

Report to/Rapport au :

Debenture Committee
Comité sur les débetures

and Council / et au Conseil

July 22, 2013
22 juillet 2013

Submitted by/Soumis par : Marian Simulik, City Treasurer / Trésorière municipale

Contact Person / Personne ressource: Mona Monkman, Deputy City Treasurer, Corporate Finance / Trésorière municipale adjointe – Finances municipales
613-580-2424 ext./poste 41723, Mona.Monkman@ottawa.ca

CITY WIDE / À L'ÉCHELLE DE LA VILLE

Ref N°: ACS2013-CMR-FIN-0035

SUBJECT: BY-LAW TO AUTHORIZE A \$154 MILLION DEBENTURE ISSUE

OBJET : RÈGLEMENT VISANT À AUTORISER L'ÉMISSION DE DÉBENTURES POUR UN MONTANT DE 154 MILLIONS DE DOLLARS

REPORT RECOMMENDATION

That the Debenture Committee enact a Debenture By-law substantially in the form attached as Document 1 to authorize the issuance of Debentures in the total principal amount of \$154,000,000.

RECOMMANDATION DU RAPPORT

Que le Comité sur les débetures adopte un règlement municipal reprenant pour l'essentiel le texte du document 1 ci-annexé et autorisant l'émission de débetures pour un montant nominal de 154 000 000 \$.

BACKGROUND

In accordance with Section 15 of Schedule "A" of By-law No. 2013-71, the Delegation of Authority By-law, as amended, the Treasurer has proceeded to issue a 40 year sinking fund debenture on July 17, 2013 in the total principal amount of \$154,000,000 at a yield to investors of 4.213%. Debt financing had been authorized by Council for the project receiving financing from the proceeds of this debenture issue as detailed on Schedule "A" to the debenture By-law

attached as Document 1. This transaction is scheduled to close on July 30, 2013 and a debenture By-law substantially in the form attached as Document 1, is required to be enacted by the Debenture Committee in order to successfully close the transaction.

DISCUSSION

On October 10, 2012 City Council made a number of decisions with respect to the redevelopment of Lansdowne Park, including the legal close of the Lansdowne Partnership Plan in order to move to the construction phase and the revised spending authority and financing for the project (ACS2012-PAI-INF-0010).

The report indicated that the debt associated with Lansdowne Park is forecast to be issued in mid 2013 with debt servicing commencing in 2014. In addition during the Special Council Meetings on June 17,23,24,25 and 28, 2010, Motion 92/38 was adopted by Council which directed staff to debenture the costs for the Stadium and Urban Park simultaneously to facilitate timely and coordinated construction.

The sinking fund debenture issued on July 17, 2013 provides the financing for the Stadium and the Urban Park and requires for the first payment of debt service in January 2014.

The issue was distributed primarily in Ontario (68%), as well as in Quebec (15%) and Manitoba (15%) and with US based investors (2%). The issue was distributed mostly to pension funds (46%), insurance companies (29%), investment asset managers (23%) and governments (2%).

RURAL IMPLICATIONS

There are no rural implications to enacting the By-laws recommended in this Report.

CONSULTATION

The public consultation process is not applicable.

LEGAL IMPLICATIONS

Section 401 of the *Municipal Act, 2001*, as amended, authorizes a municipality to incur debt for municipal purposes by borrowing money or in any other way, and further authorizes a municipality to issue debentures in relation to debt. Sections 15 and 16 of Schedule "A" of By-law 2013-71 (as amended) authorizes the City Treasurer to proceed with a debt issue and bank loan respectively subject to specified conditions. Council's authority to enact the by-laws related to such borrowing has been delegated to the Debenture Committee.

RISK MANAGEMENT IMPLICATIONS

There are no risk management implications to enacting the debenture By-law in the form attached as Document 1.

FINANCIAL IMPLICATIONS

The debenture issue does not involve any new debenture authority but provides the financing authorized by Council at the time the capital works for the Lansdowne Park redevelopment was approved.

Funds required for the principal and interest payments will be provided as outlined to Council on October 10, 2012 (ACS2012-PAI-INF-0010) and will be accommodated within the overall 2014 tax increase envelope established by Council.

ACCESSIBILITY IMPACTS

Not applicable.

ENVIRONMENTAL IMPLICATIONS

Not applicable.

TECHNOLOGY IMPLICATIONS

There are no direct technology implications associated with this report.

TERM OF COUNCIL PRIORITIES

Not applicable.

