	\$559,581
Oro-Medonte Biosolids	08-G-218	21,089,135	1,030,540	1,456,249
DC Funding relating to Oro-Medonte Biosolids			(412,216)	(582,500)
<b>Total - Wastewater Rate</b>		<b>29,192,879</b>	<b>1,014,321</b>	<b>1,433,330</b>
<b>Total - Tax &amp; Wastewater Rate</b>		<b>\$52,371,951</b>	<b>\$2,597,022</b>	<b>\$4,072,868</b>

**LINKAGE TO COUNCIL STRATEGIC PRIORITIES**

17. The recommendations in this report support Council's Strategic Priority to increase fiscal responsibility to ensure controlled spending and best use of tax dollars.

**APPENDIX A -  
THE CORPORATION OF THE CITY OF BARRIE  
BY-LAW NUMBER  
A BY-LAW OF THE CORPORATION OF THE CITY OF  
BARRIE TO AUTHORIZE THE BORROWING UPON  
AMORTIZING DEBENTURES IN THE PRINCIPAL  
AMOUNT OF \$23,179,072.00 TOWARDS THE COST OF  
THE VARIOUS PROJECTS**

WHEREAS on June 6, 2011, the *Ontario Infrastructure and Lands Corporation Act, 2011* was proclaimed into force amalgamating the Ontario Realty Corporation, Ontario Infrastructure Projects Corporation, and the Stadium Corporation of Ontario Limited and such corporations were continued as a corporation without share capital under the name Ontario Infrastructure and Lands Corporation.

AND 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 Council of The Corporation of The City of Barrie (the "Municipality") has passed each By-law enumerated in column (1) of Schedule "A" attached hereto and forming part of this By-law authorizing each project described in column (2) of Schedule "A", 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 each project (the "Financing Agreement") and the Municipality desires to issue debentures for each project in the respective amounts specified in column (5) of Schedule "A";

AND WHEREAS before authorizing each project the Municipality had its Deputy 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, the Deputy Treasurer determined that the estimated annual amount payable in respect of each project would not cause the Municipality to exceed the updated limit and that the approval of each project by the Ontario Municipal Board was not required;

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

AND WHEREAS to provide long term financing for each project and to repay certain temporary advances in respect of each project made by OILC pursuant to the Financing Agreement dated effective as of November 26, 2012 (the "Advances"), it is now expedient to issue amortizing debentures in the principal amount of \$23,179,072.00 dated February 01, 2013 and maturing on February 01, 2023 and payable in semi-annual instalments of combined (blended) principal and interest on the 1st day of

August and on the 1st day of February in each of the years 2013 to 2023, both inclusive on the terms hereinafter set forth;

NOW THEREFORE THE COUNCIL OF THE CORPORATION OF THE CITY OF BARRIE ENACTS AS FOLLOWS:

1. For each project, the borrowing upon the credit of the Municipality of the principal sum of \$23,179,072.00 and the issue of amortizing debentures therefore upon the credit of the Municipality to be repaid in semi-annual instalments of combined (blended) principal and interest as hereinafter set forth, are hereby authorized.
2. The Mayor and the Deputy Treasurer of the Municipality are hereby authorized to cause any number of amortizing debentures to be issued for such sums of money as may be required for each project in definitive form, not exceeding in total the said sum of \$23,179,072.00 (the "Debentures"). The Debentures shall bear the Municipality's municipal seal and the signatures of the Mayor and the Deputy Treasurer of the Municipality, all in accordance with the provisions of the Act. The municipal seal of the 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 \$23,179,072.00, 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 maturity 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 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 Municipality of the indebtedness of the Municipality to OILC under the Debentures (the "Obligations"), the Municipality is hereby authorized to agree in writing with OILC that the Minister of Finance is entitled, without notice to the Municipality, to deduct from money appropriated by the Legislative Assembly of Ontario for payment to the Municipality, amounts not exceeding the amounts that the Municipality fails to pay OILC on account of the Obligations and to pay such amounts to OILC from the Consolidated Revenue Fund.
5. The Debentures shall all be dated the 1st day of February, 2013 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 0.00% and mature during a period of 10 years from the date thereof payable semi-annually in arrears as described in this section. The Debentures shall be paid in full by February 01, 2023 and payable in semi-annual instalments of combined (blended) principal and interest on the 1st day of August and on the 1st of February in each of the years 2013 to 2023, both inclusive, in such period shall be as set forth in Schedule "C" attached hereto and forming part of this By-law ("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 or Prime Rate (as defined below) plus 200 basis points, calculated on a daily basis from the date such amounts become overdue for so long as such amounts remain overdue and the 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 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. Each year in which a payment of an instalment of combined (blended) principal and interest becomes due, there shall be raised as part of the general levy the amounts of principal and interest payable in each year as set out in 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.
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 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 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 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 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 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 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 Municipality.
  12. The Debentures will be transferable or exchangeable at the office of the Deputy Treasurer of the Municipality upon presentation for such purpose accompanied by an instrument of transfer or exchange in a form approved by the 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 Mayor and the Deputy 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 Mayor and the Deputy 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 therefore shall have: (a) paid such costs as may have been incurred in connection therewith; (b) (in the case of a lost, stolen or destroyed Debenture) furnished the Municipality with such evidence (including evidence as to the certificate number of the Debenture in question) and indemnity in respect thereof satisfactory to the Municipality in its discretion; and (c) surrendered to the 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 Municipality. When any of the Debentures are surrendered for transfer or exchange the Deputy Treasurer of the 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 Municipality. Where new Debentures are issued in substitution in these circumstances the 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 Mayor and the Deputy Treasurer are hereby authorized to cause the Debentures to be issued, the Clerk and Deputy Treasurer are individually

hereby authorized to generally do all things and to execute all documents and other papers in the name of the Municipality in order to carry out the issue of the Debentures and the Deputy Treasurer is authorized to affix the 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 each project and for no other purpose except as permitted by the Act.
20. Subject to the Municipality's investment policies and goals, the applicable legislation and the terms and conditions of the Debentures, the 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 Municipality may in its discretion determine.

