THE CORPORATION OF THE CITY OF PETERBOROUGH

BY-LAW NUMBER 04-006

A BY-LAW TO AUTHORIZE APPROVAL OF SUBMISSION OF AN APPLICATION TO THE ONTARIO MUNICIPAL ECONOMIC INFRASTRUCTURE FINANCING AUTHORITY (“OMEIFA”) FOR FINANCING CERTAIN ONGOING CAPITAL WORKS OF THE CORPORATION OF THE CITY OF PETERBOROUGH (THE “MUNICIPALITY”); TO AUTHORIZE TEMPORARY BORROWING FROM OMEIFA TO MEET EXPENDITURES IN CONNECTION WITH SUCH WORKS; AND TO AUTHORIZE LONG TERM BORROWING FROM OMEIFA FOR SUCH WORKS THROUGH THE ISSUE OF DEBENTURES TO OMEIFA

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 Council of the Municipality has passed the by-laws enumerated in column (1) of Schedule “A” attached hereto and forming part of this By-law (“Schedule “A”) authorizing the capital works described in column (2) of Schedule “A” (individually a “Project”, collectively the “Projects”) in the amount of the respective estimated expenditure set out in column (3) of Schedule “A”;

AND WHEREAS before the Council of the Municipality approved each Project in accordance with section 4 of Ontario Regulation 403/02, the Council of the Municipality had its Treasurer update its most recent annual debt and financial obligation limit received from the Ministry of Municipal Affairs (as so updated, the “Updated Limit”), and, on the basis of the authorized expenditure for each Project as set out in column (3) of Schedule “A” (“Authorized Expenditure”), the Treasurer calculated the estimated annual amount payable in respect of each Project and determined that the estimated annual amount payable in respect of each Project would not exceed the Updated Limit, and accordingly the approval of the Ontario Municipal Board under the Ontario Municipal Board Act (Ontario), as amended, was not required before any such Project was authorized by Council;

AND WHEREAS section 405 (1) of the Act provides that a municipality may authorize temporary borrowing to meet expenditures made in connection with a work to be financed in whole or in part by the issue of debentures if,

(a) the municipality is an upper-tier municipality, a lower-tier municipality in a county or a single-tier municipality and it has approved the issue of debentures for the work;

(b) the municipality is a lower-tier municipality in a regional municipality and it has approved the work and the upper-tier municipality has approved the issue of debentures for the work; or

(c) the municipality has approved the issue of debentures for another municipality or a school board under section 404;
AND WHEREAS subsection 405(4) of the Act provides that a municipality may delegate the power set out in subsection 405(1) to the head of council, to the treasurer, or to both of them;

AND WHEREAS subsection 401(1) of the Act provides that a municipality may incur a debt for municipal purposes, whether by borrowing money or in any other way, and may issue debentures and prescribed financial instruments and enter prescribed financial agreements for or in relation to the debt;

AND WHEREAS the Act also provides that a municipality shall authorize long term borrowing by the issue of debentures or through another municipality under section 403 or 404 of the Act;

AND WHEREAS OMEIFA has invited Ontario municipalities desirous of obtaining temporary and long term debt financing in order to meet capital expenditures incurred after December 31, 2002 in connection with eligible capital projects to make application to OMEIFA for such financing by completing and submitting an application in the form provided by OMEIFA (the “Application”);

AND WHEREAS the Treasurer of the Municipality completed an Application and submitted an Application to OMEIFA to request financing in order to meet capital expenditures incurred in connection with the Projects after December 31, 2002 (the “Post 2002 Expenditures”) by way of long term borrowing through the issue of debentures to OMEIFA and by way of temporary borrowing from OMEIFA pending the issue of such debentures and OMEIFA has accepted and has approved the Municipality’s Application;

AND WHEREAS it is now deemed expedient for the Municipality to formally approve the submission of the Application to OMEIFA;

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

1. The Council of the Municipality hereby confirms, ratifies and approves the submission by the Treasurer of an Application, duly executed by an authorized official, to OMEIFA for the financing of the Post 2002 Expenditures for the Projects in the maximum aggregate principal amount of $8,275,000 substantially in the form of Schedule “B” hereto and forming part of this By-law, with such changes thereon as such authorized official approved.