SUPPORTING DOCUMENTATION

Document 1 the debenture By-law authorizing the issue of \$154,000,000 sinking fund debentures.

DISPOSITION

Once the debenture issues are closed, this report will be provided to Council for its information as required by the terms of the delegated authority given to the Debenture Committee by Council.

BY-LAW NO. 2013-

A by-law of the City of Ottawa to authorize the borrowing upon sinking fund debentures in the principal amount of \$154,000,000.00 towards the cost of certain capital works of the City of Ottawa

WHEREAS subsection 401(1) of 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 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 in respect of each of the capital works of the City of Ottawa set out in Column 1 of Schedule "A" (individually a "Capital Work", collectively the "Capital Works") which was authorized on the basis of debentures being issued therefor by the relevant By-laws enumerated in Column 2 of Schedule "A", and in respect of each of the Capital Works for which an additional cost amount and additional debenture authority was approved by the relevant By-laws enumerated in Column 2 of Schedule "A", if any, the Council of the City of Ottawa has authorized each Capital Work, each such additional cost amount and each such additional debenture authority in the respective amounts shown in Column 3 of Schedule "A". Before authorizing each Capital Work, each such additional cost amount and each such additional debenture authority the Council of the City of Ottawa 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 and, prior to the Council of the City of Ottawa authorizing each Capital Work, each such additional cost amount and each such additional debenture authority, the Treasurer determined that the estimated annual amount payable in respect of each Capital Work, each such additional cost amount and each such additional debenture authority would not cause the City of Ottawa to exceed its updated limit and that the approval of each Capital Work, each such additional cost amount and each such additional debenture authority by the Ontario Municipal Board pursuant to such regulation was not required;

AND WHEREAS on April 11, 2007 the City of Ottawa adopted a Debt and Financing Policy which was subsequently amended (the "Policy") and which provides the administrative framework and guidelines for issuing short and long-term debt;

AND WHEREAS, in accordance with the Policy and the Act, it is expedient to borrow money by the issue and sale of sinking fund debentures in the principal amount of \$154,000,000.00, on the credit of the City of Ottawa for the Capital Works in the respective amounts set out in Column 5 of Schedule "A", payable at the time and bearing interest as hereinafter set forth, as agreed to on July 17, 2013 by the City of Ottawa pursuant to Section 15, Schedule "A" of By-law No. 2013-71, as amended.

THEREFORE the Debenture Committee of the City of Ottawa enacts as follows:

1. For the Capital Works, the borrowing upon the credit of the City of Ottawa of the principal amount of \$154,000,000.00 and the issue of sinking fund debentures therefor, within the term of years set out in Column 6 of Schedule "A" in minimum denominations of \$1,000.00, as hereinafter set forth, are hereby authorized.

2. The Mayor and the Treasurer of the City of Ottawa are hereby authorized to cause any number of sinking fund debentures in the principal amount of \$154,000,000.00, as described in section 1 above, (the "Debentures") payable as to the principal on July 30, 2053 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 principal amount of \$154,000,000.00. The Debentures shall bear the City of Ottawa's municipal seal and the signatures of the Mayor and of the Treasurer of the City, all in accordance with the provisions of the Act. The municipal seal of the City of Ottawa 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 four certificates, two in the principal amount of \$50,000,000.00 each and two in the principal amount of \$27,000,000.00 each (in the aggregate principal amount of \$154,000,000.00), each substantially in the form attached as Schedule "B" hereto and forming part of this By-law (the "Global Debentures"). The Global Debentures shall initially be issued in the name of CDS & CO. as nominee of CDS Clearing and Depository Services Inc. ("CDS"), and each 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 Debentures are held by CDS.

3. (1) The Debentures shall all be dated the 30th day of July, 2013, and as to both principal and interest shall be expressed and be payable in lawful money of Canada. The Debentures shall be issued for a term of 40 years bearing interest at the rate of 4.20% per annum and shall be payable on the 30th day of July, 2053. In each year during such period, the amount of \$6,468,000.00 for interest on the Debentures (\$3,234,000.00 on each of January 30 and July 30, commencing on January 30, 2014) and the amount of \$1,821,401.47 shall be deposited on or before July 30 (commencing on July 30, 2014) by the Treasurer of the City of Ottawa, or an authorized official of the City of Ottawa, into a sinking fund (the "Sinking Fund"), which amount, with interest compounded annually, will be sufficient to pay at maturity (July 30, 2053) the principal of the Debentures, in accordance with the provisions of this By-law and the Act.