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

By-law read a first and second time this 14th day of January, 2013

By-law read a third time and finally passed this 14th day of January, 2013

\_\_\_\_\_  
Jeff Lehman, Mayor

\_\_\_\_\_  
Dawn McAlpine, Clerk

[AFFIX SEAL]

---

---

THE CORPORATION OF THE CITY OF BARRIE  
Schedule "A" to By-law Number

<b>By-law</b>	<b>Project Description</b>	<b>Approved Amount to be Financed Through the Issue of Debentures</b>	<b>Amount of Debentures Previously Issued</b>	<b>Amount of Debentures to be Issued</b>	<b>Term of Years of Debentures</b>
2012-170	Various projects	\$23,179,072.00	\$0.00	\$23,179,072.00	10

THE CORPORATION OF THE CITY OF BARRIE  
Schedule "B" to By-law Number

No.

\$23,179,072.00

CANADA  
Province of Ontario  
THE CORPORATION OF THE CITY OF BARRIE

FULLY REGISTERED 0.00% AMORTIZING DEBENTURE

THE CORPORATION OF THE CITY OF BARRIE, 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 (February 01, 2023), the principal sum of

TWENTY-THREE MILLION, ONE HUNDRED SEVENTY-NINE THOUSAND,  
SEVENTY-TWO DOLLARS

----- (\$23,179,072.00) -----

by semi-annual instalments of combined (blended) principal and interest on the 1st day of August and on the 1st day of February in each of the years 2013 to 2023, both inclusive, in the amounts set forth in the attached Amortizing 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 1st day of February, 2013, or from the last date on which interest has been paid on this debenture, whichever is later, at the rate of 0.00% per annum, in arrears, on the specified dates, as set forth in the Schedule, 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 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 Municipality, to deduct from money appropriated by the Legislative Assembly of Ontario for payment to the Municipality, amounts not exceeding any amounts that the Municipality fails to pay OILC on account of indebtedness evidenced by this debenture, and to pay such amounts to OILC from the Consolidated Revenue Fund.

This debenture is subject to the Conditions.

DATED at The City of Barrie the 1st day of February, 2013

IN TESTIMONY WHEREOF and under the authority of By-law Number of the Municipality duly passed on the 14th day of January, 2013 (the "By-law"), this debenture is sealed with the municipal seal of the Municipality and signed by the Mayor and by the Deputy Treasurer thereof.

Date of Registration: February 01, 2013

(Seal) \_\_\_\_\_

\_\_\_\_\_  
Jeff Lehman, Mayor

\_\_\_\_\_  
Craig Millar, Deputy Treasurer

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 By-law Number (the "By-law") of The Corporation of The City of Barrie (the "Municipality") authorizing the issue of amortizing debentures in the principal amount of \$23,179,072.00 dated February 01, 2013 and maturing on February 01, 2023 and payable in semi-annual instalments of combined (blended) principal and interest on the 1st day of August and on the 1st day of February in each of the years 2013 to 2023, both inclusive.

In our opinion, the By-law has been properly passed and is within the legal powers of the Municipality. The debenture issued under the By-law in the within form (the "Debenture") is the direct, unsecured and unsubordinated obligation of the Municipality. The Debenture is enforceable against the Municipality subject to the special jurisdiction and powers of the Ontario Municipal Board over defaulting municipalities under the *Municipal Affairs Act*. This opinion is subject to and incorporates all the assumptions, qualifications and limitations set out in our opinion letter.

February 01, 2013

\_\_\_\_\_  
Barriston 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 and unsubordinated obligations of the Municipality. The Debentures rank concurrently and equally in respect of payment of principal and interest with all other debentures of the Municipality 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 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 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 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 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 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 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 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 Municipality to the persons registered as holders in the registry on the relevant record date. The 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 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 August 01, 2013 (other than in respect of the final payment of principal and outstanding interest on the final 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 registered holder may agree.
8. The 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 or Prime Rate (as defined below) plus 200 basis points, calculated on a daily basis from the date such amount becomes overdue for so long as such amount remains overdue and the 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 or 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.
11. The Debentures are transferable or exchangeable at the office of the Deputy Treasurer of the Municipality upon presentation for such purpose accompanied by an instrument of transfer or exchange in a form approved by the 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 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 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 Municipality with such evidence (including evidence as to the certificate number of the Debenture in question) and indemnity in respect thereof satisfactory to the Municipality in its discretion; and (c) surrendered to the 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 Municipality. When any of the Debentures are surrendered for transfer or exchange the Deputy Treasurer of the 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 Municipality. Where new Debentures are issued in substitution in these circumstances the 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 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 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) “**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 CORPORATION OF THE CITY OF BARRIE**  
**Schedule "C" to By-law Number**

[OILC Repayment Schedule to be Inserted]

No.

\$23,179,072.00

C A N A D A  
Province of Ontario  
THE CORPORATION OF THE CITY OF BARRIE

FULLY REGISTERED 0.00 % AMORTIZING DEBENTURE

THE CORPORATION OF THE CITY OF BARRIE (the "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 (February 01, 2023), the principal sum of

TWENTY-THREE MILLION, ONE HUNDRED SEVENTY-NINE THOUSAND,  
SEVENTY-TWO DOLLARS

-----\$23,179,072.00-----

by semi-annual instalments of combined (blended) principal and interest on the 1st day of August and on the 1st day of February in each of the years 2013 to 2023, both inclusive, in the amounts set forth in the attached Amortizing 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 1st day of February, 2013, or from the last date on which interest has been paid on this debenture, whichever is later, at the rate of X.XX% per annum, in arrears, on the specified dates, as set forth in the Schedule, 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 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 Municipality, to deduct from money appropriated by the Legislative Assembly of Ontario for payment to the Municipality, amounts not exceeding any amounts that the Municipality fails to pay to OILC on account of the indebtedness evidenced by this debenture, and to pay such amounts to OILC from the Consolidated Revenue Fund.

