MA-A2-1

Region of Peel
Working for you

REPORT
Regional Council

DATE: December 15, 2010

REPORT TITLE: **DEBENTURE ISSUANCE THROUGH THE CANADA MORTGAGE HOUSING CORPORATION**

FROM: Norma Trim, Chief Financial Officer and Commissioner of Corporate Services

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RECOMMENDATION

That the Chief Financial Officer and Commissioner of Corporate Services (CFO) be authorized to negotiate a loan for a total principal amount of up to $67.3 million through the Canada Mortgage and Housing Corporation's (CMHC) Municipal Infrastructure Lending Program (MILP) for housing related infrastructure, consisting of projects included in Appendix I of this report;

And that the draft debenture by-law contained in Appendix 2 of this report be received as information;

And that staff report back on the terms of the debenture and present the necessary by-law at the Regional Council meeting on January 27, 2011.

REPORT HIGHLIGHTS

- Regional Council approved the recommendation of the report of the CFO dated May 15, 2010 and titled "Authorization for Debenture Issue(s)" to negotiate one or more debenture issues in 2010 in a total principal amount not to exceed $400 million.
- On June 24, 2010 Council approved by-laws 50-2010 and 51-2010 authorizing the issuance of $300 million in sinking fund debentures and $10 million in instalment debentures respectively, leaving $90 million of the total approved amount to be raised in subsequent debenture issues.
- Staff has identified an opportunity to access lower cost debt through the CMHC's MILP initiative and have submitted applications for growth related capital projects (see Appendix I) in the amount of $67.3 million to CMHC for consideration and potentially resulting in reduced borrowing costs of approximately $13 million over the life of the loan.
- Application approval by CMHC will require the Region to enter into an agreement with CMHC in order to access the lower-cost debt available through this program.
- Staff are awaiting the interest rate on the loan anticipated to be set by CMHC during the third week in January, before finalizing the by-law.
- Regional Council approval of the necessary by-law authorizing the debenture through the CMHC's MILP initiative will be required on January 27, 2011.

December 15, 2010
DEBENTURE ISSUANCE THROUGH THE CANADA MORTGAGE HOUSING CORPORATION

DISCUSSION

1. Background

On May 27, 2010 General Committee approved recommendation GC-138-2010 of the report of the CFO, dated May 15, 2010, titled "Authorization for Debenture Issue(s)". The relevant part of the recommendation reads as follows:

> "That the Chief Financial Officer and Commissioner of Corporate Services ("CFO") be authorized to negotiate one or more debenture issues in 2010 in a total principal amount not to exceed $400 million, and to report on the terms and the submission of the necessary by-law(s)"

Subsequently, the Region was able to access the debt capital markets for a total of $310 million as approved by by-laws 50-2010 ($300 million in 30 year sinking fund debentures at a coupon rate of 5.10% per annum) and 51-2010 ($10 million in installment debentures with the coupon rates increasing from a low of 1.70% for the 2011 maturity to 4.50% for the 2020 maturity). The remaining approved amount of $90 million was left to be raised through debenture issuance at a possible later date.

Council has approved authorizing debt that is intended mainly for the purpose of funding growth related infrastructure until development charge revenues can pay off the debt. Council's decision is based on the fundamental principle that 'growth should pay for growth' in Peel. The growth related infrastructure in which the Region is currently investing and will continue to do so over the next several years is required to facilitate future development.

Council's approval of the last development charges Background Study in 2007 was based on the recognition that there would be a gap between the time growth related expenditures occur and when development charges are collected (at building permit issuance) and that on an interim basis this gap would be funded through borrowing. The development charge rates established in 2007 incorporated the cost of debt financing for this gap.

