

THE CORPORATION OF THE CITY OF
BROCKVILLE

BY-LAW NUMBER 120-2004

A by-law to authorize the borrowing upon debentures in the aggregate principal amount of \$3,921,760 for the purposes of The Corporation of the City of Brockville

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 Brockville (the "**Municipality**") has authorized the purposes of the Municipality (individually a "**Project**", collectively the "**Projects**") set out in Column (2) of Schedule "A" attached hereto and forming part of this By-law ("**Schedule "A"**") and desires to issue debentures for the Projects in the respective amounts specified in Column (5) of Schedule "A";

AND WHEREAS before authorizing each Project and before authorizing any additional cost amounts and any additional debenture authorities in respect thereof, the Municipality had its Treasurer update its most recent annual debt and financial obligation limit received from the Ministry of Municipal Affairs and Housing in accordance with the applicable regulation and, prior to authorizing each Project, each such additional cost amount and each such additional debenture authority, the Treasurer determined that the estimated annual amount payable in respect of each Project, each such additional cost amount and each such additional debenture authority would not cause the Municipality to exceed the updated limit and that the approval of each Project, each such additional cost amount and each such additional debenture authority by the Ontario Municipal Board was not required;

AND WHEREAS to provide long term financing for the Projects it is now deemed to be expedient to borrow money by the issue and sale of debentures of the Municipality in the aggregate principal amount of \$3,921,760 payable at the times and bearing interest at the rates hereinafter set forth;

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

1. For the Projects, the borrowing upon the credit of the Municipality at large of the principal sum of \$3,921,760 and the issue of debentures therefor within the respective term of years set out in Column (6) of Schedule "A" to be repaid in

annual instalments of principal and semi-annual instalments of interest in minimum denominations of \$1,000, as hereinafter set forth, are hereby authorized.

2. The Mayor and the Treasurer of the Municipality are hereby authorized to cause any number of debentures in the aggregate principal amount of \$3,921,760, as described in section 1 above (the "**Debentures**"), payable in annual instalments of principal with semi-annual instalments of interest thereon to be issued for such sums of money as may be required for the Projects in definitive forms, not exceeding in total the said sum of \$3,921,760. The Debentures shall bear the Municipality's municipal seal and the signatures of the Mayor and the 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. The Debentures shall be issued substantially in the form attached as **Schedule "B"** hereto and forming part of this By-law with provision for payment of principal upon presentation and surrender at the principal office of Bank of Montreal in the City of Brockville or at the principal office of the said Bank in either of the Cities of Toronto or Montreal, at the holder's option, and for payment of interest by cheque sent by post to the registered address of the registered holder or, if the Municipality and the registered holder of the Debenture so consent, by electronic transfer of payment in respect of such interest to the credit of such registered holder on such terms as to which the registered holder and the Municipality may agree.
3. (1) The Debentures shall all be dated the 15th day of December, 2004 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 mature within the term of 10 years and the respective amounts of principal and interest payable in each of the years in such period shall be as set forth in Schedule "C" attached hereto and forming part of this By-law ("**Schedule "C"**"). The Debentures maturing in the year 2005 shall bear interest at the rate of 2.80% per annum, the Debentures maturing in the year 2006 shall bear interest at the rate of 3.25% per annum, the Debentures maturing in the year 2007 shall bear interest at the rate of 3.75% per annum, the Debentures maturing in the year 2008 shall bear interest at the rate of 4.10% per annum, the Debentures maturing in the year 2009 shall bear interest at the rate of 4.35% per annum, the Debentures maturing in the year 2010 shall bear interest at the rate of 4.75% per annum, the Debentures maturing in the year 2011 shall bear interest at the rate of 5.00% per annum, the Debentures maturing in the year 2012 shall bear interest at the rate of 5.35% per annum, the Debentures maturing in the year 2013 shall bear interest at the rate of 5.60% per

per annum and the Debentures maturing in the year 2014 shall bear interest at the rate of 5.80% per annum.

(2) Payments in respect of principal of and interest on the Debentures shall be made only on a day on which banking institutions in Toronto, Ontario are not authorized or obligated by law or executive order to be closed (a "**Business Day**") and if any date for payment is not a Business Day, payment shall be made on the next following Business Day and no further interest shall be paid in respect of the delay in such payment.