(2) Payments in respect of contributions to the Sinking Fund as well as principal of and interest on the Debentures shall be made only on a day on which banking institutions in Toronto, Ontario and 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.

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 City of Ottawa 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 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 City of Ottawa and CDS) the Global Debentures shall be exchangeable for certificated Debentures in definitive fully registered form in authorized denominations upon surrender of the Global Debentures to the Treasurer of the City of Ottawa. Any of the Debentures issued as definitive Debentures may, with the approval of the Debenture Committee, be countersigned in writing by officials so designated by the Debenture Committee. The definitive Debentures shall aggregate the same principal amount as the principal outstanding balance of the Global Debentures as of the record date for such exchange in accordance with the provisions of the Global Debentures, shall bear the same interest rate and maturity date, shall bear all unmatured interest obligations and shall have the same benefits and be subject to the same terms and conditions as the Global Debentures (except insofar as they specifically relate to the Global Debentures). In issuing definitive Debentures no change shall be made in the amount which would otherwise be payable in each year under the Global Debentures. 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 City of Ottawa'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. In respect of the Debentures there shall be raised, as part of the general municipal levy, in each year of their currency the amount of \$6,468,000.00 for interest on the Debentures (\$3,234,000.00 on each of January 30 and July 30, commencing on January 30, 2014) and the amount of \$1,821,401.47 for deposit into the Sinking Fund on or before July 30 (commencing on July 30, 2014) for the payment at maturity (July 30, 2053) of the principal of the Debentures. In each such year, for the Capital Works, the said two amounts (the amount for interest and the amount for the sinking fund contribution) shall be raised as part of the general municipal levy, 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.

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 City of Ottawa 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 City of Ottawa is authorized to use electronic, magnetic or other media for records of or related to the Debentures or for copies of them.

9. The City of Ottawa 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 City of Ottawa shall deem and treat registered holders of the Debentures, including the Global Debentures, as the absolute owners thereof for all purposes whatsoever notwithstanding any notice to the contrary and all payments to or to the order of registered holders shall be valid and effectual to discharge the liability of the City of Ottawa 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 City of Ottawa. 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 City of Ottawa.

10. The Debentures are transferable or exchangeable at the office of the Treasurer of the City of Ottawa upon presentation for such purpose accompanied by an instrument of transfer or exchange in a form approved by the City of Ottawa and which form is in accordance with the prevailing Canadian transfer legislation and practices, executed by the registered holder thereof or such holder's duly authorized attorney or legal personal representative, whereupon and upon registration of such transfer or exchange and cancellation of the Debenture or Debentures presented, the Mayor and the Treasurer shall issue and deliver a new Debenture or Debentures of an equal aggregate principal amount in any authorized denomination or denominations as directed by the transferee, in the case of a transfer or as directed by the registered holder in the case of an exchange.

11. The Mayor and the Treasurer shall issue and deliver new Debentures in exchange or substitution for Debentures outstanding on the registry with the same maturity date and of like form which have become 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 where a Debenture is defaced, lost, mysteriously

or unexplainably missing, stolen, destroyed or dematerialized) furnished the City of Ottawa with such evidence (including evidence as to the certificate number of the Debenture in question) and indemnity in respect thereof satisfactory to the City of Ottawa in its discretion; and (c) surrendered to the City of Ottawa any defaced Debenture in respect of which new Debentures are to be issued in substitution.

2. 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 date 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.

3. 13. The cost of all transfers and exchanges, including the printing of authorized denominations of the new Debentures, shall be borne by the City of Ottawa. When any of the Debentures are surrendered for transfer or exchange the Treasurer of the City of Ottawa 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; and (c) enter in the registry particulars of the new Debenture or Debentures issued in exchange.

4. 14. Subject to an agreement that the City of Ottawa may enter into to the contrary, reasonable fees may be imposed by the City of Ottawa for the substitution of a new Debenture or new Debentures for any of the Debentures that are defaced, lost, mysteriously or unexplainably missing, stolen, destroyed or dematerialized and for the replacement of any of the interest cheques that are defaced, lost, mysteriously or unexplainably missing, stolen or destroyed. Where new Debentures are issued in substitution in these circumstances the City of Ottawa 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.

5. 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.

