WHEREAS the Municipal Act, 2001 (Ontario), as amended, (the “Act”) provides that a municipal power shall be exercised by by-law unless the municipality is specifically authorized to do otherwise;

AND WHEREAS the Act also provides that money received by a municipality from the sale of debentures, including any premium, and any earnings derived from the investment of that money, shall be applied only for the purposes for which the debentures were issued or for repayment of outstanding temporary borrowing under section 405 with respect to those debentures and shall not be applied towards payment of current or other expenditures of the municipality;

AND WHEREAS Ontario Infrastructure Projects Corporation (“OIPC”) has invited Ontario municipalities desirous of obtaining temporary and long term debt financing in order to meet capital expenditures incurred after December 31, 2003 in connection with eligible capital projects to make application to OIPC for such financing by completing and submitting an application on the form provided by OIPC;

AND WHEREAS The Corporation of the City of Peterborough (the “Municipality”) has submitted an application to OIPC dated July 14, 2008 to request financing in order to meet capital expenditures incurred in connection with the projects of the Municipality described therein (“Projects”) by way of long term borrowing through the issue of debentures to OIPC and by way of temporary borrowing from OIPC pending the issue of such debentures (the “Application”);

AND WHEREAS OIPC has accepted and approved the Application;

AND WHEREAS the Municipality understands that in the normal course, OIPC provides long term financing to single-tier municipalities, like the Municipality, in accordance with the terms and conditions of its standard form of financing agreement (the “Financing Agreement”) upon substantial completion of projects which have been approved for financing by OIPC;

AND WHEREAS, one of the Projects, the police facility renovation project described in the Application (the “Police Building project”) is not expected to be substantially complete until March, 2009 and the Municipality considers it to be in its best interests to arrange with OIPC to long term finance the Police Building project pursuant to the terms and conditions of a Financing Agreement through the issue of debentures in the maximum principal amount of $6,322,000 in 2008 (the “Debentures”);

AND WHEREAS OIPC has advised the Municipality that it will provide long term financing in respect of the Police Building project in 2008, prior to its substantial completion, provided the Municipality agrees to the terms and conditions of the Proposed Loan Term Sheet, dated July 27, 2008, and signed by Chad McCleave, VP, Finance, Voting Credit Committee Member of OIPC (the “Term Sheet”);
AND WHEREAS the Term Sheet, among other things, sets out a condition precedent to be fulfilled by the Municipality before it signs a Financing Agreement that relates to the Police Building project, such condition precedent being the passing of a by-law by the Municipality authorizing the Municipality “to place the excess or pre-flowed (non-invoiced portion) monies on the Police Building project into a ‘restricted reserve fund’”;

NOW THEREFORE THE CORPORATION OF THE CITY OF PETERBOROUGH BY THE COUNCIL THEREOF HEREBY ENACTS AS FOLLOWS:

1. That the Treasurer shall establish and maintain, so long as the Municipality owes money to OIPC pursuant to the Debentures or the Restricted Reserve Fund is depleted, as the case may be, the Restricted Reserve Fund in accordance with the condition precedent set out in the Term Sheet.

2. That upon the issue of the Debentures, the money received by the Municipality from OIPC in respect thereof, shall be applied only for the purpose of the Police Building project and, to the extent that any of such money is not required for the Police Building project, such excess shall be paid into the Restricted Reserve Fund.

3. That the money in the Restricted Reserve Fund shall be applied only for the purpose of the Police Building project and in this connection shall be used to pay to OIPC, when due, the principal and interest, including late payment interest charges, Net Present Value of the Debentures (as defined therein) and any other costs that may be owing on the Debentures. Pending the payment in full to OIPC of all amounts owing by the Municipality in respect of the Debentures, when due, the Municipality may invest the money in the Restricted Reserve Fund in prescribed securities, in accordance with the prescribed rules as provided in the Municipal Act, 2001 and the regulations thereunder.

4. That in the event that the total expenditures incurred in respect of the Police Building project, as of the time of its substantial completion, are less than the principal amount of the Debentures, the Municipality shall use the money in the Restricted Reserve Fund to pay to OIPC, when due, all amounts owing by the Municipality in respect of the Debentures until such time as the Restricted Reserve Fund is depleted.