The use of debt to fund growth related infrastructure ensure that new residents who are the primary users of the added infrastructure will be paying for growth, including borrowing costs, through development charges so there is no impact on existing residents. In addition, because of the Region's fiscal prudence, its 'Triple A' credit rating and relatively low debt level, the Region is positioned to borrow at favourable terms including interest rates that due to a slower economy are at historically low levels.

a) CMHC Municipal Infrastructure Lending Program (MILP)

The MILP was introduced by the federal government on April 19, 2009. The program was part of the federal government's initiatives to boost economic activity through investments in municipal infrastructure. It focuses on investments in housing-related infrastructure in order to boost job creation. The program provides access to lower-cost debt for infrastructure investments than that available through the debt markets. Under the program, the interest rate is estimated to be about one percent lower than that available to municipalities in the debt capital markets. The standard term is a 15 year closed loan with equal annual payments of principal and interest. CMHC may consider other loan terms and we have requested a term of 20 years to better match the projects being financed. CMHC acts as the administrator of the program.

The program is application based and the following conditions must be met to qualify for financing:

- Construction work has started on or after January 27, 2009 (spending prior to this date is not eligible)
- Must be an investment in municipal housing-related infrastructure for residential areas (new or existing)
- Eligible project types are as follows:
  - Roads, sidewalks, lighting, pathways, landscaping and green space for the residential areas, site preparation;
  - Planning and installation of sewage treatment trunk lines and plans;
  - Planning and installation of community water supply facilities, as well as piped water supplies for the residential areas;
  - Planning and installation of trunk storm sewer systems, holding tanks and any treatment facilities for the residential areas;
  - Planning and installation of sewer and water site services provided for residential areas conforming to specified density criteria;
  - Solid waste management projects including the planning and installation of recycling services for the residential areas;
  - Power generation and other utility projects for the residential areas
- Must be shovel-ready
- All loans must be advanced prior to March 31, 2011 (funds are only advanced on the 1st of each month, effectively ending the program on March 1, 2011)
- All work must be completed by March 31, 2012
- Successful municipalities must follow the communications protocol under the MILP
- Successful municipalities must enter into a MILP Loan Debenture Agreement with CMHC.

b) Peel Capital Projects Eligible for CMHC MILP

Staff has identified 16 growth related capital projects in the amount of $67.3 million that meet eligibility criteria set out by CMHC under the MILP. The details of the projects are included in Appendix I of this report and are summarized as follows:

- 2 Transportation program capital projects totaling $4.1 million.
- 6 Wastewater program capital projects totaling $13.3 million.
- 8 Water program capital projects totaling $49.9 million.

Regional staff has submitted the loan applications for these three programs to CMHC and has provided individual capital project details to CMHC staff as part of the review process. Staff has requested CMHC to consider a 20 loan year term for the applications. Five of the projects submitted are also Infrastructure Stimulus Funding (ISF) projects which is permitted under the 'stacking' provisions' of the MILP. Accordingly, the Region is able to leverage both the ISF and the MILP to maximize benefits to Peel taxpayers in terms of accessing both grant funding and low-cost loans respectively.

Based on the Region's application for a $67.3 million loan and the difference in borrowing rates between the CMHC loan as of December 1, 2010 and a comparable rate at which the Region of Peel could borrow, over 20 years the Region could potentially save approximately $13 million in overall borrowing costs.

c) Loan/Debenture Process – Next Steps

CMHC communicated the final project approvals on December 9, 2010, and in addition confirmed a 20 year loan term. A Loan Commitment Letter for the Regional application has been received by the Region for endorsement in order to move to the next phase of the process. With Council's approval of the recommendations in this report the interest rate of the loan will be established between January 17 - 21, 2011 and the MILP Loan Debenture Agreement will then be sent to the Region approximately two days later for execution. The debenture by-law needs to be approved by the Region by January 27th at the latest and returned to CMHC in order to receive the funds from CMHC on February 1, 2011.