This debenture is subject to the Conditions.

DATED at The City of Barrie 1st day of February, 2013.

IN TESTIMONY WHEREOF and under the authority of By-law Number of the Municipality duly passed on the 14th day of January, 2013 (the "By-law"), this debenture is sealed with the municipal seal of the Municipality and signed by the Mayor and by the Deputy Treasurer thereof.

Date of Registration: February 01, 2013

(Seal)

Jeff Lehman, Mayor

Craig Millar, Deputy Treasurer

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 By-law Number (the "By-law") of The Corporation of The City of Barrie (the "Municipality") authorizing the issue of amortizing debentures in the principal amount of \$23,179,072.00 dated February 01, 2013 and maturing on February 01, 2023 and payable in semi-annual instalments of combined (blended) principal and interest on the 1st day of August and on the 1st day of February in each of the years 2013 to 2023, both inclusive.

In our opinion, the By-law has been properly passed and is within the legal powers of the Municipality. The debenture issued under the By-law in the within form (the "Debenture") is the direct, unsecured and unsubordinated obligation of the Municipality. The Debenture is enforceable against the Municipality subject to the special jurisdiction and powers of the Ontario Municipal Board over defaulting municipalities under the *Municipal Affairs Act*. This opinion is subject to and incorporates all the assumptions, qualifications and limitations set out in our opinion letter.

February 01, 2013

\_\_\_\_\_  
Barriston 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 and unsubordinated obligations of the Municipality. The Debentures rank concurrently and equally in respect of payment of principal and interest with all other debentures of the Municipality 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 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 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 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 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 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 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 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 Municipality to the persons registered as holders in the registry on the relevant record date. The 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 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 August 01, 2013-(other than in respect of the final payment of principal and outstanding interest on the final 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 registered holder may agree.
8. The 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 or Prime Rate (as defined below) plus 200 basis points, calculated on a daily basis from the date such amount becomes overdue for so long as such amount remains overdue and the 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 or 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.
11. The Debentures are transferable or exchangeable at the office of the Deputy Treasurer of the Municipality upon presentation for such purpose accompanied by an instrument of transfer or exchange in a form approved by the 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 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 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 Municipality with such evidence (including evidence as to the certificate number of the Debenture in question) and indemnity in respect thereof satisfactory to the Municipality in its discretion; and (c) surrendered to the 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 Municipality. When any of the Debentures are surrendered for transfer or exchange the Deputy Treasurer of the 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 Municipality. Where new Debentures are issued in substitution in these circumstances the 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 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 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) **"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.

**CERTIFICATE**

**To: Barriston LLP**

**IN THE MATTER OF an issue of a 10 year, 0.00% amortizing debenture of The Corporation of The City of Barrie (the "Municipality") in the aggregate principal amount of \$23,179,072.00, authorized by Debenture By-law Number (the "Debenture By-law")**

I, Craig Millar, Deputy Treasurer of the Municipality, **DO HEREBY CERTIFY THAT:**

1. The Municipality has received from the Ministry of Municipal Affairs and Housing its annual debt and financial obligation limit for the year 2012 (the "2012 Limit")<sup>1</sup>.
2. With respect to the undertaking described in the Debenture By-law, before the Council of the Municipality authorized each project described in Schedule "A" to the Debenture By-law (the "Project"), the Deputy Treasurer updated the 2012 Limit<sup>1</sup> in accordance with **Ontario Regulation 403/02** (the "Regulation") and determined that the estimated annual amount payable in respect of each Project, would not cause the Municipality to reach or to exceed its updated limit as at the date of the Council's approval of each Project, and the Deputy Treasurer determined that the approval of the Ontario Municipal Board under the *Ontario Municipal Board Act* was not required.
3. As at the date hereof the Municipality has not reached or exceeded its updated 2013 Limit<sup>2</sup>.
4. In updating the 2012 Limit<sup>1</sup>, the estimated annual amount payable described in Section 4(2) of the Regulation was determined based on current interest rates and amortization periods which do not, in any case, exceed the lifetime of any of the purposes of the Municipality described in such section, all in accordance with the recommendations of the Public Sector Accounting Board.
5. The term within which the debentures to be issued for the Municipality in respect of each Project pursuant to the Debenture By-law are made payable does not exceed the lifetime of each such Project.
6. The principal amount now being debentured in respect of each Project does not exceed the net cost of each such Project to the Municipality.

**DATED** at The City of Barrie as at the 1st day of February, 2013

<sup>1</sup> Limit used when authorizing the Project

<sup>2</sup> Most recent limit received from MMAH

[AFFIX SEAL]

\_\_\_\_\_  
Craig Millar, Deputy Treasurer

**CERTIFICATE OF SIGNATURE AND NO LITIGATION**

**TO: Barriston LLP**

**IN THE MATTER OF an issue of a 10 year, X.XX% amortizing debenture of The Corporation of The City of Barrie (the "Municipality") in the aggregate principal amount of \$23,179,072.00, authorized by Debenture By-law Number (the "Debenture By-law")**

I, Craig Millar, Deputy Treasurer of the Municipality, do hereby certify that on or before February 01, 2013, I as Deputy Treasurer, signed the fully registered amortizing debenture numbered in the principal amount of \$23,179,072.00 dated February 01, 2013, registered in the name of the Ontario Infrastructure and Lands Corporation and authorized by the Debenture By-law (the "OILC Debenture").

I further certify that on or before February 01, 2013, the OILC Debenture was signed by Jeff Lehman, Mayor of Municipality at the date of the execution and issue of the OILC Debenture, that the OILC Debenture was sealed with the seal of the Municipality, and that the OILC Debenture is in all respects in accordance with the Debenture By-law.