2. The Mayor and the Treasurer are hereby authorized to negotiate and enter into, execute and deliver for and on behalf of the Municipality a financing agreement (a “Financing Agreement”) with OMEIFA that provides for temporary and long term borrowing from OMEIFA in respect of Post 2002 Expenditures for the Projects on such terms and conditions as such authorized officials may approve, such execution and delivery to be conclusive evidence of such approval.
3. The Mayor and/or the Treasurer are hereby authorized, pending the substantial completion of a Project or as otherwise agreed with OMEIFA, to make temporary borrowings pursuant to section 405 of the Act in order to meet Post 2002 Expenditures, on the terms and conditions provided in the Financing Agreement and on such other terms and conditions as such authorized officials may agree, and to sign such evidence of indebtedness as OMEIFA may require (a “Note”); and the Treasurer is authorized to sign such certifications as OMEIFA may require in connection with such borrowings in respect of each Project; provided that the amount of borrowings allocated to any Project does not exceed the Authorized Expenditure for such Project and does not exceed the loan amount set out in column (4) of Schedule “A” in respect of such Project.

4. Subject to the terms and conditions of the Financing Agreement and such other terms and conditions as OMEIFA may otherwise require, the Mayor and the Treasurer are hereby authorized to enter into long term borrowing in respect of the Projects and to issue debentures to OMEIFA on the terms and conditions provided in the Financing Agreement and on such other terms and conditions as such authorized officials may agree (“Debentures”); provided that the principal amount of such Debentures issued in respect of a Project does not exceed the Authorized Expenditure for such Project and does not exceed the loan amount set out in column (4) of Schedule “A” in respect of such Project.

5. In accordance with the provisions of section 18 of the *Ontario Municipal Economic Infrastructure Financing Authority Act, 2002* (Ontario), as security for the payment by the Municipality of any indebtedness of the Municipality to OMEIFA incurred under the Note or any Debentures, the Municipality is hereby authorized to agree in writing with OMEIFA that the Minister of Finance is entitled to deduct from money appropriated by the Legislative Assembly of Ontario for payment to the Municipality, or from money appropriated by the Assembly for payment to the Municipality in respect of specified matters, amounts not exceeding the amounts that the Municipality fails to pay to OMEIFA on account of the outstanding indebtedness evidenced by the Note or any Debentures issued by the Municipality to OMEIFA, and to pay such amounts to OMEIFA.

6. For purposes of meeting the obligations of the Municipality in respect of the Note and any Debentures, the Municipality shall provide for raising in each year as part of the general levy, the amounts of principal and interest payable in each year under the Note and any outstanding Debenture, to the extent that such 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.

7. (a) The Mayor and/or the Treasurer are hereby authorized to execute and deliver the Note, the Mayor and the Treasurer are hereby authorized to enter into, execute and deliver the Financing Agreement and to cause Debentures to be issued, the Clerk and Treasurer are hereby severally authorized to generally do all things and to execute all other documents and papers in the name of the Municipality in order to perform the obligations of the Municipality under the Financing Agreement and to carry out the issuance of the Note and Debentures and the Treasurer is authorized to affix the Municipality’s municipal seal to any such documents and papers.
(b) The proceeds realized in respect of the Note and Debentures, after providing for the expenses related to their issue, if any, shall be apportioned and applied to the respective Projects and to no other purpose except as permitted by the Act.

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

By-law read a first and second time this 26th day of January, 2004.

By-law read a third time and finally passed this 26th day of January, 2004.

(Sgd.) Sylvia Sutherland, Mayor

(Sgd.) Nancy Wright-Laking, City Clerk
<table>
<thead>
<tr>
<th>By-Law Number</th>
<th>Description of Capital Work</th>
<th>Estimated Expenditure</th>
<th>Loan Amount</th>
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<tbody>
<tr>
<td>Municipal Roads</td>
<td>Lansdowne St. West – Wightman East of Monaghan</td>
<td>$6,000,000</td>
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<td>2002-079</td>
<td>Brealey Drive – SSF Intersection</td>
<td>$1,700,000</td>
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<td>Brealey Drive – SSF Intersection</td>
<td>$3,200,000</td>
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<td>2003-080</td>
<td>Chemong Road – Simons and Milroy</td>
<td>$1,242,500</td>
<td>$697,000</td>
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<tr>
<td>2003-077</td>
<td>Various Roadway Repaving</td>
<td>$1,000,000</td>
<td>$1,000,000</td>
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<td><strong>Total Municipal Roads</strong></td>
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<td><strong>$13,142,500</strong></td>
<td><strong>$7,923,000</strong></td>
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</tbody>
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| Public Transit | ITS Computerized Signal Control | $2,246,500 | $267,000 |
| 2003-079 | Traffic Signal Installation | $560,000 | $85,000 |
| **Total Public Transit** | | **$2,806,500** | **$352,000** |
| **Total All Projects** | | **$15,949,000** | **$8,275,000** |
Schedule “B”
to By-Law Number 04-006

OMEIFA Application