

## BY-LAW NUMBER 50-2016

OF

### THE REGIONAL MUNICIPALITY OF DURHAM

BEING A BY-LAW TO AUTHORIZE THE BORROWING UPON INSTALMENT DEBENTURES IN THE AGGREGATE PRINCIPAL AMOUNT \$6,473,000.00 (\$370,000.00 PRINCIPAL AMOUNT OF 5 YEAR INSTALMENT DEBENTURES, \$3,854,000.00 PRINCIPAL AMOUNT OF 10 YEAR INSTALMENT DEBENTURES AND \$2,249,000.00 PRINCIPAL AMOUNT OF 15 YEAR INSTALMENT DEBENTURES) FOR CAPITAL WORKS OF THE CORPORATION OF THE CITY OF PICKERING.

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 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 section 403 of the Act provides that a by-law of an upper-tier municipality authorizing the issuing of debentures for the purposes or joint purposes of one or more of its lower-tier municipalities may require those lower-tier municipalities to make payments in each year to the upper-tier municipality in the amounts and on the dates specified in the by-law and subsection 403 (7) of the Act provides that all debentures issued under a by-law passed by an upper-tier municipality under section 403 of the Act are direct, joint and several obligations of the upper-tier municipality and its lower-tier municipalities;

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

AND WHEREAS the Council of The Regional Municipality of Durham (the “**Upper-tier Municipality**”) received a request of the Council of The Corporation of the City of Pickering (the “**Lower-tier Municipality**”) to borrow money for the capital works of the Lower-tier Municipality set out in Column (2) of Schedule “A” attached hereto and forming part of this By-law (“**Schedule “A”**”) which capital works are hereinafter referred to individually as a “**Capital Work**” and collectively as the “**Capital Works**”, and to issue debentures for each of the Capital Works in the respective principal amount specified in Column (5) of Schedule “A”;

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

AND WHEREAS to provide long-term financing for the Capital Works it is now deemed to be expedient to borrow money by the issue and sale of instalment debentures of the Upper-tier Municipality in the aggregate principal amount of \$6,473,000.00 (\$370,000.00 principal amount of 5 year instalment debentures, \$3,854,000.00 principal amount of 10 year instalment debentures and \$2,249,000.00 principal amount of 15 year instalment debentures) payable at the

times and bearing interest at the rates hereinafter set forth, as agreed to by the Upper-tier Municipality on October 4, 2016.

NOW THEREFORE, BE IT ENACTED AND IT IS HEREBY ENACTED as a by-law of The Regional Municipality of Durham by the Council thereof as follows:

1. For the Capital Works, the borrowing upon the credit of the Upper-tier Municipality at large of the aggregate principal amount of \$6,473,000.00 (\$370,000.00 principal amount of 5 year instalment debentures, \$3,854,000.00 principal amount of 10 year instalment debentures and \$2,249,000.00 principal amount of 15 year instalment debentures) and the issue of instalment debentures therefor within the respective term of years set out in Column (6) of Schedule "A" in denominations of \$1,000.00 and any integral multiples thereof, as hereinafter set forth are hereby authorized.
2. The Regional Chair and the Regional Treasurer of the Upper-tier Municipality are hereby authorized to cause any number of instalment debentures in the aggregate principal amount of \$6,473,000.00, 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 amounts of money as may be required for the Capital Works in global and definitive forms, not exceeding in total the said aggregate principal amount of \$6,473,000.00. The Debentures shall bear the Upper-tier Municipality's municipal seal and the signatures of the Regional Chair and of the Regional Treasurer of the Upper-tier Municipality, all in accordance with the provisions of the Act. The municipal seal of the Upper-tier Municipality and the signatures referred to in this section may be printed, lithographed, engraved or otherwise mechanically reproduced. The Debentures are sufficiently signed if they bear the required signatures and each person signing has the authority to do so on the date he or she signs. The Debentures shall initially be issued in global fully registered form as part of one certificate in the aggregate principal amount of \$18,173,000.00, substantially in the form attached as Schedule "B" hereto and forming part of this By-law (the "**Global Debenture**"). The Global Debenture shall initially be issued in the name of CDS & CO. as nominee of CDS Clearing and Depository Services Inc. ("**CDS**") and shall provide for payment of principal and interest electronically in final and irrevocable same-day funds in accordance with the applicable requirements of CDS, so long as the Global Debenture is held by CDS.
3. (1) The Debentures shall all be dated the 17th day of October, 2016, and as to both principal and interest shall be expressed and be payable in lawful money of Canada. The Debentures shall mature within the terms of years set out in Column (6) of Schedule "A" and the respective amounts of principal and interest payable in each of the years during the currency of the Debentures shall be as set forth in Schedule "C" attached hereto and forming part of this By-law ("**Schedule "C"**"). The Debentures maturing (principal payable) in the year 2017 shall bear interest at the rate of 1.15% per annum, the Debentures maturing (principal payable) in the year 2018 shall bear interest at the rate of 1.25% per annum, the Debentures maturing (principal payable) in the year 2019 shall bear interest at the rate of 1.32% per annum, the Debentures maturing (principal payable) in the year 2020 shall bear interest at the rate of 1.40% per annum, the Debentures maturing (principal payable) in the year 2021 shall bear interest at the rate of 1.55% per annum, the Debentures maturing (principal payable) in the year 2022 shall bear interest at the rate of 1.65% per annum, the Debentures maturing (principal payable) in the year 2023 shall bear interest at the rate of 1.80% per annum, the Debentures maturing (principal payable) in the year 2024 shall bear interest at the rate of 1.95% per annum, the Debentures maturing (principal payable) in the year 2025 shall bear interest at the rate of 2.05%