I further certify that the said Jeff Lehman, is the duly elected Mayor of the Municipality and that I am the duly appointed Deputy Treasurer of the Municipality and that we were severally authorized under the Debenture By-law to execute the OILC Debenture in the manner aforesaid and that the OILC Debenture is entitled to full faith and credence.

I further certify that no litigation or proceedings of any nature are now pending or threatened, attacking or in any way attempting to restrain or enjoin the issue and delivery of the OILC Debenture or in any manner questioning the proceedings and the authority under which the same is issued, or affecting the validity thereof, or contesting the title or official capacity of the said Mayor or myself as Deputy Treasurer of the Municipality, and no authority or proceedings for the issuance of the OILC Debenture or any part of it has been repealed, revoked or rescinded in whole or in part.

DATED at The City of Barrie as at the 1st day of February, 2013.

\_\_\_\_\_  
Craig Millar, Deputy Treasurer

I, Dawn McAlpine, Clerk of the Municipality do hereby certify that the signature of Craig Millar, the Deputy Treasurer of the Municipality described above, is true and genuine.

[AFFIX SEAL]

\_\_\_\_\_  
Dawn McAlpine, Clerk

**DECLARATION**

To: **Barriston LLP**

**IN THE MATTER OF an issue of a 10 year, 0.00% amortizing debenture of The Corporation of The City of Barrie (the "Municipality") in the aggregate principal amount of \$23,179,072.00, authorized by Debenture By-law Number (the "Debenture By-law")**

I, Dawn McAlpine, of The City of Barrie, in the Province of Ontario, do solemnly declare that:

1. I am the Clerk of the Municipality and as such have a personal knowledge of the matters herein declared to.
2. The Debenture By-law was finally passed and enacted by the Council of the Municipality on the 14th day of January, 2013 in full compliance with the *Municipal Act, 2001*, as amended (the "Act") at a duly called meeting at which a quorum was present. Forthwith after the passage of the Debenture By-law, the same was signed by the Mayor and the Clerk and sealed with the municipal seal of the Municipality.
3. All of the authorizing by-laws (the "Authorizing By-laws") referred to in Schedule "A" to the Debenture By-law have been enacted and passed by the Council of the Municipality in full compliance with the Act at meetings at which a quorum was present. Forthwith after the passage of the Authorizing By-laws the same were signed by the Mayor and by the Clerk and sealed with the municipal seal of the Municipality.
4. With respect to the undertaking described in the Debenture By-law, before the Council of the Municipality exercised any of its powers in respect of each Project, the Council caused its Deputy Treasurer to calculate an updated annual debt and financial obligation limit. Before the Council of the Municipality approved each Project, the Deputy Treasurer determined that the estimated annual amount payable in respect of each such Project would not cause the Municipality to reach or exceed its updated limit, with the result that the Council of the Municipality authorized each Project without the approval of the Ontario Municipal Board.
5. No application has been made or action brought to quash, set aside or declare invalid the Debenture By-law or the Authorizing By-laws nor have the same been in any way repealed, altered or amended except insofar as some of the Authorizing By-laws may have been amended by any of the Authorizing By-laws set forth in Schedule "A" and the Debenture By-law and the Authorizing By-laws are now in full force and effect.
6. All of the recitals contained in the Debenture By-law and the Authorizing By-laws are true in substance and fact.

7. To the extent that the public notice provisions of the Act are applicable, the Authorizing By-laws have been enacted and passed by the Council of the Municipality in full compliance with the applicable public notice provisions of the Act.
8. None of the debentures authorized to be issued by the Authorizing By-laws have been issued except for the debentures in the amount of \$23,179,072.00 which are now being issued to the Ontario Infrastructure and Lands Corporation ("OILC") pursuant to the Debenture By-law (the "OILC Debentures").
9. The principal amount now being debentured in respect of each Project does not exceed the net cost of each such Project to the Municipality.
10. The debenture certificate issued pursuant to the Debenture By-law (the "Debenture Certificate") has been signed by the Mayor and by the Deputy Treasurer of the Municipality. The Debenture Certificate is in all respects in accordance with the Debenture By-law and in issuing the OILC Debentures, the Municipality is not exceeding its borrowing powers.
11. The Municipality is not subject to any restructuring order under part V of the Act or other statutory authority, accordingly, no approval of the Authorizing By-laws and of the Debenture By-law and/or of the issue of the OILC Debentures is required by any transition board or commission appointed in respect of the restructuring of the municipality.
12. I certify that no litigation or proceedings of any nature are now pending or threatened, attacking or in any way attempting to restrain or enjoin the issue and delivery of the OILC Debenture authorized under the Debenture By-law, or in any manner questioning the proceedings and authority under which the same is issued, or the capacity of the said Mayor or of the said Deputy Treasurer of the Municipality, and no authority or proceedings for the issuance of the OILC Debenture or any part of it have been repealed, revoked or rescinded in whole or in part.
13. I further certify that the Authorizing By-laws and the Debenture By-law and the transactions contemplated thereby do not conflict with, or result in a breach or violation of any statutory provisions which apply to the Municipality or any agreement to which the Municipality is a party or under which the Municipality or any of its property is or may be bound, or, to the best of my knowledge, violate any order, award, judgment, determination, writ, injunction or decree applicable to the Municipality of any regulatory, administrative or other government or public body or authority, arbitrator or court.

AND I MAKE this solemn declaration conscientiously believing it to be true and knowing that it is of the same force and effect as if made under oath and by virtue of the *Canada Evidence Act*.