Given the tight timelines between the establishment of the loan interest rate (January 17-21) and the release of loan funds (February 1st) from CMHC, staff will not be in a position to present the completed by-law in advance of the Council meeting on January 27, 2011. The completed by-law will be presented on January 27th. In order to inform Council of the details of the debenture by-law in advance of the approval date, a draft debenture by-law, which excludes the pending loan interest rate and related payment schedule (yet to be finalized), is included in Appendix 2.

CONCLUSION

Authorization provided to the CFO to negotiate a loan with CMHC under the MILP for an amount of up to $67.3 million, which is within the $90 million remaining from the previously authorized by Council, will allow the Region to access debt at a lower interest rate than that available through the debt capital markets. The capital projects submitted to CMHC represent growth related infrastructure which is consistent with the authority granted to the CFO to issue debt for projects funded through development charges.

Norma Trim
Chief Financial Officer
and Commissioner of Corporate Services

Approved for Submission:

D. Szwarc, Chief Administrative Officer

For further information regarding this report, please contact Dave Bingham at extension 4292 or via email at binghamd@peelregion.ca

Authored By: Jim Alpous/Yvonne Wojcik

c. Legislative Services

APPENDIX I
SUMMARY OF ELIGIBLE CAPITAL PROJECTS
CMHC - MUNICIPAL INFRASTRUCTURE LENDING PROGRAM HOUSING-RELATED INFRASTRUCTURE

Project Type	Project ID	Project Title	Municipality	Requested Loan Amount ($)	Regional Council Approvals
Roads	094230	The Gore Road/Queen Street	Brampton	2,419,192	By-law No. 6-2009 / By-law No. 6-2010
Roads	104235	Derry Road/Millcreek Drive	Mississauga	1,722,855	By-law No. 6-2010 / By-law No. 45-2004
Sub-Total Roads:				$ 4,142,047	
Wastewater Services	092201	Burnhamthorpe Road	Mississauga	1,933,000	By-law No. 6-2009
Wastewater Services	092202	City Centre Drive	Mississauga	816,814	By-law No. 6-2009
Wastewater Services	092205S	Clarkway Drive Trunk Sewer (Infrastructure Stimulus Fund)	Brampton	3,841,167	By-law 46-2009 / Carried 2008-583 By-law 67-2009 / Carried 2008-773 By-law 26-2010 / Carried 2010-229
Wastewater Services	092210S	McVean Drive Trunk Sewer (Infrastructure Stimulus Fund)	Brampton	5,009,483	By-law 46-2009 / Carried 2008-583 By-law 67-2009 / Carried 2008-773 By-law 26-2010 / Carried 2010-229
Wastewater Services	092406S	Port Credit Trunk Sewer and Forcemain (Infrastructure Stimulus Fund)	Mississauga	736,066	By-law 46-2009 / Carried 2008-583 By-law 67-2009 / Carried 2008-773
Wastewater Services	102104	Steeles Avenue - Bram West	Brampton	927,978	By-law No. 6-2010
Sub-Total Wastewater Services:				$ 13,264,508	
Water Services	061922	Streetsville Reservoir Expansion and Yard Piping - Phase I	Mississauga	30,358,627	By-law No. 107-2005 / By-law No. 11-2007 By-law No. 6-2009
Water Services	081108	900mm Feedermain - Innis Lake Road	Caledon	1,469,000	By-law No. 143-2007 / By-law No. 6-2009
Water Services	081141	1050mm Feedermain - Innis Lake Road	Caledon	1,718,719	By-law No. 143-2007 / By-law No. 6-2009
Water Services	081230	North Bolton Transmission Main-Phase I	Caledon	5,578,600	By-law No. 6-2009 / By-law No. 6-2010
Water Services	091115	600mm/400mm/300mm Feedermain - King St/Hwy 50/Columbia Way	Caledon	2,903,000	By-law No. 6-2009 / By-law No. 6-2010
Water Services	091980S	Meadowvale North Pumping Station Expansion (Infrastructure Stimulus Fund)	Mississauga	2,489,000	By-law 46-2009 / Carried 2008-583 By-law 67-2009 / Carried 2008-773
Water Services	091396S	Palgrave-Caledon East Interconnection (Infrastructure Stimulus Fund)	Caledon	2,520,274	By-law 46-2009 / Carried 2008-583 By-law 67-2009 / Carried 2008-773 By-law 26-2010 / Carried 2010-229
Water Services	101105	400mm Feedermain - Future James Porter Road (Mount Pleasant)	Brampton	2,839,760	By-law No. 6-2010
Sub-Total Water Services:				$ 49,876,980	
Requested Loan Total:				**$ 67,283,535**	