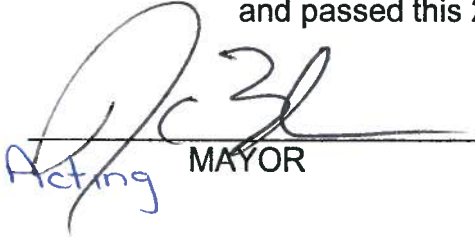
4. Interest shall be payable to the date of maturity of the Debentures and on default shall be payable both before and after default and judgment. Any amounts payable by the Municipality as interest on overdue principal or interest in respect of the Debentures shall be paid out of current revenue. Whenever it is necessary to compute any amount of interest in respect of the Debentures for a period of less than one full year, other than with respect to regular semi-annual interest payments, such interest shall be calculated on the basis of the actual number of days in the period and a year of 365 days or 366 days, if applicable.
5. In each year in which a payment of an instalment of principal and interest becomes due in respect of the Debentures there shall be raised as part of the general 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.
6. 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.
7. 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.
8. 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 the Debentures, as the absolute owners thereof for all purposes whatsoever notwithstanding any notice to the contrary and all payments to or to the order of registered holders shall be valid and effectual to discharge the liability of the 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

9. 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.
10. The Debentures are transferable or exchangeable at the office of the 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 Treasurer shall issue and deliver a new Debenture or Debentures of an equal aggregate principal amount in any authorized denomination or denominations as directed by the transferee, in the case of a transfer or as directed by the registered holder in the case of an exchange.
11. The Mayor and the Treasurer shall issue and deliver new Debentures in exchange or substitution for Debentures outstanding on the registry with the same maturity dates and of like form which have become lost, stolen, mutilated, defaced or destroyed, provided that the applicant therefor shall have: (a) paid such costs as may have been incurred in connection therewith; (b) (in the case of a lost, stolen or destroyed Debenture) furnished the 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 Debenture in respect of which new Debentures are to be issued in substitution.
12. The Debentures issued upon any registration of transfer or exchange or in substitution for any Debentures or part thereof shall carry all the rights to interest if any, accrued and unpaid which were carried by such Debentures or part thereof and shall be so dated and shall bear the same maturity dates and, subject to the provisions of this By-law, shall be subject to the same terms and conditions as the Debentures in respect of which the transfer, exchange or substitution is effected.
13. The cost of all transfers and exchanges, including the printing of authorized denominations of the new Debentures, shall be borne by the Municipality. When any of the Debentures are surrendered for transfer or exchange the Treasurer of the Municipality shall: (a) in the case of an exchange, cancel and destroy the

14. 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 interest cheques or 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. 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.
17. (1) The Mayor and the Treasurer are hereby authorized to cause the Debentures to be issued, the Treasurer and the Clerk are hereby severally authorized to generally do all things and to execute all other documents and papers in the name of The Corporation of the City of Brockville in order to carry out the sale of the Debentures and the Treasurer is authorized to affix the Municipality's municipal seal to any of such documents and papers.

(2) The proceeds realized in respect of the Debentures, after providing for the discount, if any, and the expenses related to their issue, shall be apportioned and applied to the Projects and to no other purpose except as permitted by the Act.
18. Subject to the Municipality's investment policies and goals and the applicable legislation, 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.
19. This By-law shall come into force and take effect on the day upon which it is passed.

Given under the Seal of The
Corporation of the City of Brockville
and passed this 28th Day of September, 2004


Acting MAYOR


CLERK

THE CORPORATION OF THE CITY OF BROCKVILLE

SCHEDULE "A" TO BY-LAW NUMBER 120-2004

(1)	(2)	(3)	(4)	(5)	(6)
By-law	Project Description (MOE Certificate of Approval # - D/M/Y)	Approved Amount to be Financed Through the Issue of Debentures \$	Amount of Debentures Previously Issued \$	Amount of Debentures to be Issued \$	Term of Years
051-2004 103-2004	King Street West reconstruction	531,923.22	Nil	531,923.00	10
106-2004 108-2004	Pearl Street reconstruction (Maple Street to Dales Street)	457,185.53	Nil	457,185.00	10
063-2004	Pierce custom contender pumper construction	307,791.00	Nil	307,791.00	10
107-2004	Purchase of sander/plow/dump truck – 5 ton	207,758.00	Nil	207,758.00	10
104-2004	Landfill site closure Phase 2 of 3 (A440101 – 19/04/01)	250,000.00	Nil	250,000.00	10
105-2004 108-2004	Parkdale Avenue reconstruction (Ormond Street to Broome Road)	2,167,103.00	Nil	2,167,103.00	10
TOTAL				3,921,760.00	