DECLARED BEFORE ME )  
at The City of Barrie, )  
in the Province of Ontario, )  
this 1st day of February, 2013 )

\_\_\_\_\_  
Dawn McAlpine, Clerk

---

A Commissioner for Oaths, etc.  
[Please Stamp]

[AFFIX SEAL]

**APPENDIX B -  
THE CORPORATION OF THE CITY OF BARRIE  
BY-LAW NUMBER**

**A BY-LAW OF THE CORPORATION OF THE CITY OF  
BARRIE TO AUTHORIZE THE BORROWING UPON  
AMORTIZING DEBENTURES IN THE PRINCIPAL  
AMOUNT OF \$29,192,879.00 TOWARDS THE COST OF  
SANITARY TRUNK SEWER AND BIOSOLIDS**

WHEREAS on June 6, 2011, the *Ontario Infrastructure and Lands Corporation Act, 2011* was proclaimed into force amalgamating the Ontario Realty Corporation, Ontario Infrastructure Projects Corporation, and the Stadium Corporation of Ontario Limited and such corporations were continued as a corporation without share capital under the name Ontario Infrastructure and Lands Corporation.

AND 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 Council of The Corporation of The City of Barrie (the "Municipality") has passed each By-law enumerated in column (1) of Schedule "A" attached hereto and forming part of this By-law authorizing each project described in column (2) of Schedule "A", 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 each project (the "Financing Agreement") and the Municipality desires to issue debentures for each project in the respective amounts specified in column (5) of Schedule "A";

AND WHEREAS before authorizing each project the Municipality had its Deputy 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, the Deputy Treasurer determined that the estimated annual amount payable in respect of each project would not cause the Municipality to exceed the updated limit and that the approval of each project by the Ontario Municipal Board was not required;

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

AND WHEREAS to provide long term financing for each project and to repay certain temporary advances in respect of each project made by OILC pursuant to the Financing Agreement dated effective as of November 26, 2012 (the "Advances"), it is now expedient to issue amortizing debentures in the principal amount of \$29,192,879.00 dated February 01, 2013 and maturing on February 01, 2023 and payable in semi-annual instalments of combined (blended) principal and interest on the 1st day of

August and on the 1st day of February in each of the years 2013 to 2033, both inclusive on the terms hereinafter set forth;

NOW THEREFORE THE COUNCIL OF THE CORPORATION OF THE CITY OF BARRIE ENACTS AS FOLLOWS:

22. For each project, the borrowing upon the credit of the Municipality of the principal sum of \$29,192,879.00 and the issue of amortizing debentures therefore upon the credit of the Municipality to be repaid in semi-annual instalments of combined (blended) principal and interest as hereinafter set forth, are hereby authorized.
23. The Mayor and the Deputy Treasurer of the Municipality are hereby authorized to cause any number of amortizing debentures to be issued for such sums of money as may be required for each project in definitive form, not exceeding in total the said sum of \$29,192,879.00 (the "Debentures"). The Debentures shall bear the Municipality's municipal seal and the signatures of the Mayor and the Deputy Treasurer of the Municipality, all in accordance with the provisions of the Act. The municipal seal of the 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.
24. The Debentures shall be in fully registered form as one or more certificates in the aggregate principal amount of \$29,192,879.00, 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 maturity 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 Municipality may agree.
25. In accordance with the provisions of section 25 of the *Ontario Infrastructure and Lands Corporation Act, 2011* as security for the payment by the Municipality of the indebtedness of the Municipality to OILC under the Debentures (the "Obligations"), the Municipality is hereby authorized to agree in writing with OILC that the Minister of Finance is entitled, without notice to the Municipality, to deduct from money appropriated by the Legislative Assembly of Ontario for payment to the Municipality, amounts not exceeding the amounts that the Municipality fails to pay OILC on account of the Obligations and to pay such amounts to OILC from the Consolidated Revenue Fund.
26. The Debentures shall all be dated the 1st day of February, 2013 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 0.00% and mature during a period of 20 years from the date thereof payable semi-annually in arrears as described in this section. The Debentures shall be paid in full by February 01, 2033 and payable in semi-annual instalments of combined (blended) principal and interest on the 1st day of August and on the 1st of February in each of the years 2013 to 2033, both inclusive, in such period shall be as set forth in Schedule "C" attached hereto and forming part of this By-law ("Schedule "C").

27. 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.
28. 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 or Prime Rate (as defined below) plus 200 basis points, calculated on a daily basis from the date such amounts become overdue for so long as such amounts remain overdue and the 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 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.

29. Each year in which a payment of an instalment of combined (blended) principal and interest becomes due, there shall be raised as part of the general levy the amounts of principal and interest payable in each year as set out in 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.
30. 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.
  31. The 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 Municipality is authorized to use electronic, magnetic or other media for records of or related to the Debentures or for copies of them.
  32. The 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 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 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 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 Municipality.
  33. The Debentures will be transferable or exchangeable at the office of the Deputy Treasurer of the Municipality upon presentation for such purpose accompanied by an instrument of transfer or exchange in a form approved by the 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 Mayor and the Deputy 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.

34. The Mayor and the Deputy 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 therefore shall have: (a) paid such costs as may have been incurred in connection therewith; (b) (in the case of a lost, stolen or destroyed Debenture) furnished the Municipality with such evidence (including evidence as to the certificate number of the Debenture in question) and indemnity in respect thereof satisfactory to the Municipality in its discretion; and (c) surrendered to the Municipality any mutilated or defaced Debentures in respect of which new Debentures are to be issued in substitution.
35. 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.
36. The cost of all transfers and exchanges, including the printing of authorized denominations of the new Debentures, shall be borne by the Municipality. When any of the Debentures are surrendered for transfer or exchange the Deputy Treasurer of the 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.
37. 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 Municipality. Where new Debentures are issued in substitution in these circumstances the 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.
38. 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.
39. The Mayor and the Deputy Treasurer are hereby authorized to cause the Debentures to be issued, the Clerk and Deputy Treasurer are individually

hereby authorized to generally do all things and to execute all documents and other papers in the name of the Municipality in order to carry out the issue of the Debentures and the Deputy Treasurer is authorized to affix the Municipality's municipal seal to any of such documents and papers.