per annum, the Debentures maturing (principal payable) in the year 2026 shall bear interest at the rate of 2.20% per annum, the Debentures maturing (principal payable) in the year 2027 shall bear interest at the rate of 2.35% per annum, the Debentures maturing (principal payable) in the year 2028 shall bear interest at the rate of 2.50% per annum, the Debentures maturing (principal payable) in the year 2029 shall bear interest at the rate of 2.60% per annum, the Debentures maturing (principal payable) in the year 2030 shall bear interest at the rate of 2.70% per annum and the Debentures maturing (principal payable) in the year 2031 shall bear interest at the rate of 2.80% 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 Upper-tier Municipality as interest on overdue principal or interest in respect of the Debentures shall be paid out of current revenue. Whenever it is necessary to compute any amount of interest in respect of the Debentures for a period of less than one full year, other than with respect to regular 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 limited circumstances (as agreed to by both the Upper-tier Municipality and CDS) the Global Debenture shall be exchangeable for certificated Debentures in definitive fully registered form in authorized denominations upon surrender of the Global Debenture to the Regional Treasurer of the Upper-tier Municipality provided that there is at least one definitive Debenture which matures in each of the remaining years of the currency of the Global Debenture. The definitive Debentures shall aggregate the same principal amount as the principal outstanding balance of the Global Debenture as of the record date for such exchange in accordance with the provisions of the Global Debenture, shall bear the same interest rates and maturity dates, shall bear all unmatured interest obligations and shall have the same benefits and be subject to the same terms and conditions as the Global Debenture (except insofar as they specifically relate to the Global Debenture). In issuing definitive Debentures no change shall be made in the amount which would otherwise be payable in each year under the Global Debenture. The definitive Debentures shall be in fully registered form, payable as to principal and outstanding interest in lawful money of Canada at maturity upon presentation and surrender thereof at any specified branch in Canada of the Upper-tier Municipality's bank designated in the definitive Debentures. Prior to maturity, the definitive Debentures shall be payable as to interest by cheque sent by mail to the registered addresses of the registered holders or, if authorized in writing, by electronic transfer.
6. (1) In 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 upper-tier 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. Without limiting the generality of the foregoing the Lower-tier Municipality shall pay to the Upper-tier Municipality the amounts

required to be paid to the Upper-tier Municipality by the Lower-tier Municipality in respect of the Capital Works, as set out in Schedule "C", one Business Day before the date payment is due. The amounts required to be paid to the Upper-tier Municipality in accordance with Schedule "C" shall constitute a debt of the Lower-tier Municipality to the Upper-tier Municipality and such amounts shall, when combined with any amount payable by the Upper-tier Municipality in the year for repayment of the debt for which the Debentures are to be issued, be sufficient to meet the total amount of principal and interest payable in the year by the Upper-tier Municipality in respect of the Debentures, all in accordance with the provisions of this By-law and the Act.