6. 16. (1) The Mayor and the Treasurer are hereby authorized to cause the Debentures to be issued, one or more of the Treasurer and the Clerk are hereby authorized to generally do all things and to execute all other documents and papers in the name of the City of Ottawa in order to carry out the sale of the Debentures through CDS' book entry only system and the Treasurer is authorized to affix the City of Ottawa's municipal seal to any of such documents and papers.

7. (2) The money received by the City of Ottawa from the sale of the Debentures, including any premium, and any earnings derived from the investment of that money, shall be apportioned and applied to the Capital Works, and to no other purpose except as permitted by the Act.
8. 17. The City of Ottawa has reserved the right to issue additional sinking fund debentures of the same maturity, interest rate and terms and conditions.
9. 18. Subject to the City of Ottawa's investment policies and goals and the applicable legislation, the City of Ottawa 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 City of Ottawa may in its discretion determine.
10. 19. This By-law comes into force on the day it is passed.

ENACTED AND PASSED this 24th day of July, 2013

VICE-CHAIR
DEBENTURE COMMITTEE

CITY TREASURER
MEMBER

CITY MANAGER
MEMBER

Schedule "A" to By-Law No. 2013 -

1	2	3	4	5	6
<u>Purpose</u>	<u>Authorizin By-Law Number</u>	<u>Debentures Authorized by Council \$</u>	<u>Debentures Previously issued Amount/B/L No. \$</u>	<u>Debentures Issued Hereunder \$</u>	<u>Term of Debentures Hereunder in years</u>
Recreation Facilities and Cultural Services - Other					
905885 Lansdowne Partnership Plan - Stadium Renovation - Parking *Legacy* (Tax Debt Component)	2010-225	114,400,000			
	2012-57	2,800,000			
Capital costs related to the redevelopment and transformation of Lansdowne Park under a Lansdowne Partnership Plan (LPP) - first component:	2012-281	(2,500,000)			
Frank Clair Stadium - Civic Centre.	2012-281	4,700,000			
	2012-281	(6,096,296)			
	2012-366	<u>6,577,917</u>			
		<u>119,881,621</u>		119,765,000	40
Recreation Facilities and Cultural Services - Parks					
905886 Lansdowne Partnership Plan - Urban Park *Legacy* (Tax Debt Component)	2010-225	35,000,000			
	2012-57	2,500,000			
Capital costs related to the redevelopment and transformation of Lansdowne Park under a Lansdowne Partnership Plan (LPP) - second component: the Urban Park beside Rideau Canal.	2012-281	2,500,000			
	2012-281	(7,000,000)			
	2012-366	<u>(6,565,000)</u>			
		<u>26,435,000</u>		26,435,000	40
Planning and Development - Residential Development					
906695 Lansdowne Partnership Plan - Residential Allocated Development *Legacy* (Tax Debt Component)	2012-366	<u>3,700,000</u>		3,700,000	40
Capital costs related to the allocated development costs for the residential and office podiums and parking.					
906696 Lansdowne Partnership Plan - Office Allocated Development *Legacy* (Tax Debt Component)	2012-57	2,300,000			
	2012-366	<u>1,800,000</u>			
Capital costs related to the allocated development costs for the residential and office podiums and parking.		<u>4,100,000</u>		<u>4,100,000</u>	40
Total amount of the debentures				<u>154,000,000</u>	

City of Ottawa
Schedule "B" to By-law No. 2013-

Unless this certificate is presented by an authorized representative of CDS Clearing and Depository Services Inc. ("**CDS**") to the City of Ottawa (the "**Issuer**") 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. FR000001

\$50,000,000.00
CUSIP 689551ED7
ISIN CA 689551ED71

C A N A D A
Province of Ontario
City of Ottawa

FULLY REGISTERED GLOBAL 4.20% SINKING FUND DEBENTURE

CITY OF OTTAWA, 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 maturity date of this global debenture (July 30, 2053), the principal amount of

FIFTY MILLION DOLLARS
----- (\$50,000,000.00) -----

in lawful money of Canada, and to pay interest thereon until the maturity date of this global debenture in like money in semi-annual payments from July 30, 2013, or from the last date on which interest has been paid on this global debenture, whichever is later, at the rate of 4.20% per annum, in arrears on the 30th day of January and the 30th day of July, 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 aforesaid rate both before and after default and judgment. The payments of interest, the amount to be deposited into the applicable sinking fund and the principal balance outstanding in each year are shown in the Schedule on the reverse side hereof.

This global debenture is subject to the Conditions.