40. 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 each project and for no other purpose except as permitted by the Act.
41. Subject to the Municipality's investment policies and goals, the applicable legislation and the terms and conditions of the Debentures, the 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 Municipality may in its discretion determine.

---

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

By-law read a first and second time this 14th day of January, 2013

By-law read a third time and finally passed this 14th day of January, 2013

\_\_\_\_\_  
Jeff Lehman, Mayor

\_\_\_\_\_  
Dawn McAlpine, Clerk

[AFFIX SEAL]

---

THE CORPORATION OF THE CITY OF BARRIE  
Schedule "A" to By-law Number

<b>By-law</b>	<b>Project Description</b>	<b>Approved Amount to be Financed Through the Issue of Debentures</b>	<b>Amount of Debentures Previously Issued</b>	<b>Amount of Debentures to be Issued</b>	<b>Term of Years of Debentures</b>
2012-170	Various projects	\$29,192,879.00	\$0.00	\$29,192,879.00	20

THE CORPORATION OF THE CITY OF BARRIE  
Schedule "B" to By-law Number

No.

\$29,192,879.00

CANADA  
Province of Ontario  
THE CORPORATION OF THE CITY OF BARRIE

FULLY REGISTERED 0.00% AMORTIZING DEBENTURE

THE CORPORATION OF THE CITY OF BARRIE, 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 (February 01, 2023), the principal sum of

TWENTY-NINE MILLION, ONE HUNDRED NINETY-TWO THOUSAND, EIGHT  
HUNDRED AND SEVENTY-NINE DOLLARS

----- (\$29,192,879.00) -----

by semi-annual instalments of combined (blended) principal and interest on the 1st day of August and on the 1st day of February in each of the years 2013 to 2033, both inclusive, in the amounts set forth in the attached Amortizing 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 1st day of February, 2013, or from the last date on which interest has been paid on this debenture, whichever is later, at the rate of X.XX% per annum, in arrears, on the specified dates, as set forth in the Schedule, 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 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 Municipality, to deduct from money appropriated by the Legislative Assembly of Ontario for payment to the Municipality, amounts not exceeding any amounts that the Municipality fails to pay OILC on account of indebtedness evidenced by this debenture, and to pay such amounts to OILC from the Consolidated Revenue Fund.

This debenture is subject to the Conditions.

DATED at The City of Barrie the 1st day of February, 2013

IN TESTIMONY WHEREOF and under the authority of By-law Number of the Municipality duly passed on the 14th day of January, 2013 (the "By-law"), this debenture is sealed with the municipal seal of the Municipality and signed by the Mayor and by the Deputy Treasurer thereof.

Date of Registration: February 01, 2013

\_\_\_\_\_

(Seal) \_\_\_\_\_

Jeff Lehman, Mayor

Craig Millar, Deputy Treasurer

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 By-law Number (the "By-law") of The Corporation of The City of Barrie (the "Municipality") authorizing the issue of amortizing debentures in the principal amount of \$29,192,879.00 dated February 01, 2013 and maturing on February 01, 2033 and payable in semi-annual instalments of combined (blended) principal and interest on the 1st day of August and on the 1st day of February in each of the years 2013 to 2033, both inclusive.

In our opinion, the By-law has been properly passed and is within the legal powers of the Municipality. The debenture issued under the By-law in the within form (the "Debenture") is the direct, unsecured and unsubordinated obligation of the Municipality. The Debenture is enforceable against the Municipality subject to the special jurisdiction and powers of the Ontario Municipal Board over defaulting municipalities under the *Municipal Affairs Act*. This opinion is subject to and incorporates all the assumptions, qualifications and limitations set out in our opinion letter.

February 01, 2013

\_\_\_\_\_  
Barriston 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 and unsubordinated obligations of the Municipality. The Debentures rank concurrently and equally in respect of payment of principal and interest with all other debentures of the Municipality 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 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 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 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 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 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 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 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 Municipality to the persons registered as holders in the registry on the relevant record date. The 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 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 August 01, 2013 (other than in respect of the final payment of principal and outstanding interest on the final 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 registered holder may agree.
8. The 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 or Prime Rate (as defined below) plus 200 basis points, calculated on a daily basis from the date such amount becomes overdue for so long as such amount remains overdue and the 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 or 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.
11. The Debentures are transferable or exchangeable at the office of the Deputy Treasurer of the Municipality upon presentation for such purpose accompanied by an instrument of transfer or exchange in a form approved by the 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 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 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 Municipality with such evidence (including evidence as to the certificate number of the Debenture in question) and indemnity in respect thereof satisfactory to the Municipality in its discretion; and (c) surrendered to the 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 Municipality. When any of the Debentures are surrendered for transfer or exchange the Deputy Treasurer of the 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 Municipality. Where new Debentures are issued in substitution in these circumstances the 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 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 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) **"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 CORPORATION OF THE CITY OF BARRIE**  
**Schedule "C" to By-law Number**

[OILC Repayment Schedule to be Inserted]

No.

\$29,192,879.00

CANADA  
Province of Ontario  
THE CORPORATION OF THE CITY OF BARRIE

FULLY REGISTERED X.XX % AMORTIZING DEBENTURE

THE CORPORATION OF THE CITY OF BARRIE (the "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 (February 01, 2033), the principal sum of

TWENTY-NINE MILLION, ONE HUNDRED NINETY-TWO THOUSAND, EIGHT HUNDRED SEVENTY-NINE DOLLARS

-----\$29,192,879.00-----

by semi-annual instalments of combined (blended) principal and interest on the 1st day of August and on the 1st day of February in each of the years 2013 to 2033, both inclusive, in the amounts set forth in the attached Amortizing 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 1st day of February, 2013, or from the last date on which interest has been paid on this debenture, whichever is later, at the rate of X.XX% per annum, in arrears, on the specified dates, as set forth in the Schedule, 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 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 Municipality, to deduct from money appropriated by the Legislative Assembly of Ontario for payment to the Municipality, amounts not exceeding any amounts that the Municipality fails to pay to OILC on account of the indebtedness evidenced by this debenture, and to pay such amounts to OILC from the Consolidated Revenue Fund.