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

By-law read a first, second and third time this 11th day of August, 2008

(Sgd.) D. Paul Ayotte, Mayor

(Sgd.) Nancy Wright-Laking, City Clerk
Loan Details: (to be completed by Credit Risk)

<table>
<thead>
<tr>
<th>Name</th>
<th>City of Peterborough</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sector</td>
<td>Municipalities</td>
</tr>
<tr>
<td>Service Area</td>
<td>Eastern Ontario, Peterborough County</td>
</tr>
<tr>
<td>Project</td>
<td>$1,150,000 Road paving</td>
</tr>
<tr>
<td></td>
<td>$870,000 Sidewalk reconstruction</td>
</tr>
<tr>
<td></td>
<td>$6,532,900 Police building renovation</td>
</tr>
<tr>
<td>Loan Amount</td>
<td>$854,800 Road paving</td>
</tr>
<tr>
<td></td>
<td>$700,000 Sidewalk reconstruction</td>
</tr>
<tr>
<td></td>
<td>$6,322,000 Police building renovation</td>
</tr>
<tr>
<td></td>
<td>$7,876,800 Total Approved</td>
</tr>
<tr>
<td>Term</td>
<td>10 Years Type Amortizing</td>
</tr>
</tbody>
</table>

Condition(s) Precedent (FA): (to be completed by all as required)

Non standard actions required before signing of Financing Agreements
1. Passing of a by-law to place the excess or pre-flowed (non-invoiced portion) monies on the Police Building project into a “restricted” reserve fund.

Financial Covenants: (to be completed by Credit Risk)

Non standard actions required of the borrower to be included in the Financing Agreements
1. Intercept provision
2. Restrictions on the “restricted” reserve fund: the excess or pre-flowed funds are to be drawn out of the reserve fund only for the Police Building project or for the future repayment of outstanding IO loans.

Project Mgmt Covenants/Requirements: (to be completed by Project Delivery)

Non standard actions required of the borrower to be included in the Financing Agreements
1. Borrower to have a qualified project manager in place and submit quarterly project reports to IO
2. 

Termination Provision(s): (to be completed by all as required)

Non-standard events resulting in termination of the loan to be included in the Financing Agreements
1. Failure to comply with the project management and/or financial covenants as described above
2. 

*Disclaimer: The proposed terms contained herein are for discussion purposes only and shall not be enforceable against any party, and shall have no force and effect, unless a Financing Agreement containing such proposed terms has been fully executed by all parties. This document is confidential and must not be distributed to any person not involved in the proposed transaction without the consent of Infrastructure Ontario. Infrastructure Ontario does not accept any liability whatsoever for any direct, indirect or consequential loss arising from any actions undertaken in reliance on anything contained in this proposed term sheet. This proposed term sheet is provided on the basis that you have the capability to make your own independent evaluation of the financial, market, legal, regulatory, credit, tax and accounting risks and consequences involved in the described transaction and its suitability for your purposes. 

Page 1 of 2

7/22/2008
Credit Monitoring/Reporting Requirements: (to be completed by Credit)
Required ongoing submissions to help monitor borrower’s performance and adherence to covenants after signing of the Financing Agreement

1. Submission of quarterly project reports to IO during the construction phase

Required Documentation: (to be completed by Corporate Legal)
All documentation required from the client prior to execution of the Financing Agreement

1. Borrowing By-Law (Original with Seal or Certified True Copy with Seal)
2. Certificate of No Litigation (Original with Seal)

Approval:

[Signature]
Chad McCleave
VP, Finance
Voting Credit Committee Member

[Signature]
July 24, 08
Date

*Disclaimer: The proposed terms contained herein are for discussion purposes only and shall not be enforceable against any party, and shall have no force and effect, unless a Financing Agreement containing such proposed terms has been fully executed by all parties. This document is confidential and must not be distributed to any person not involved in the proposed transaction without the consent of Infrastructure Ontario. Infrastructure Ontario does not accept any liability whatsoever for any direct, indirect or consequential loss arising from any actions undertaken in reliance on anything contained in this proposed term sheet. This proposed term sheet is provided on the basis that you have the capability to make your own independent evaluation of the financial, market, legal, regulatory, credit, tax and accounting risks and consequences involved in the described transaction and its suitability for your purposes.