(2) If the Lower-tier Municipality fails to make any payment or portion of it as provided in this By-law, the Lower-tier Municipality shall pay interest to the Upper-tier Municipality on the amount in default at the rate of 15% per annum, from the date the payment is due until it is made.

(3) There shall be raised, pursuant to this By-law, in each year of the currency of the Debentures, as part of the general upper-tier levy, the amounts required to be paid to the Upper-tier Municipality in any previous year by the Lower-tier Municipality to the extent that the amounts have not been paid to the Upper-tier Municipality in accordance with this By-law and the Act.

7. The Debentures may contain any provision for their registration thereof authorized by any statute relating to municipal debentures in force at the time of the issue thereof.
8. The Upper-tier Municipality shall maintain a registry in respect of the Debentures in which shall be recorded the names and the addresses of the registered holders and particulars of the Debentures held by them respectively and in which particulars of the cancellations, exchanges, substitutions and transfers of Debentures may be recorded and the Upper-tier Municipality is authorized to use electronic, magnetic or other media for records of or related to the Debentures or for copies of them.
9. The Upper-tier Municipality shall not be bound to see to the execution of any trust affecting the ownership of any Debenture or be affected by notice of any equity that may be subsisting in respect thereof. The Upper-tier Municipality shall deem and treat registered holders of the Debentures, including the Global 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 Upper-tier Municipality on the Debentures to the extent of the amount or amounts so paid. Where a Debenture is registered in more than one name, the principal of and interest from time to time payable on such Debenture shall be paid to or to the order of all the joint registered holders thereof, failing written instructions to the contrary from all such joint registered holders, and such payment shall constitute a valid discharge to the Upper-tier Municipality. In the case of the death of one or more joint registered holders, despite the foregoing provisions of this section, the principal of and interest on any Debentures registered in their names may be paid to the survivor or survivors of such holders and such payment shall constitute a valid discharge to the Upper-tier Municipality.
10. The Debentures are transferable or exchangeable at the office of the Regional Treasurer of the Upper-tier Municipality upon presentation for such purpose accompanied by an instrument of transfer or exchange in a form approved by the Upper-tier Municipality and which form is in accordance with the prevailing Canadian transfer legislation and practices, executed by the registered holder thereof or such holder's duly authorized attorney or

legal personal representative, whereupon and upon registration of such transfer or exchange and cancellation of the Debenture or Debentures presented, the Regional Chair and the Regional Treasurer shall issue and deliver a new Debenture or Debentures of an equal aggregate principal amount in any authorized denomination or denominations as directed by the transferor, in the case of a transfer or as directed by the registered holder in the case of an exchange.

11. The Regional Chair and the Regional 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 mutilated, defaced, lost, subject to a mysterious or unexplainable disappearance, stolen, destroyed or dematerialized, provided that the applicant therefor shall have: (a) paid such costs as may have been incurred in connection therewith; (b) (in the case when a Debenture is mutilated, defaced, lost, mysteriously or unexplainably missing, stolen, destroyed or dematerialized) furnished the Upper-tier Municipality with such evidence (including evidence as to the certificate number of the Debenture in question) and an indemnity in respect thereof satisfactory to the Upper-tier Municipality in its discretion; and (c) surrendered to the Upper-tier Municipality any mutilated or defaced Debenture in respect of which new Debentures are to be issued in substitution.
12. The Debentures issued upon any registration of transfer or exchange or in substitution for any Debentures or part thereof shall carry all the rights to interest if any, accrued and unpaid which were carried by such Debentures or part thereof and shall be so dated and shall bear the same maturity 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 Upper-tier Municipality. When any of the Debentures are surrendered for transfer or exchange the Regional Treasurer of the Upper-tier Municipality shall: (a) in the case of an exchange, cancel and destroy the Debentures surrendered for exchange; (b) in the case of an exchange, certify the cancellation and destruction in the registry; (c) enter in the registry particulars of the new Debenture or Debentures issued in exchange; and (d) in the case of a transfer, enter in the registry the name of the registered holder as directed by the transferor.
14. Subject to an agreement that the Upper-tier Municipality may enter into to the contrary, reasonable fees may be imposed by the Upper-tier Municipality for the substitution of a new Debenture or new Debentures for any of the Debentures that are mutilated, defaced, lost, mysteriously or unexplainably missing, stolen, destroyed or dematerialized and for the replacement of any of the interest cheques that are mutilated, defaced, lost, mysteriously or unexplainably missing, stolen or destroyed. When new Debentures are issued in substitution in these circumstances the Upper-tier Municipality shall: (a) treat as cancelled and destroyed the Debentures in respect of which new Debentures will be issued in substitution; (b) certify the deemed cancellation and destruction in the registry; (c) enter in the registry particulars of the new Debentures issued in substitution; and (d) make a notation of any indemnities provided.
15. Except as otherwise expressly provided herein, any notice required to be given to a registered holder of one or more of the Debentures will be sufficiently given if a copy of such notice is mailed or otherwise delivered to the registered address of such registered holder.