DATED at the City of Ottawa the 30th day of July, 2013.

IN TESTIMONY WHEREOF and under the authority of By-law No. 2013-250 of the Issuer duly passed on the 24th day of July, 2013 (the "**Debenture By-law**"), this global debenture is sealed with the municipal seal of the Issuer and signed by the Mayor and by the Treasurer thereof.

Date of Registration: July 30, 2013

Mayor

(seal)

Treasurer

SCHEDULE

Year	Interest Rate %	Interest		Total Annual Interest Payment Each Year \$	Annual Sinking Fund Deposit 30-Jul \$	Principal Balance Outstanding 30-Jul \$
		30-Jan \$	30-Jul \$			
2013	----	-----	-----	-----	-----	50,000,000.00
2014	4.20	1,050,000.00	1,050,000.00	2,100,000.00	591,364.11	50,000,000.00
2015	4.20	1,050,000.00	1,050,000.00	2,100,000.00	591,364.11	50,000,000.00
2016	4.20	1,050,000.00	1,050,000.00	2,100,000.00	591,364.11	50,000,000.00
2017	4.20	1,050,000.00	1,050,000.00	2,100,000.00	591,364.11	50,000,000.00
2018	4.20	1,050,000.00	1,050,000.00	2,100,000.00	591,364.11	50,000,000.00
2019	4.20	1,050,000.00	1,050,000.00	2,100,000.00	591,364.11	50,000,000.00
2020	4.20	1,050,000.00	1,050,000.00	2,100,000.00	591,364.11	50,000,000.00
2021	4.20	1,050,000.00	1,050,000.00	2,100,000.00	591,364.11	50,000,000.00
2022	4.20	1,050,000.00	1,050,000.00	2,100,000.00	591,364.11	50,000,000.00
2023	4.20	1,050,000.00	1,050,000.00	2,100,000.00	591,364.11	50,000,000.00
2024	4.20	1,050,000.00	1,050,000.00	2,100,000.00	591,364.11	50,000,000.00
2025	4.20	1,050,000.00	1,050,000.00	2,100,000.00	591,364.11	50,000,000.00
2026	4.20	1,050,000.00	1,050,000.00	2,100,000.00	591,364.11	50,000,000.00
2027	4.20	1,050,000.00	1,050,000.00	2,100,000.00	591,364.11	50,000,000.00
2028	4.20	1,050,000.00	1,050,000.00	2,100,000.00	591,364.11	50,000,000.00
2029	4.20	1,050,000.00	1,050,000.00	2,100,000.00	591,364.11	50,000,000.00
2030	4.20	1,050,000.00	1,050,000.00	2,100,000.00	591,364.11	50,000,000.00
2031	4.20	1,050,000.00	1,050,000.00	2,100,000.00	591,364.11	50,000,000.00
2032	4.20	1,050,000.00	1,050,000.00	2,100,000.00	591,364.11	50,000,000.00
2033	4.20	1,050,000.00	1,050,000.00	2,100,000.00	591,364.11	50,000,000.00
2034	4.20	1,050,000.00	1,050,000.00	2,100,000.00	591,364.11	50,000,000.00
2035	4.20	1,050,000.00	1,050,000.00	2,100,000.00	591,364.11	50,000,000.00
2036	4.20	1,050,000.00	1,050,000.00	2,100,000.00	591,364.11	50,000,000.00
2037	4.20	1,050,000.00	1,050,000.00	2,100,000.00	591,364.11	50,000,000.00
2038	4.20	1,050,000.00	1,050,000.00	2,100,000.00	591,364.11	50,000,000.00
2039	4.20	1,050,000.00	1,050,000.00	2,100,000.00	591,364.11	50,000,000.00
2040	4.20	1,050,000.00	1,050,000.00	2,100,000.00	591,364.11	50,000,000.00
2041	4.20	1,050,000.00	1,050,000.00	2,100,000.00	591,364.11	50,000,000.00
2042	4.20	1,050,000.00	1,050,000.00	2,100,000.00	591,364.11	50,000,000.00
2043	4.20	1,050,000.00	1,050,000.00	2,100,000.00	591,364.11	50,000,000.00
2044	4.20	1,050,000.00	1,050,000.00	2,100,000.00	591,364.11	50,000,000.00
2045	4.20	1,050,000.00	1,050,000.00	2,100,000.00	591,364.11	50,000,000.00
2046	4.20	1,050,000.00	1,050,000.00	2,100,000.00	591,364.11	50,000,000.00
2047	4.20	1,050,000.00	1,050,000.00	2,100,000.00	591,364.11	50,000,000.00
2048	4.20	1,050,000.00	1,050,000.00	2,100,000.00	591,364.11	50,000,000.00
2049	4.20	1,050,000.00	1,050,000.00	2,100,000.00	591,364.11	50,000,000.00
2050	4.20	1,050,000.00	1,050,000.00	2,100,000.00	591,364.11	50,000,000.00
2051	4.20	1,050,000.00	1,050,000.00	2,100,000.00	591,364.11	50,000,000.00
2052	4.20	1,050,000.00	1,050,000.00	2,100,000.00	591,364.11	50,000,000.00
2053	4.20	1,050,000.00	1,050,000.00	2,100,000.00	591,364.11	-----
		<u>42,000,000.00</u>	<u>42,000,000.00</u>	<u>84,000,000.00</u>	<u>23,654,564.40</u>	