THE CORPORATION OF THE CITY OF BROCKVILLE

Schedule "B" to By-law Number 120-2004

No. •

\$•

CANADA
Province of Ontario
THE CORPORATION OF THE CITY OF BROCKVILLE

FULLY REGISTERED DEBENTURE

THE CORPORATION OF THE CITY OF BROCKVILLE (the "**Municipality**"), for value received, hereby promises to pay to

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or registered assigns, upon presentation and surrender of this debenture subject to the Conditions attached hereto which form part hereof (the "**Conditions**"), the principal sum of

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ON THE • DAY OF DECEMBER, •

in lawful money of Canada, at the principal office of Bank of Montreal in the City of Brockville, or the principal office of the said Bank in either of the Cities of Toronto or Montreal, at the holder's option, and to pay interest thereon to the maturity date of this debenture, in like money in semi-annual payments from December 15, 2004, or the last date on which interest has been paid on this debenture, whichever is later (each, a "**Payment Date**"), in the manner provided in the Conditions. Subject to the Conditions, interest shall be paid on default at the rate of

•% PER ANNUM

both before and after default and judgment.

This debenture is subject to the Conditions.

DATED at the City of Brockville the 15th day of December, 2004.

IN TESTIMONY WHEREOF and under the authority of By-law Number 120-2004 of the Municipality duly passed on the 28th day of September, 2004 (the "**Debenture By-law**"), this debenture is sealed with the municipal seal of the Municipality and signed by the Mayor and by the Treasurer thereof.

Date of Registration: December 15, 2004

Mayor

(seal)

Treasurer

LEGAL OPINION

We have examined By-law Number 120-2004 (the "**Debenture By-law**") of the Municipality authorizing the issue of debentures in the principal amount of \$3,921,760 dated September 28, 2004 and maturing in ten (10) instalments of principal of varying amounts on the 15th day of December in each of the years 2005 to 2014, both inclusive.

In our opinion, the Debenture By-law has been properly passed and is within the legal powers of the Municipality. The debentures issued thereunder in the within form are direct, unsecured and unsubordinated obligations of the Municipality, enforceable against the Municipality subject to the special jurisdiction and powers of the Ontario Municipal Board over defaulting municipalities under the *Municipal Affairs Act*, as amended. This opinion is subject to and incorporates all the assumptions, qualifications and limitations set out in our opinion letter delivered on the date of this debenture.

Toronto, December 15, 2004

BORDEN LADNER GERVAIS LLP

CONDITIONS OF DEBENTURE CERTIFICATE

Form, Denomination and Ranking

1. The debentures issued pursuant to the Debenture By-law (collectively the "Debentures" and individually a "Debenture") are issuable as fully registered Debentures without coupons in minimum denominations of \$1,000.

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.

Registration

3. The Municipality will keep at its designated office in the City of Brockville a registry in which shall be entered the names and addresses of the registered holders of Debentures and particulars of the Debentures held by them respectively and in which transfers, exchanges and substitutions of Debentures may be registered.

Title

4. 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.

Payments of Principal and Interest

5. The record date for purposes of payment of principal of and interest on the Debentures is as of 5:00 p.m. on the sixteenth calendar day preceding any Payment Date, including a maturity date. Principal of and interest on the Debentures are payable by the 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.

6. The Municipality shall make all payments in respect of principal upon presentation and surrender at the principal office of Bank of Montreal in the City of Brockville or at the principal office of the said Bank in either of the Cities of Toronto or Montreal, at the holder's option, and interest on the Debentures on each Payment Date, by forwarding by post, a cheque dated the due date for payment to the registered address of each registered holder of Debentures sufficiently in advance of the relevant due date that delivery of such cheques to the registered address of each registered holder on or before the due date is reasonably assured. All cheques mailed or otherwise delivered in accordance with this section shall be dated the due date for payment of the principal and interest in respect of which they are issued. Despite the foregoing, the Municipality may make payments in respect of principal and interest on any Debenture (other than in respect of the final payment of principal and outstanding interest payable on the maturity date upon presentation and surrender as aforesaid) the registered holder and the Municipality may agree.

