

**Authority:** Item 11, Committee of the Whole  
Report 10-013 (FCS10022  
CM: April 14, 2010  
Bill No. 109

**CITY OF HAMILTON**

**BY-LAW NO. 10-109**

TO AUTHORIZE THE BORROWING UPON DEBENTURES IN THE PRINCIPAL AMOUNT OF \$25,000,000.00 FOR A PURPOSE OF THE CITY OF HAMILTON

**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 Council of the City of Hamilton (the “**Municipality**”) has passed the by-law enumerated in column (1) of Schedule “**A**” attached hereto and forming part of this By-law (“**Schedule “A”**”) authorizing the project described in column (2) of Schedule “**A**” (the “**Project**”);

**AND WHEREAS** before authorizing the Project, the 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 the Project, the Treasurer determined that the estimated annual amount payable in respect of the Project, would not cause the Municipality to exceed the updated limit and that the approval of the Project, 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 Municipality has submitted an application to CMHC for long term borrowing through the issue of debentures to CMHC in respect of the Project (the “**Application**”) and the Application has been approved;

**AND WHEREAS** the Municipality desires to issue debentures for the Project pursuant to the Debenture – Loan Agreement between CMHC and the Municipality dated as of June 1, 2010 (the “**Agreement**”), in the amount specified in column (3) of Schedule “**A**”;

**AND WHEREAS** to provide long term financing for the Project pursuant to the Agreement, it is now expedient to issue 3•68% debentures in the principal amount of \$25,000,000.00 in lawful money of Canada, on the terms hereinafter set forth.

**NOW THEREFORE THE COUNCIL OF THE CITY OF  
HAMILTON HEREBY ENACTS AS FOLLOWS:**

1. The entering into of the Agreement by the Mayor and the Treasurer on behalf of the Municipality is hereby confirmed, ratified and approved;
2. For the Project, the borrowing upon the credit of the Municipality of the principal sum of \$25,000,000.00 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 Mayor and the Treasurer of the Municipality are hereby authorized to cause any number of debentures to be issued up to the said sum of \$25,000,000.00 substantially in the form attached as Schedule "B" attached hereto and forming part of this By-law (the "**Debentures**"). The Debentures shall bear the Municipality's municipal seal and the signatures of the Mayor and the Treasurer of the Municipality, all in accordance with the provisions of the Act. The municipal seal of the 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 principal amount of \$25,000,000.00, 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 Municipality may agree.
5. The Debentures shall all be dated the 1st day of June, 2010, 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 3.68% per annum from the date thereof payable annually in arrears as described in this section. The Debentures shall be paid in full by June 1, 2025 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 Municipality under the Debentures to CMHC shall be made by the 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.

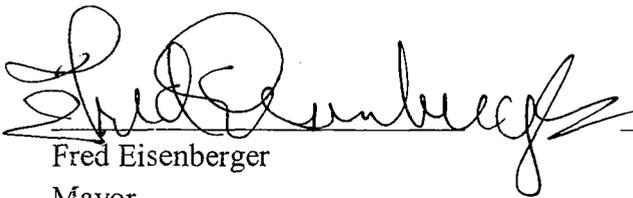
7. If the Municipality defaults in the payment of any instalment of combined (blended) principal and interest at any time appointed for payment thereof, CMHC may declare the indebtedness of the Municipality, as set forth in the Agreement, immediately due and payable, the whole without presentation, demand, 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. 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 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.
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 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 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 Mayor and the 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 Municipality with such evidence (including evidence as to the certificate number of the Debenture in question) and indemnity in respect thereof satisfactory to the Municipality in its discretion; and (c) surrendered to the 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 Municipality. Where new Debentures are issued in substitution in these circumstances the 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.

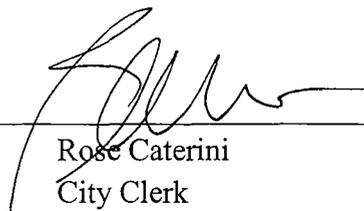
13. The Mayor and the Treasurer are hereby authorized to cause the Debentures to be issued, the Clerk and the Treasurer are individually authorized to generally do all things and to execute all documents and other papers in the name of the Municipality in order to carry out the issue of the Debentures and the treasurer is authorized to affix the 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 Project 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.