MA-A2-S

THE REGIONAL MUNICIPALITY OF PEEL

BY-LAW NUMBER •-2011

To authorize the borrowing upon debentures in the aggregate principal amount of $67,283,535.00 for purposes of The Regional Municipality of Peel.

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 all debentures issued under a by-law passed by a regional municipality for its own purposes are direct, joint and several obligations of the regional municipality and its lower-tier municipalities;

AND WHEREAS the Council of The Regional Municipality of Peel (the "**Upper-tier Municipality**") has passed the by-laws enumerated in Column (2) of Schedule "A" attached hereto and forming part of this By-law ("**Schedule "A"**) authorizing the projects which the Upper-tier Municipality has undertaken on its own behalf, described in Column (1) of Schedule "A" (individually a "**Project**", collectively the "**Projects**");

AND WHEREAS before authorizing the Projects and before authorizing any additional cost amounts and any additional debenture authorities in respect thereof, the Upper-tier 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 Upper-tier 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 Canada Mortgage and Housing Corporation ("**CMHC**") has developed a municipal infrastructure lending program available for municipal housing-related infrastructure projects;

AND WHEREAS the Upper-tier Municipality has submitted an application to CMHC for long term borrowing through the issue of debentures to CMHC in respect of the Projects (the "Application") and the Application has been approved;

AND WHEREAS the Upper-tier Municipality desires to issue debentures for the Projects pursuant to the Debenture – Loan Agreement between CMHC and the Upper-tier Municipality dated as of **[**February 1**]**, 2011 (the "Agreement"), in the aggregate principal amount of $**67,283,535.00**, as specified in Column (6) of Schedule "A";

AND WHEREAS to provide long term financing for the Projects pursuant to the Agreement, it is now expedient to issue •% debentures in the aggregate principal amount of $**67,283,535.00** in lawful money of Canada, on the terms hereinafter set forth.

NOW THEREFORE the Council of The Regional Municipality of Peel enacts as follows:

1. The entering into of the Agreement by the Regional Chair and the Regional Treasurer on behalf of the Upper-tier Municipality is hereby confirmed, ratified and approved;

2. For the Projects, the borrowing upon the credit of the Upper-tier Municipality of the aggregate principal sum of $**67,283,535.00** and the issue of debentures therefor to be repaid in annual instalments of combined (blended) principal and interest as hereinafter set forth, are hereby authorized.

3. The Regional Chair and the Regional Treasurer of the Upper-tier Municipality are hereby authorized to cause any number of debentures to be issued up to the said sum of $**67,283,535.00** substantially in the form attached as Schedule "B" hereto and forming part of this By-law (the "**Debentures**"). The Debentures shall bear the Upper-tier Municipality's municipal seal and the signatures of the Regional Chair and 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.

4. The Debentures shall be in fully registered form as one or more certificates in the aggregate principal amount of $**67,283,535.00**, in the name of CMHC or as CMHC may otherwise direct in accordance with the terms of the Agreement, substantially in the form attached as Schedule "B" hereto and forming part of this By-law with provision for payment of principal and interest on such terms as to which the registered holder and the Upper-tier Municipality may agree.