16. (1) The Regional Chair and the Regional Treasurer are hereby authorized to cause the Debentures to be issued, the execution of a purchase letter in respect of the Debentures, dated as at October 4, 2016, by the Commissioner of Finance and Treasurer (the Regional Treasurer) is hereby ratified, confirmed and approved, one or more of the Regional Treasurer and the Regional Clerk are hereby authorized to generally do all things and to execute all other documents and papers in the name of the Upper-tier Municipality in order to carry out the sale of the Debentures through CDS's book entry only system and the Regional Treasurer is authorized to affix the Upper-tier Municipality's municipal seal to any of such documents and papers.  
  
(2) The money received by the Upper-tier Municipality from the sale of the Debentures, including any premium, and any earnings derived from the investment of that money, after providing for the expenses related to their issue, if any, shall be delivered to the Lower-tier Municipality on the basis that the Lower-tier Municipality shall apportion and apply such money to the Capital Works, in accordance with this By-law, and to no other purpose except as permitted by the Act.
17. The Upper-tier Municipality reserves the right to issue additional instalment debentures of the same maturities, interest rates and terms and conditions.
18. Subject to the Upper-tier Municipality's investment policies and goals and the applicable legislation, the Upper-tier Municipality may, if not in default under the Debentures, at any time purchase any of the Debentures in the open market or by tender or by private contract at any price and on such terms and conditions (including, without limitation, the manner by which any tender offer may be communicated or accepted and the persons to whom it may be addressed) as the Upper-tier Municipality may in its discretion determine.
19. This By-law takes effect on the day of passing.

This By-law Read and Passed on this 12th day of October, 2016.

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R. Anderson, Regional Chair and CEO

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D. Wilcox, Regional Clerk

**SCHEDULE "A" TO BY-LAW NUMBER 50-2016**

**OF**

**THE REGIONAL MUNICIPALITY OF DURHAM**

(1)	(2)	(3)	(4)	(5)	(6)
By-law	Capital Work Description	Approved Principal Amount to be Financed Through the Issue of Debentures \$	Principal Amount of Debentures Previously Issued \$	Principal Amount of Debentures to be Issued \$	Term of Years
<b>The Corporation of the City of Pickering</b>					
7430/15	Capital costs in connection with the purchase of seven (7) fire vehicles	190,000.00	Nil	190,000.00	5
7504/16	Capital costs in connection with the purchase of one (1) articulating front end loader	180,000.00	Nil	180,000.00	5
7431/15	Capital costs in connection with the purchase of one (1) heavy duty aerial ladder fire truck	1,020,000.00	Nil	1,020,000.00	10
7498/16	Capital costs in connection with the West Shore Neighbourhood –flood remediation, Breezy Drive and Vistula Drive Road reconstruction	815,000.00	Nil	815,000.00	10
7448/15	Capital costs in connection with Southview Drive Road reconstruction and urbanization	660,000.00	Nil	660,000.00	10
7475/16	Capital costs in connection with Dunbarton Indoor Pool – pool deck repairs	899,000.00	Nil	899,000.00	10
7481/16	Capital costs in connection with the Don Beer Arena – roof replacement	460,000.00	Nil	460,000.00	10
7476/16	Capital costs in connection with Pickering Recreation Complex – Delaney Arena improvements	2,249,000.00	Nil	2,249,000.00	15
<b>AGGREGATE</b>				<b><u><u>6,473,000.00</u></u></b>	