This debenture is subject to the Conditions.

DATED at The City of Barrie 1st day of February, 2013.

IN TESTIMONY WHEREOF and under the authority of By-law Number of the Municipality duly passed on the 14th day of January, 2013 (the "By-law"), this debenture is sealed with the municipal seal of the Municipality and signed by the Mayor and by the Deputy Treasurer thereof.

Date of Registration: February 01, 2013

(Seal)

\_\_\_\_\_  
Jeff Lehman, Mayor

\_\_\_\_\_  
Craig Millar, Deputy Treasurer

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 By-law Number (the "By-law") of The Corporation of The City of Barrie (the "Municipality") authorizing the issue of amortizing debentures in the principal amount of \$29,192,879.00 dated February 01, 2013 and maturing on February 01, 2033 and payable in semi-annual instalments of combined (blended) principal and interest on the 1st day of August and on the 1st day of February in each of the years 2013 to 2033, both inclusive.

In our opinion, the By-law has been properly passed and is within the legal powers of the Municipality. The debenture issued under the By-law in the within form (the "Debenture") is the direct, unsecured and unsubordinated obligation of the Municipality. The Debenture is enforceable against the Municipality subject to the special jurisdiction and powers of the Ontario Municipal Board over defaulting municipalities under the *Municipal Affairs Act*. This opinion is subject to and incorporates all the assumptions, qualifications and limitations set out in our opinion letter.

February 01, 2013

\_\_\_\_\_  
Barriston 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 and unsubordinated obligations of the Municipality. The Debentures rank concurrently and equally in respect of payment of principal and interest with all other debentures of the Municipality 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 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 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 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 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 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 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 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 Municipality to the persons registered as holders in the registry on the relevant record date. The 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 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 August 01, 2013-(other than in respect of the final payment of principal and outstanding interest on the final 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 registered holder may agree.
8. The 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 or Prime Rate (as defined below) plus 200 basis points, calculated on a daily basis from the date such amount becomes overdue for so long as such amount remains overdue and the 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 or 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.
11. The Debentures are transferable or exchangeable at the office of the Deputy Treasurer of the Municipality upon presentation for such purpose accompanied by an instrument of transfer or exchange in a form approved by the 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 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 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 Municipality with such evidence (including evidence as to the certificate number of the Debenture in question) and indemnity in respect thereof satisfactory to the Municipality in its discretion; and (c) surrendered to the 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 Municipality. When any of the Debentures are surrendered for transfer or exchange the Deputy Treasurer of the 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 Municipality. Where new Debentures are issued in substitution in these circumstances the 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 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 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:**

- (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.

**CERTIFICATE**

**To: Barriston LLP**

**IN THE MATTER OF an issue of a 20 year, X.XX% amortizing debenture of The Corporation of The City of Barrie (the "Municipality") in the aggregate principal amount of \$29,192,879.00, authorized by Debenture By-law Number (the "Debenture By-law")**

**I, Craig Millar, Deputy Treasurer of the Municipality, DO HEREBY CERTIFY THAT:**

1. The Municipality has received from the Ministry of Municipal Affairs and Housing its annual debt and financial obligation limit for the year 2012 (the "2012 Limit")<sup>1</sup>.
7. With respect to the undertaking described in the Debenture By-law, before the Council of the Municipality authorized each project described in Schedule "A" to the Debenture By-law (the "Project"), the Deputy Treasurer updated the 2012 Limit<sup>1</sup> in accordance with **Ontario Regulation 403/02** (the "Regulation") and determined that the estimated annual amount payable in respect of each Project, would not cause the Municipality to reach or to exceed its updated limit as at the date of the Council's approval of each Project, and the Deputy Treasurer determined that the approval of the Ontario Municipal Board under the *Ontario Municipal Board Act* was not required.
8. As at the date hereof the Municipality has not reached or exceeded its updated 2013 Limit<sup>2</sup>.
9. In updating the 2012 Limit<sup>1</sup>, the estimated annual amount payable described in Section 4(2) of the Regulation was determined based on current interest rates and amortization periods which do not, in any case, exceed the lifetime of any of the purposes of the Municipality described in such section, all in accordance with the recommendations of the Public Sector Accounting Board.
10. The term within which the debentures to be issued for the Municipality in respect of each Project pursuant to the Debenture By-law are made payable does not exceed the lifetime of each such Project.
11. The principal amount now being debentured in respect of each Project does not exceed the net cost of each such Project to the Municipality.

**DATED** at The City of Barrie as at the 1st day of February, 2013

<sup>1</sup> Limit used when authorizing the Project

<sup>2</sup> Most recent limit received from MMAH

[AFFIX SEAL]

\_\_\_\_\_  
Craig Millar, Deputy Treasurer

**CERTIFICATE OF SIGNATURE AND NO LITIGATION**

**TO: Barriston LLP**

**IN THE MATTER OF an issue of a 10 year, X.XX% amortizing debenture of The Corporation of The City of Barrie (the "Municipality") in the aggregate principal amount of \$29,192,879.00, authorized by Debenture By-law Number (the "Debenture By-law")**

I, Craig Millar, Deputy Treasurer of the Municipality, do hereby certify that on or before February 01, 2013, I as Deputy Treasurer, signed the fully registered amortizing debenture numbered in the principal amount of \$29,192,879.00 dated February 01, 2013, registered in the name of the Ontario Infrastructure and Lands Corporation and authorized by the Debenture By-law (the "OILC Debenture").

I further certify that on or before February 01, 2013, the OILC Debenture was signed by Jeff Lehman, Mayor of Municipality at the date of the execution and issue of the OILC Debenture, that the OILC Debenture was sealed with the seal of the Municipality, and that the OILC Debenture is in all respects in accordance with the Debenture By-law.