5. The Debentures shall all be dated the **[**1st day of February**]**, 2011, 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 •% per annum from the date thereof payable annually in arrears as described in this section. The

Debentures shall be paid in full by **[**February 1**]**, 2031 and shall be payable in annual instalments of combined (blended) principal and interest on such days as are set forth in Schedule "C" attached hereto and forming part of this By-law ("**Schedule "C"**") in each of the years during the currency of the Debentures, as set forth in Schedule "C". All payments to be made by the Upper-tier Municipality under the Debentures to CMHC shall be made by the Upper-tier Municipality in accordance with the provisions of the Agreement.

6. Payments in respect of principal of and interest on the Debentures shall be made only on a day on which banking institutions in Ottawa, 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.

7. If the Upper-tier Municipality defaults in the payment of any instalment of combined (blended) principal and interest at any time appointed for payment thereof, CMHC may declare the indebtedness of the Upper-tier Municipality, as set forth in the Agreement, immediately due and payable, the whole without presentation, demand, protest or other notice of any kind, all of which are hereby expressly waived by the Borrower, and CMHC shall not be obliged to make any further advance under the Agreement and CMHC may then exercise all its recourses under the Debentures, the Agreement or under any agreement or document relating to each Project.

8. (1) Each year in which a payment of an instalment of combined (blended) 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.

(2) The lower-tier municipalities of the Upper-tier Municipality (individually a "**Lower-tier Municipality**" and collectively the "**Lower-tier Municipalities**") shall pay to the Upper-tier Municipality, as part of the general upper-tier levy the amounts required to be paid to the Upper-tier Municipality by the Lower-tier Municipalities in respect of the Projects in accordance with the manner in which the general upper-tier levy is required, from time to time, to be paid to the Upper-tier Municipality. Such amounts constitute debt of the Lower-tier Municipalities in respect of the Projects 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.

(3) If any Lower-tier Municipality fails to make any payment or portion of it as provided in this By-law, such Lower-tier Municipality shall pay interest to the Upper-tier Municipality on the amount in default at the rate per annum set out in the most recent upper-tier levy by-law, from the date the payment is due until it is made.

(4) There shall be raised, for the Projects, 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 any one or more of the Lower-tier Municipalities to the extent that the amounts have not been paid to the Upper-tier Municipality in accordance with this By-law.

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 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 cancellation, 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.

11. The Regional Chair and the Regional Treasurer shall issue and deliver new Debentures in exchange or substitution for the 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 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 Upper-tier Municipality with such evidence (including evidence as to the certificate number of the Debenture in question) and 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 Debentures in respect of which new Debentures are to be issued in substitution.

12. 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 Upper-tier Municipality. Where 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.

13. The Regional Chair and the Regional Treasurer are hereby authorized to cause the Debentures to be issued, the Regional Clerk and the Regional Treasurer are individually authorized to generally do all things and to execute all documents and other papers in the name of the Upper-tier Municipality in order to carry out the issue of the Debentures and the Regional Treasurer is authorized to affix the Upper-tier Municipality's municipal seal to any of such documents and papers.

14. 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 the Projects and to no other purpose except as permitted by the Act.

15. Pursuant to the provisions of the Agreement, CMHC does not intend to sell, transfer or assign its interest in the Debentures and agrees that where it does so, it will only be to Her Majesty in Right of Canada or other federal agencies.

20. This by-law comes into force on the day it is passed.

READ THREE TIMES AND PASSED IN OPEN COUNCIL this [27th day of January], 2011

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Regional Clerk Regional Chair