**SCHEDULE "B" TO BY-LAW NUMBER 50-2016**

**OF**

**THE REGIONAL MUNICIPALITY OF DURHAM**

Unless this certificate is presented by an authorized representative of CDS Clearing and Depository Services Inc. ("**CDS**") to The Regional Municipality of Durham or its agent for registration of transfer, exchange or payment, and any certificate issued in respect thereof is registered in the name of CDS & CO., or in such other name as is requested by an authorized representative of CDS (and any payment is made to CDS & CO. or to such other entity as is requested by an authorized representative of CDS), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered holder hereof, CDS & CO., has a property interest in the securities represented by this certificate herein and it is a violation of its rights for another person to hold, transfer or deal with this certificate.

No.FRG2016-001

\$18,173,000.00

C A N A D A  
Province of Ontario  
THE REGIONAL MUNICIPALITY OF DURHAM

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FULLY REGISTERED GLOBAL INSTALMENT DEBENTURE

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

as nominee of CDS or registered assigns, subject to the Conditions attached hereto which form part hereof (the "**Conditions**"), by the final maturity date of this global debenture (October 17, 2031), the principal amount of

EIGHTEEN MILLION, ONE HUNDRED SEVENTY-THREE THOUSAND DOLLARS

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(\$18,173,000.00)  
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by annual payments on the 17th day of October in each of the years 2017 to 2031, both inclusive, in the amounts set forth in the Schedule on the reverse side hereof (the "**Schedule**") in lawful money of Canada, and to pay interest thereon until the final maturity date of this global debenture in like money in semi-annual payments from October 17, 2016, or from the last date on which interest has been paid on this global debenture, whichever is later, at the rates of interest set forth in the Schedule, in arrears on the 17th day of April and the 17th day of October, in each year (each, a "**Payment Date**") in the manner provided in the Conditions. Subject to the Conditions, interest shall be paid on default at the applicable rate set out in the Schedule both before and after default and judgment. The applicable interest rate, the payments of principal and interest and the principal balance outstanding in each year are shown in the Schedule.

This global debenture is subject to the Conditions.

DATED at the Region of Durham the 17th day of October, 2016.

IN TESTIMONY WHEREOF and under the authority of By-law Number 51-2016 of the Issuer duly passed on the 12th day of October, 2016 (the "**Debenture By-law**"), this global debenture is sealed with the municipal seal of the Issuer and signed by the Regional Chair and by the Regional Treasurer thereof.

Date of Registration: October 17, 2016

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R. Anderson, Regional Chair and CEO

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R. James Clapp, Regional Treasurer