LEGAL OPINION

We have examined the Debenture By-law of the Issuer authorizing the issue of sinking fund debentures in the aggregate principal amount of \$154,000,000.00 dated July 30, 2013 and maturing on July 30, 2053.

The Debenture By-law has been properly passed and is within the legal powers of the Issuer. The four global sinking fund debentures issued under the Debenture By-law (two in the principal amount of \$50,000,000.00 each and two in the principal amount of \$27,000,000.00 each) in the within form (the “**Global Debentures**”) are direct, general and unsubordinated obligations of the Issuer. The Global Debentures are enforceable against the Issuer 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 Debentures.

Toronto, July 30, 2013

BORDEN LADNER GERVAIS LLP

CONDITIONS OF GLOBAL DEBENTURE

Form, Denomination, Ranking and Beneficial Interests in Global Debenture

1. The sinking fund debentures issued pursuant to the Debenture By-law (the “**Debentures**”) are issuable as fully registered Debentures without coupons in minimum denominations of \$1,000.00.
2. The Debentures are direct, general and unsubordinated obligations of the Issuer. 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’ participants (the “Participants”) in accordance with its participant agreement and rules and procedures which are posted on the website of CDS.
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 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 reasonable 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 City of Ottawa 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. In each year during the currency of the Debentures, the amount of \$6,468,000.00 for interest on the Debentures (\$3,234,000.00 on each of January 30 and July 30, commencing on January 30, 2014) and the amount of \$1,821,401.47 shall be deposited on or before July 30 (commencing on July 30, 2014) by the Issuer into a sinking fund for the payment of principal of the Debentures at maturity (the "Sinking Fund"), all in accordance with the provisions of the Debenture By-law and the *Municipal Act, 2001*, as amended.
11. The record date for purposes of payment of a deposit into the Sinking Fund and of payment of principal and of interest on the Debentures is as of 5:00 p.m. on the sixteenth calendar day preceding the relevant Payment Date, including the 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.
12. The Issuer shall make all payments in respect of semi-annual interest on the Debentures on each Payment Date commencing on January 30, 2014 and of principal at maturity 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.
13. 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.

14. 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.
15. Payments in respect of contributions to the Sinking Fund as well as principal of and interest on the Debentures shall be made only on a day on which banking institutions in Toronto, Ontario and 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.
16. 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.
17. In the case of the death of one or more joint registered holders, despite sections 9 and 16 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

18. Debentures are transferable or exchangeable at the office of the 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 transferee, in the case of a transfer or as directed by the registered holder in the case of an exchange.
19. 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 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 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 defaced Debenture in respect of which new Debentures are to be issued in substitution.
20. 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.

21. 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 defaced, lost, mysteriously or unexplainably missing, stolen, destroyed or dematerialized, or interest cheques that are defaced, lost, mysteriously or unexplainably missing, stolen or destroyed.

Purchases

22. 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

23. The Issuer reserves the right to issue additional sinking fund debentures of the same maturity, interest rate and terms and conditions.

Notices

24. 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

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

Governing Law

26. **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.**

BY-LAW NO. 2013-

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**A by-law of the City of
Ottawa to authorize the
issue of sinking fund
debentures in the
principal amount of
\$154,000,000.00, for
capital works of the City
of Ottawa**

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Enacted by Debenture
Committee at its meeting
of July 24, 2013

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LEGAL SERVICES

DEBENTURE COMMITTEE
AUTHORITY:
Delegation of Authority