THE REGIONAL MUNICIPALITY OF PEEL

SCHEDULE "A" TO BY-LAW NUMBER •-2011

Project No.	Project (project description)	By-Law # (Report #)	M.O.E. Certificate Number	Approved Principal Amount to be Financed through the Issue of Debentures $	Debentures Previously Issued $	Debentures Issued Under this By-Law $	Term of Debentures Years
		(1)	(2)	(3)	(4)	(5)	(6)	(7)
	The Regional Municipality of Peel						
	Roads						
094230	Capital costs in connection with the Gore Road/Queen Street project	6-2009 6-2010	n/a	2,420,000.00	Nil	2,419,192.00	20
104235	Capital costs in connection with the Derry Road/Millcreek Drive project	45-2004 6-2010	n/a	1,722,962.00	Nil	1,722,855.00	20
	Total Roads					**4,142,047.00**	
	Wastewater Services						
092201	Capital costs in connection with the Burnhamthorpe Road project	6-2009	6642-7TZNDY	1,933,000.00	Nil	1,933,000.00	20
092202	Capital costs in connection with the City Centre Drive project	6-2009	5892-7TRQKN	816,814.00	Nil	816,814.00	20
092205S	Capital costs in connection with the Clarkway Drive Trunk Sewer project	46-2009 67-2009	•	3,841,167.00	Nil	3,841,167.00	20

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THE REGIONAL MUNICIPALITY OF PEEL

SCHEDULE "A" TO BY-LAW NUMBER •-2011

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Project No.	Project (project description)	By-Law # (Report #)	M.O.E. Certificate Number	Approved Principal Amount to be Financed through the Issue of Debentures	Debentures Previously Issued	Debentures Issued Under this By-Law	Term of Debentures
				$	$	$	Years
		26-2010					
092210S	Capital costs in connection with the McVean Drive Trunk Sewer project	46-2009 67-2009 26-2010	3981-823S63	5,009,483.00	Nil	5,009,483.00	20
092406S	Capital costs in connection with the Port Credit Trunk Sewer and Forcemain project	46-2009 67-2009	4613-7Y7PSM	1,394,863.00	Nil	736,066.00	20
102104	Capital costs in connection with the Steeles Avenue – Bram Street West project	6-2010	3	928,000.00	Nil	927,978.00	20
	Total Wastewater Services					**13,264,508.00**	
	Water Services						
061922	Capital costs in connection with the Streetsville Reservoir Expansion and Yard Piping – Phase 1 project	107-2005 11-2007 6-2009	•	77,036,000.00	Nil	30,358,627.00	20
081108	Capital costs in connection with the 900mm Feedermain – Innis Lake Road project	143-2007 6-2009	•	1,469,000.00	Nil	1,469,000.00	20
081141	Capital costs in connection with the 1050mm Feedermain – Innis Lake Road project	143-2007 6-2009	•	1,719,000.00	Nil	1,718,719.00	20

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THE REGIONAL MUNICIPALITY OF PEEL

SCHEDULE "A" TO BY-LAW NUMBER •-2011

(1)		(2)	(3)	(4)	(5)	(6)	(7)
Project No.	Project (project description)	By-Law # (Report #)	M.O.E. Certificate Number	Approved Principal Amount to be Financed through the Issue of Debentures $	Debentures Previously Issued $	Debentures Issued Under this By-Law $	Term of Debentures Years
081230	Capital costs in connection with the North Bolton Transmission Main – Phase 1 project	6-2009 6-2010	•	5,579,000.00	Nil	5,578,600.00	20
091115	Capital costs in connection with the 600mm/400mm/300mm Feedermain – King Street/Highway 50/Columbia Way project	6-2009 6-2010	•	2,903,000.00	Nil	2,903,000.00	20
091980S	Capital costs in connection with the Meadowvale North Pumping Station Expansion project	46-2009 67-2009	•	2,489,000.00	Nil	2,489,000.00	20
091296S	Capital costs in connection with the Palgrave-Caledon East Interconnection project	46-2009 67-2009 26-2010	•	2,520,274.00	Nil	2,520,274.00	20
101105	Capital costs in connection with the 400mm Feedermain – Future James Porter Road project	6-2010	•	2,839,760.00	Nil	2,839,760.00	20
	Total Water Services					**49,876,980.00**	
	GRAND TOTAL					**67,283,535.00**	