SCHEDULE

Year	CUSIP No.	ISIN No.	Interest Rate %	Semi-annual Interest		Principal Oct 17 \$	Total Annual Payment \$	Principal Balance Outstanding Oct 17 \$
				April 17 \$	Oct 17 \$			
2016				--	--	--	--	18,173,000.00
2017	26682CNH2	CA26682CNH20	1.15	158,694.25	158,694.25	1,553,000.00	1,870,388.50	16,620,000.00
2018	26682CNJ8	CA26682CNJ85	1.25	149,764.50	149,764.50	1,570,000.00	1,869,529.00	15,050,000.00
2019	26682CNK5	CA26682CNK58	1.32	139,952.00	139,952.00	1,590,000.00	1,869,904.00	13,460,000.00
2020	26682CNL3	CA26682CNL32	1.40	129,458.00	129,458.00	1,611,000.00	1,869,916.00	11,849,000.00
2021	26682CNM1	CA26682CNM15	1.55	118,181.00	118,181.00	1,634,000.00	1,870,362.00	10,215,000.00
2022	26682CNN9	CA26682CNN97	1.65	105,517.50	105,517.50	1,581,000.00	1,792,035.00	8,634,000.00
2023	26682CNP4	CA26682CNP46	1.80	92,474.25	92,474.25	1,607,000.00	1,791,948.50	7,027,000.00
2024	26682CNQ2	CA26682CNQ29	1.95	78,011.25	78,011.25	1,635,000.00	1,791,022.50	5,392,000.00
2025	26682CNR0	CA26682CNR02	2.05	62,070.00	62,070.00	1,666,000.00	1,790,140.00	3,726,000.00
2026	26682CNS8	CA26682CNS84	2.20	44,993.50	44,993.50	1,699,000.00	1,788,987.00	2,027,000.00
2027	26682CNT6	CA26682CNT67	2.35	26,304.50	26,304.50	386,000.00	438,609.00	1,641,000.00
2028	26682CNU3	CA26682CNU31	2.50	21,769.00	21,769.00	395,000.00	438,538.00	1,246,000.00
2029	26682CNV1	CA26682CNV14	2.60	16,831.50	16,831.50	405,000.00	438,663.00	841,000.00
2030	26682CNW9	CA26682CNW96	2.70	11,566.50	11,566.50	415,000.00	438,133.00	426,000.00
2031	26682CNX7	CA26682CNX79	2.80	5,964.00	5,964.00	426,000.00	437,928.00	--
				<b>1,161,551.75</b>	<b>1,161,551.75</b>	<b>18,173,000.00</b>	<b>20,496,103.50</b>	

LEGAL OPINION

We have examined the Debenture By-law of the Issuer authorizing the issue of instalment debentures in the aggregate principal amount of \$18,173,000.00 dated October 17, 2016 and maturing in fifteen (15) instalments of principal of varying amounts on the 17th day of October in each of the years 2017 to 2031, both inclusive.

The Debenture By-law has been properly passed and is within the legal powers of the Issuer. The instalment global debenture issued under the Debenture By-law in the within form in the aggregate principal amount of \$18,173,000.00 (the "**Global Debenture**") is a direct, general, unsecured, unsubordinated, joint and several obligation of the Issuer and of its lower-tier municipalities (the "**Lower-tier Municipalities**"). The Global Debenture is enforceable against the Issuer and the Lower-tier Municipalities subject to the special jurisdiction and powers of the Ontario Municipal Board over defaulting municipalities under the *Municipal Affairs Act*, as amended. This opinion is subject to and incorporates all the assumptions, qualifications and limitations set out in our opinion letter delivered on the date of the Global Debenture.

Toronto, October 17, 2016

**BORDEN LADNER GERVAIS LLP**

## CONDITIONS OF GLOBAL DEBENTURE

### Form, Denomination, Ranking and Beneficial Interests in Global Debenture

1. The debentures issued pursuant to the Debenture By-law (individually a “**Debenture**”, collectively the “**Debentures**”) are issuable as fully registered Debentures without coupons in denominations of \$1,000 and any integral multiples thereof.
2. The Debentures are direct, general, unsecured, unsubordinated, joint and several obligations of the Issuer and of the Lower-tier Municipalities. The Debentures rank concurrently and equally in respect of payment of principal and interest with all other debentures of the Issuer except for the availability of money in a sinking or retirement fund for a particular issue of debentures.
3. This Debenture is a Global Debenture registered in the name of the nominee of CDS and held by CDS. Beneficial interests in this Global Debenture are represented through book entry accounts, to be established and maintained by CDS, on its records for CDS’s participants (the “**Participants**”) in accordance with its participant agreement and rules and procedures which are posted on CDS’s website.
4. Except in the limited circumstances described herein, owners of beneficial interests in this Global Debenture will not be entitled to have Debentures registered in their names, will not receive or be entitled to receive physical delivery of Debentures and will not be considered registered holders of Debentures under the Conditions. The Issuer does not have any responsibility or liability for maintaining, supervising or reviewing any records of CDS or the Participants relating to payments made or to be made by CDS or any Participant on account of beneficial ownership interests in this Global Debenture.