7. Whenever it is necessary to compute any amount of interest in respect of the Debentures for a period of less than one full year, other than with respect to regular semi-annual interest payments, such interest shall be calculated on the basis of the actual number of days in the period and a year of 365 days or 366 days, if applicable.

8. Payments in respect of principal of and interest on the Debentures shall be made only on a day on which banking institutions in Toronto, Ontario, are not authorized or obligated by law or executive order to be closed (a "Business Day"), and if any date for payment is not a Business Day, payment shall be made on the next following Business Day and no further interest shall be paid in respect of the delay in such payment.

9. 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.

10. In the case of the death of one or more joint registered holders, despite section 9 of these Conditions, the principal of and interest on any Debentures registered in their names may be paid to the survivor or survivors of such holders and such payment shall constitute a valid discharge to the Municipality.

Transfers, Exchanges and Substitutions

11. Debentures are transferable or exchangeable at the office of the 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 Debentures in exchange for or in substitution for Debentures outstanding on the registry with the same maturity dates and of like form which have become lost, stolen, mutilated, defaced or destroyed provided that the applicant therefor shall have (i) paid such costs as may have been incurred in connection therewith; (ii) (in the case of a lost, stolen or destroyed Debenture) furnished the 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 (iii) surrendered to the Municipality any mutilated or defaced Debenture in respect of which new Debentures are to be issued in substitution.

13. Each Debenture executed and delivered upon any registration of transfer or exchange for or in substitution for any Debenture or part thereof shall carry all the rights to interest, if any, accrued and unpaid which were carried by such Debenture or part thereof and shall be so dated.

14. The Municipality shall not impose any fees in respect of the Debentures, in the normal course of business, other than reasonable fees for the issue of new Debentures or for the issue of new cheques in substitution for lost, stolen, mutilated, defaced or destroyed Debentures, interest cheques or principal and interest cheques.

Purchases

15. Subject to the investment policies and goals of the Municipality and the applicable legislation, the Municipality may, if not in default under the Debentures, at any time purchase Debentures in the open market or by tender or by private contract at any price and on such terms and conditions (including without limitation, the manner by which any tender offer may be communicated or accepted and the persons to whom it may be addressed) as the Municipality may in its discretion determine.

Notices

16. 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 Business Day (as defined in section 8 of these Conditions) then such notice may be given on the next following Business Day.

Time

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

Governing Law

18. 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.

The space hereunder is reserved for re-registration of this debenture by the Treasurer of the Municipality or by such other person as may be authorized by by-law of the Municipality

DATE OF REGISTRATION	NAME OF REGISTERED HOLDER	AUTHORIZED SIGNATURE

THE CORPORATION OF THE CITY OF BROCKVILLE

SCHEDULE "C" TO BY-LAW NUMBER 120-2004

Dated: December 15, 2004

Maturing: December 15, 2005-2014

YEAR	ANNUAL PRINCIPAL	INTEREST RATE	SEMI-ANNUAL INTEREST PAYMENTS		TOTAL ANNUAL PAYMENTS
	December 15 \$		June 15 \$	December 15 \$	\$
2005	335,760.00	2.80	89,837.89	89,837.89	515,435.78
2006	341,000.00	3.25	85,137.25	85,137.25	511,274.50
2007	350,000.00	3.75	79,596.00	79,596.00	509,192.00
2008	362,000.00	4.10	73,033.50	73,033.50	508,067.00
2009	376,000.00	4.35	65,612.50	65,612.50	507,225.00
2010	392,000.00	4.75	57,434.50	57,434.50	506,869.00
2011	410,000.00	5.00	48,124.50	48,124.50	506,249.00
2012	430,000.00	5.35	37,874.50	37,874.50	505,749.00
2013	453,000.00	5.60	26,372.00	26,372.00	505,744.00
2014	472,000.00	5.80	13,688.00	13,688.00	499,376.00
	<u>3,921,760.00</u>		<u>576,710.64</u>	<u>576,710.64</u>	<u>5,075,181.28</u>