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

**PASSED** this 26th day of May, 2010.



Fred Eisenberger  
Mayor



Rose Caterini  
City Clerk

**Schedule "A" to Borrower's By-Law**

(1)	(2)	(3)	(4)
By-law	Project Description	Amount of Debentures to be Issued	Term of Years of Debentures
		\$	
10-079	Capital costs in connection with the Local Roads Rehabilitation project		15
	Ward 1 - Ansliewood Neighbourhood	862,420	
	Ward 3 - Gibson Neighbourhood	1,054,845	
	Ward 4 - Parkview Neighbourhood	2,222,736	
	Ward 5 - Corman Neighbourhood	3,177,340	
	Ward 6 - Sunninghill Neighbourhood	1,585,700	
	Ward 7 - Lawfield Neighbourhood	2,654,945	
	Ward 7 - Greeningdon Neighbourhood	2,810,683	
	Ward 8 - Mohawk Neighbourhood	479,565	
	Ward 8 - Gilbert Neighbourhood	2,251,028	
	Ward 8 - Westcliffe Neighbourhood	4,600,000	
	Ward 13 - Pleasant Valley Neighbourhood	3,300,738	
<b>TOTAL</b>		<b>25,000,000.00</b>	

**Schedule "B" to Borrower's By-Law**

Province of Ontario  
City of Hamilton

No. CMHC-10-01

**FULLY REGISTERED •% DEBENTURE**

City of Hamilton (the "**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 (June 1, 2025), the principal sum of

Twenty-Five Million Dollars  
----- (\$25,000,000.00) -----

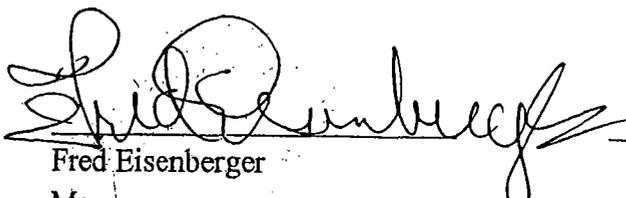
by annual instalments of combined (blended) principal and interest in the manner and in the amounts set forth in the attached amortization schedule (the "**Schedule**") and pursuant to the Conditions, in lawful money of Canada. Interest shall be paid until the maturity date of this debenture, in like money in annual payments from the 1st day of June, 2010 or from the last date on which interest has been paid on this debenture, whichever is later at the rate of 3.68% 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.

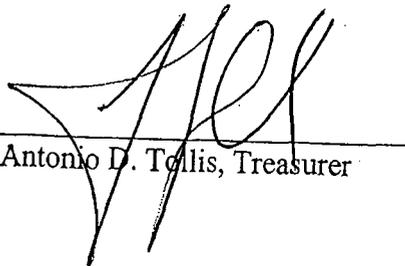
This debenture is subject to the Conditions.

DATED at the City of Hamilton on June 1, 2010.

IN TESTIMONY WHEREOF and under the authority of the Borrowing By-law of the Municipality duly passed on May 26, 2010 (the "**By-law**"), this debenture is sealed with the municipal seal of the Municipality and signed by the Mayor and the Treasurer thereof.

Date of Registration: June 1, 2010

  
Fred Eisenberger  
Mayor

  
Antonio D. Tollis, Treasurer

## Amortization Schedule

Amortization Schedule

Interest Rate: 3.68%  
 Borrower: City of Hamilton  
 Amount of the Loan: \$25,000,000.00  
 Planned Disbursement Date: June 1, 2010  
 Amortization Period: 15 years  
 Term: 15 years

Loan Schedule						
Loan Date	01-Jun-10					
Loan Amount	\$25,000,000.00					
Interest Rate (%)	3.6800					
Compounding Frequency	1					
# of Payments per Year	1					
Maturity Date	01-Jun-25					
Term (Yrs)	15.000					
Term (Yrs) -- if known						
Periodic Rate (%)	3.6800					
Calculated Payment	\$2,198,506.40					
Payment -- if known						
Number of Payments	15					
PMYT #	(end of period) PMYT DATE	PRINCIPAL, BEGINNING OF PERIOD	PMYT	INT	PRN	PRN END OF PERIOD
1	2011-06-01	25,000,000.00	2,198,506.40	920,000.00	1,278,506.40	23,721,493.60
2	2012-06-01	23,721,493.60	2,198,506.40	872,950.96	1,325,555.44	22,395,938.16
3	2013-06-01	22,395,938.16	2,198,506.40	824,170.52	1,374,335.88	21,021,602.28
4	2014-06-01	21,021,602.28	2,198,506.40	773,594.96	1,424,911.44	19,596,690.84
5	2015-06-01	19,596,690.84	2,198,506.40	721,158.22	1,477,348.18	18,119,342.66
6	2016-06-01	18,119,342.66	2,198,506.40	666,791.81	1,531,714.59	16,587,628.07
7	2017-06-01	16,587,628.07	2,198,506.40	610,424.71	1,588,081.69	14,999,546.38
8	2018-06-01	14,999,546.38	2,198,506.40	551,983.31	1,646,523.09	13,353,023.29
9	2019-06-01	13,353,023.29	2,198,506.40	491,391.26	1,707,115.14	11,645,908.15
10	2020-06-01	11,645,908.15	2,198,506.40	428,569.42	1,769,936.98	9,875,971.17
11	2021-06-01	9,875,971.17	2,198,506.40	363,435.74	1,835,070.66	8,040,900.51
12	2022-06-01	8,040,900.51	2,198,506.40	295,905.14	1,902,601.26	6,138,299.25
13	2023-06-01	6,138,299.25	2,198,506.40	225,889.41	1,972,616.99	4,165,682.26
14	2024-06-01	4,165,682.26	2,198,506.40	153,297.11	2,045,209.29	2,120,472.97
15	2025-06-01	2,120,472.97	2,198,506.38	78,033.41	2,120,472.97	0.00