### Certificated Debentures

5. This Global Debenture is exchangeable, in whole but not in part, for certificated Debentures in definitive form registered in the name of a person other than CDS or its nominee only upon the occurrence of any of the following events (a) upon 30 days notice by CDS to the Issuer, CDS may discontinue the eligibility of this Global Debenture on deposit, or cease to hold this Global Debenture in respect of the Debentures, with or without cause; or (b) if CDS ceases to be a recognized clearing agency under applicable Canadian or provincial securities legislation and a successor is not appointed; or (c) if the Issuer gives CDS appropriate notice that it is unable or unwilling to continue to have CDS hold this Global Debenture as a book entry only security or that it desires or has processed an entitlement requiring a withdrawal of this Global Debenture, and the Issuer has all right, power, capacity and authority to do so.
6. Debentures issued in exchange for this Global Debenture shall be issued as certificated Debentures in definitive form in authorized denominations, shall have the same benefits and be subject to the same terms and conditions as this Global Debenture (except insofar as they specifically relate to this Global Debenture as such), shall be registered in such names and in such denominations as CDS shall direct and shall be delivered as directed by the persons in whose names such definitive Debentures are to be registered.
7. Upon the exchange of certificated Debentures in definitive form for this Global Debenture, the Issuer shall receive and cancel this Global Debenture, shall reduce the holdings of CDS & CO. on the registry to nil and shall issue or cause to be issued in exchange for this Global Debenture certificated Debentures in definitive form in an aggregate principal amount equal to and in exchange for the Participants’ proportionate interests in this Global Debenture as of the record date for such exchange, as directed by CDS. On or after any such exchange, but only to the extent reasonably practicable in the circumstances, the Issuer shall make all payments in respect of such certificated Debentures in definitive form to the registered holders thereof, notwithstanding such exchange occurred after the record date for any payment and prior to such payment date.

### Registration

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

### Title

9. The Issuer shall not be bound to see to the execution of any trust affecting the ownership of any Debenture or be affected by notice of any equity that may be subsisting in respect thereof. The Issuer shall deem and treat registered holders of Debentures, including this Global Debenture, as the absolute owners thereof for all purposes whatsoever notwithstanding any notice to the contrary and all payments to or to the order of registered holders shall be valid and effectual to discharge the liability of the Issuer on the Debentures to the extent of the amount or amounts so paid.

## Payments of Principal and Interest

10. 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 Issuer to the persons registered as holders in the registry on the relevant record date. The Issuer shall not be required to register any transfer, exchange or substitution of Debentures during the period from any record date to the corresponding Payment Date.
11. The Issuer shall make all payments in respect of annual principal and semi-annual interest on the Debentures on the Payment Dates commencing with a payment of semi-annual interest on April 17, 2017 electronically in final and irrevocable same-day funds in accordance with the applicable requirements of CDS, so long as this Global Debenture is held by CDS.
12. In the case that certificated Debentures in definitive form are issued, the Issuer shall make all payments in respect of principal and outstanding interest in lawful money of Canada at maturity upon presentation and surrender thereof at any specified branch in Canada of the Issuer's bank designated in the definitive Debentures, and prior to maturity, shall make payments of interest, by cheque sent by mail to the registered addresses of the registered holders or, if authorized in writing, by electronic transfer.
13. 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.
14. 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.
15. Where a Debenture is registered in more than one name, the principal of and interest from time to time payable on such Debenture shall be paid to or to the order of all the joint registered holders thereof, failing written instructions to the contrary from all such joint registered holders, and such payment shall constitute a valid discharge to the Issuer.
16. In the case of the death of one or more joint registered holders, despite sections 9 and 15 of the Conditions, the principal of and interest on any Debentures registered in their names may be paid to the survivor or survivors of such holders and such payment shall constitute a valid discharge to the Issuer.