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MA-A2-14

THE REGIONAL MUNICIPALITY OF PEEL

SCHEDULE "B" TO BY-LAW NUMBER •-2011

Province of Ontario
The Regional Municipality of Peel

No. 2011-20-01

FULLY REGISTERED •% DEBENTURE

The Regional Municipality of Peel (the "**Upper-tier Municipality**"), for value received, hereby promises to pay to:

CANADA MORTGAGE AND HOUSING CORPORATION ("**CMHC**")

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 1], 2031), the principal sum of

[Sixty-Seven Million, Two Hundred Eighty-Three Thousand, Five Hundred and Thirty-Five] Dollars
---------- ($**67,283,535.00**) ----------

by annual instalments of combined (blended) principal and interest in the manner and in the amounts set forth in the attached amortization schedule (the "**Schedule**") and pursuant to the Conditions, in lawful money of Canada. Interest shall be paid until the maturity date of this debenture, in like money in annual payments from the [1st day of February], 2011 or from the last date on which interest has been paid on this debenture, whichever is later at the rate of •% per annum, in arrears, on the specified dates, as set forth in the Schedule (each, a "**Payment Date**") 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.

This debenture is subject to the Conditions.

DATED at the Regional Municipality of Peel on [February 1], 2011.

IN TESTIMONY WHEREOF and under the authority of By-law Number •-2011 of the Upper-tier Municipality duly passed on [January 27], 2011 (the "**By-law**"), this debenture is sealed with the municipal seal of the Upper-tier Municipality and signed by the Regional Chair and the Treasurer thereof.

Date of Registration: [February 1], 2011.

Regional Chair

Treasurer

MA-A2-1S

AMORTIZATION SCHEDULE

MA-A2-16

CONDITIONS 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, unsubordinated, joint and several obligations of the Upper-tier Municipality and of its lower-tier municipalities. The Debentures rank concurrently and equally in respect of payment of principal and interest with all other debentures of the Upper-tier 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 CMHC and held by CMHC.

4. The Upper-tier 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 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.

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 the maturity date. Principal of and interest on the Debentures are payable by the Upper-tier Municipality to the persons registered as holders in the registry on the relevant record date. The Upper-tier 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 Upper-tier Municipality shall make all payments in respect of annual instalments of combined (blended) principal and interest on the Debentures on each Payment Date commencing on **[**February 1**]**, 2012 in accordance with the provisions of the Debenture-Loan Agreement between CMHC and the Upper-tier Municipality dated as of **[**February 1**]**, 2011 (the "Agreement").

7. If the Upper-tier Municipality defaults in the payment of any instalment of combined (blended) principal and interest at any time appointed for payment thereof, CMHC may declare the indebtedness of the Upper-tier Municipality, as set forth in the Agreement, immediately due and payable, the whole without presentation, demand, protest or other notice of any kind, all of which are hereby expressly waived by the Borrower, and CMHC shall not be obliged to make any further advance under the Agreement and CMHC may then exercise all its

recourses under this Debenture, the Agreement or under any agreement or document relating to each Project.

8. Payments in respect of principal of and interest on the Debentures shall be made only on a day on which banking institutions in Ottawa, 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. The Upper-tier 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 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 Upper-tier Municipality with such evidence (including evidence as to the certificate number of the Debenture in question) and 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 Debentures in respect of which new Debentures are to be issued in substitution.

10. 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 Upper-tier Municipality. Where 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.

11. Pursuant to the provisions of the Agreement, CMHC does not intend to sell, transfer or assign its interest in the Debentures and agrees that where it does so, it will only be to Her Majesty in Right of Canada or other federal agencies.

12. Unless otherwise expressly provided herein, any reference herein to a time shall be considered to be a reference to Ottawa, Ontario time.

13. 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 REGIONAL MUNICIPALITY OF PEEL

SCHEDULE "C" TO BY-LAW NUMBER •-2011

MA-A2-18