**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 and unsubordinated obligations of the Municipality. The Debentures rank concurrently and equally in respect of payment of principal and interest with all other debentures of the 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 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 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 Municipality to the persons registered as holders in the registry on the relevant record date. The 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 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 June 1, 2011 in accordance with the provisions of the Debenture-Loan Agreement between CMHC and the Municipality dated as of June 1, 2010 (the “Agreement”).
7. If the 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 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 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 Municipality with such evidence (including evidence as to the certificate number of the Debenture in question) and indemnity in respect thereof satisfactory to the Municipality in its discretion; and (c) surrendered to the 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 Municipality. Where new Debentures are issued in substitution in these circumstances the 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.

**Schedule "C" to Borrower's By-law**

Amortization Schedule

Interest Rate: 3.68%  
 Borrower: City of Hamilton  
 Amount of the Loan: \$25,000,000.00  
 Planned Disbursement Date: June 1, 2010  
 Amortization Period: 15 years  
 Term: 15 years

Loan Schedule						
<b>Loan Date</b>	01-Jun-10					
<b>Loan Amount</b>	\$25,000,000.00					
<b>Interest Rate (%)</b>	3.6800					
<b>Compounding Frequency</b>	1					
<b># of Payments per Year</b>	1					
<b>Maturity Date</b>	01-Jun-25					
<b>Term (Yrs)</b>	15.000					
<b>Term (Yrs) -- if known</b>						
<b>Periodic Rate (%)</b>	3.6800					
<b>Calculated Payment</b>	\$2,198,506.40					
<b>Payment -- if known</b>						
<b>Number of Payments</b>	15					
	(end of period)	<b>PRINCIPAL,</b>				<b>PRN</b>
<b>PMYT #</b>	<b>PMYT DATE</b>	<b>OF PERIOD</b>	<b>PMYT</b>	<b>INT</b>	<b>PRN</b>	<b>END OF PERIOD</b>
1	2011-06-01	25,000,000.00	2,198,506.40	920,000.00	1,278,506.40	23,721,493.60
2	2012-06-01	23,721,493.60	2,198,506.40	872,950.96	1,325,555.44	22,395,938.16
3	2013-06-01	22,395,938.16	2,198,506.40	824,170.52	1,374,335.88	21,021,602.28
4	2014-06-01	21,021,602.28	2,198,506.40	773,594.96	1,424,911.44	19,596,690.84
5	2015-06-01	19,596,690.84	2,198,506.40	721,158.22	1,477,348.18	18,119,342.66
6	2016-06-01	18,119,342.66	2,198,506.40	666,791.81	1,531,714.59	16,587,628.07
7	2017-06-01	16,587,628.07	2,198,506.40	610,424.71	1,588,081.69	14,999,546.38
8	2018-06-01	14,999,546.38	2,198,506.40	551,983.31	1,646,523.09	13,353,023.29
9	2019-06-01	13,353,023.29	2,198,506.40	491,391.26	1,707,115.14	11,645,908.15
10	2020-06-01	11,645,908.15	2,198,506.40	428,569.42	1,769,936.98	9,875,971.17
11	2021-06-01	9,875,971.17	2,198,506.40	363,435.74	1,835,070.66	8,040,900.51
12	2022-06-01	8,040,900.51	2,198,506.40	295,905.14	1,902,601.26	6,138,299.25
13	2023-06-01	6,138,299.25	2,198,506.40	225,889.41	1,972,616.99	4,165,682.26
14	2024-06-01	4,165,682.26	2,198,506.40	153,297.11	2,045,209.29	2,120,472.97
15	2025-06-01	2,120,472.97	2,198,506.38	78,033.41	2,120,472.97	0.00