## Transfers, Exchanges and Substitutions

17. Debentures are transferable or exchangeable at the office of the Regional Treasurer of the Issuer upon presentation for such purpose accompanied by an instrument of transfer or exchange in a form approved by the Issuer and which form is in accordance with the prevailing Canadian transfer legislation and practices, executed by the registered holder thereof or such holder's duly authorized attorney or legal personal representative, whereupon and upon registration of such transfer or exchange and cancellation of the Debenture or Debentures presented, a new Debenture or Debentures of an equal aggregate principal amount in any authorized denomination or denominations will be delivered as directed by the transferor, in the case of a transfer or as directed by the registered holder in the case of an exchange.
18. The Issuer shall issue and deliver Debentures in exchange for or in substitution for Debentures outstanding on the registry with the same maturity date and of like form in the event of a mutilation, defacement, loss, mysterious or unexplainable disappearance, theft, destruction or dematerialization, provided that the applicant therefor shall have: (i) paid such costs as may have been incurred in connection therewith; (ii) (in the case of a mutilated, defaced, lost, mysteriously or unexplainably missing, stolen, destroyed or dematerialized Debenture) furnished the Issuer with such evidence (including evidence as to the certificate number of the Debenture in question) and indemnity in respect thereof satisfactory to the Issuer in its discretion; and (iii) surrendered to the Issuer any mutilated or defaced Debenture in respect of which new Debentures are to be issued in substitution.
19. 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.
20. Subject to an agreement that the Issuer may enter into to the contrary, the Issuer shall not impose any fees in respect of the Debentures, in the normal course of business, other than reasonable fees for the issue of new Debentures or for the issue of new cheques in substitution for Debentures that are mutilated, defaced, lost, mysteriously or unexplainably missing, stolen, destroyed or dematerialized, or interest cheques that are mutilated, defaced, lost, mysteriously or unexplainably missing, stolen or destroyed.

## Purchases

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

### **Additional Debentures**

22. The Issuer reserves the right to issue additional instalment debentures of the same maturities, interest rates and terms and conditions.

### **Notices**

23. Except as otherwise expressly provided herein, any notice required to be given to a registered holder of one or more of the Debentures will be sufficiently given if a copy of such notice is mailed or otherwise delivered to the registered address of such registered holder. If the Issuer or any registered holder is required to give any notice in connection with the Debentures on or before any day and that day is not a Business Day then such notice may be given on the next following Business Day.

### **Time**

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

### **Governing Law**

25. 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.

**SCHEDULE "C" TO BY-LAW NUMBER 50-2016**

**OF**

**THE REGIONAL MUNICIPALITY OF DURHAM**

MATURITY	INTEREST	PRINCIPAL AMOUNT	S.A. INTEREST APR 17	S.A. INTEREST OCT 17	ANNUAL PAYMENT
2016				\$ -	\$ -
2017	1.150%	\$ 568,000.00	\$ 56,630.45	\$ 56,630.45	\$ 681,260.90
2018	1.250%	\$ 574,000.00	\$ 53,364.45	\$ 53,364.45	\$ 680,728.90
2019	1.320%	\$ 582,000.00	\$ 49,776.95	\$ 49,776.95	\$ 681,553.90
2020	1.400%	\$ 589,000.00	\$ 45,935.75	\$ 45,935.75	\$ 680,871.50
2021	1.550%	\$ 598,000.00	\$ 41,812.75	\$ 41,812.75	\$ 681,625.50
2022	1.650%	\$ 529,000.00	\$ 37,178.25	\$ 37,178.25	\$ 603,356.50
2023	1.800%	\$ 537,000.00	\$ 32,814.00	\$ 32,814.00	\$ 602,628.00
2024	1.950%	\$ 547,000.00	\$ 27,981.00	\$ 27,981.00	\$ 602,962.00
2025	2.050%	\$ 558,000.00	\$ 22,647.75	\$ 22,647.75	\$ 603,295.50
2026	2.200%	\$ 568,000.00	\$ 16,928.25	\$ 16,928.25	\$ 601,856.50
2027	2.350%	\$ 157,000.00	\$ 10,680.25	\$ 10,680.25	\$ 178,360.50
2028	2.500%	\$ 160,000.00	\$ 8,835.50	\$ 8,835.50	\$ 177,671.00
2029	2.600%	\$ 164,000.00	\$ 6,835.50	\$ 6,835.50	\$ 177,671.00
2030	2.700%	\$ 169,000.00	\$ 4,703.50	\$ 4,703.50	\$ 178,407.00
2031	2.800%	\$ 173,000.00	\$ 2,422.00	\$ 2,422.00	\$ 177,844.00
<b>GRAND TOTAL</b>		<b>\$ 6,473,000.00</b>	<b>\$ 418,546.35</b>	<b>\$ 418,546.35</b>	<b>\$ 7,310,092.70</b>