I further certify that the said Jeff Lehman, is the duly elected Mayor of the Municipality and that I am the duly appointed Deputy Treasurer of the Municipality and that we were severally authorized under the Debenture By-law to execute the OILC Debenture in the manner aforesaid and that the OILC Debenture is entitled to full faith and credence.

I further certify that no litigation or proceedings of any nature are now pending or threatened, attacking or in any way attempting to restrain or enjoin the issue and delivery of the OILC Debenture or in any manner questioning the proceedings and the authority under which the same is issued, or affecting the validity thereof, or contesting the title or official capacity of the said Mayor or myself as Deputy Treasurer of the Municipality, and no authority or proceedings for the issuance of the OILC Debenture or any part of it has been repealed, revoked or rescinded in whole or in part.

DATED at The City of Barrie as at the 1st day of February, 2013.

\_\_\_\_\_  
Craig Millar, Deputy Treasurer

I, Dawn McAlpine, Clerk of the Municipality do hereby certify that the signature of Craig Millar, the Deputy Treasurer of the Municipality described above, is true and genuine.

[AFFIX SEAL]

\_\_\_\_\_  
Dawn McAlpine, Clerk

**DECLARATION**

**To: Barriston LLP**

**IN THE MATTER OF an issue of a 20 year, X.XX% amortizing debenture of The Corporation of The City of Barrie (the "Municipality") in the aggregate principal amount of \$29,192,879.00, authorized by Debenture By-law Number (the "Debenture By-law")**

I, Dawn McAlpine, of The City of Barrie, in the Province of Ontario, do solemnly declare that:

14. I am the Clerk of the Municipality and as such have a personal knowledge of the matters herein declared to.

15. The Debenture By-law was finally passed and enacted by the Council of the Municipality on the 14th day of January, 2013 in full compliance with the *Municipal Act, 2001*, as amended (the "Act") at a duly called meeting at which a quorum was present. Forthwith after the passage of the Debenture By-law, the same was signed by the Mayor and the Clerk and sealed with the municipal seal of the Municipality.

16. All of the authorizing by-laws (the "Authorizing By-laws") referred to in Schedule "A" to the Debenture By-law have been enacted and passed by the Council of the Municipality in full compliance with the Act at meetings at which a quorum was present. Forthwith after the passage of the Authorizing By-laws the same were signed by the Mayor and by the Clerk and sealed with the municipal seal of the Municipality.

17. With respect to the undertaking described in the Debenture By-law, before the Council of the Municipality exercised any of its powers in respect of each Project, the Council caused its Deputy Treasurer to calculate an updated annual debt and financial obligation limit. Before the Council of the Municipality approved each Project, the Deputy Treasurer determined that the estimated annual amount payable in respect of each such Project would not cause the Municipality to reach or exceed its updated limit, with the result that the Council of the Municipality authorized each Project without the approval of the Ontario Municipal Board.

18. No application has been made or action brought to quash, set aside or declare invalid the Debenture By-law or the Authorizing By-laws nor have the same been in any way repealed, altered or amended except insofar as some of the Authorizing By-laws may have been amended by any of the Authorizing By-laws set forth in Schedule "A" and the Debenture By-law and the Authorizing By-laws are now in full force and effect.

19. All of the recitals contained in the Debenture By-law and the Authorizing By-laws are true in substance and fact.

20. To the extent that the public notice provisions of the Act are applicable, the Authorizing By-laws have been enacted and passed by the Council of the Municipality in full compliance with the applicable public notice provisions of the Act.

21. None of the debentures authorized to be issued by the Authorizing By-laws have been issued except for the debentures in the amount of \$29,192,879.00 which are now being issued to the Ontario Infrastructure and Lands Corporation ("OILC") pursuant to the Debenture By-law (the "OILC Debentures").

22. The principal amount now being debentured in respect of each Project does not exceed the net cost of each such Project to the Municipality.

23. The debenture certificate issued pursuant to the Debenture By-law (the "Debenture Certificate") has been signed by the Mayor and by the Deputy Treasurer of the Municipality. The Debenture Certificate is in all respects in accordance with the Debenture By-law and in issuing the OILC Debentures, the Municipality is not exceeding its borrowing powers.

24. The Municipality is not subject to any restructuring order under part V of the Act or other statutory authority, accordingly, no approval of the Authorizing By-laws and of the Debenture By-law and/or of the issue of the OILC Debentures is required by any transition board or commission appointed in respect of the restructuring of the municipality.

25. I certify that no litigation or proceedings of any nature are now pending or threatened, attacking or in any way attempting to restrain or enjoin the issue and delivery of the OILC Debenture authorized under the Debenture By-law, or in any manner questioning the proceedings and authority under which the same is issued, or the capacity of the said Mayor or of the said Deputy Treasurer of the Municipality, and no authority or proceedings for the issuance of the OILC Debenture or any part of it have been repealed, revoked or rescinded in whole or in part.

26. I further certify that the Authorizing By-laws and the Debenture By-law and the transactions contemplated thereby do not conflict with, or result in a breach or violation of any statutory provisions which apply to the Municipality or any agreement to which the Municipality is a party or under which the Municipality or any of its property is or may be bound, or, to the best of my knowledge, violate any order, award, judgment, determination, writ, injunction or decree applicable to the Municipality of any regulatory, administrative or other government or public body or authority, arbitrator or court.

AND I MAKE this solemn declaration conscientiously believing it to be true and knowing that it is of the same force and effect as if made under oath and by virtue of the *Canada Evidence Act*.

DECLARED BEFORE ME )  
at The City of Barrie, )  
in the Province of Ontario, )  
this 1st day of February, 2013 )

\_\_\_\_\_  
Dawn McAlpine, Clerk

\_\_\_\_\_  
A Commissioner for Oaths, etc.  
[Please Stamp]

[AFFIX SEAL]