



A People Place, A Change of Pace
SHELBURNE
ONTARIO, CANADA

Meeting Date:	Monday, November 07, 2022
To:	Mayor & Members of Council
From:	Carey Holmes, Director of Financial Services/Treasurer
Report:	Financial Services 2022-13
Subject:	Elevated Water Tower Storage Debenture Loan and By-Law

Recommendation

BE IT RESOLVED THAT Council of the Town of Shelburne receives report FS 2022-13 with respect to the Elevated Water Tower Storage Debenture Loan and By-Law;

AND FURTHER THAT leave be given for the reading and enacting of By-Law 55-2022 being a By-Law to authorize the borrowing upon amortizing debentures from Infrastructure Ontario in the principal amount of \$5,000,000.00 towards the cost of the Elevated Water Tower Storage project.

Background

Through previous reports to council, in June of 2021 (report FS 2021-09), in September of 2021 (report SBA 2021-04), and in September of 2022 (report FS 2022-12) staff updated council on the water storage tower project including the projected costs, the awarding of the construction project, and the long-term funding plan through Reserves, Development Charges and Infrastructure Ontario (IO).

Analysis

Infrastructure Ontario (IO) is an agent of the province and for this reason can pass on lower borrowing rates, without having to extend collateral.

As previously reported to Council, no construction draw has taken place on the loan. This has saved the town any construction interest that may have been charged had the town required an advance. To date reserve funds have been utilized for cash flow to finance the project to date.

The rates were locked in on Tuesday, October 25, 2022, at a rate of 4.79%.

IO did permit the Town to change the original term of the loan from 20 years to 15 years – resulting in a savings of \$761,845 in interest payments.

The shortening of the term length was also made possible by the fact that the Town was successful in obtaining the grant for Well 3, meaning that borrowing for that project was no longer required.

The payment plan will be monthly rather than semi-annual which also saved \$47,612 in interest payments.

Financial

The loan will be \$5,000,000 for a term of 15 years at an interest rate of 4.79% with payments made monthly.

The 12 monthly payments total \$467,938 annually. The principal portion will be paid from Development Charges and the interest will be paid from water and sewer rates. The source of funding may fluctuate once the Water Rate Study is completed in 2023 and the next DC review takes place likely in 2025.

The Town's Debt Management Policy states that:

The maximum permitted amount of long-term debt shall be not more than 40% of the amount determined under the province's Annual Debt Repayment Limit (ARL) calculation, received annually from the Ministry of Municipal Affairs, or 10% of the town's own source revenues.

With the inclusion of the annual debt payment for the elevated water tower storage, it puts the town at approximately 34% of the 40% maximum or 8.5% of the Town's 10% of own source revenues.

Attached as Appendix 1 is By-Law 55-2022 as provided by Infrastructure Ontario. Legal review of the By-Law was completed with the Town's lawyer as required.

Consultation and Communications

Infrastructure Ontario

Policies and Implications

Debt Management Policy

Annual Debt Repayment Limit (ARL)

Council Strategic Priorities

Council's Strategic Priorities has three Goals - Sustainable, Engaged and Livable. There is a total of 12 targets within the three Goals.

This report aligns with the Sustainable Goals within the Targets:

Target T1 Develop a Long-Term Financial Plan

Target T3 – Invest and Fund Critical Infrastructure for Future

Supporting Documentation

Appendix 1 – By-Law 55-2022

Respectfully Submitted & Prepared by:

Carey Holmes, Director of Financial Services / Treasurer

Reviewed by:

Denyse Morrissey, CAO

THE CORPORATION OF THE TOWN OF SHELBURNE

BY-LAW NUMBER 55-2022

A BY-LAW OF THE CORPORATION OF THE TOWN OF SHELBURNE TO AUTHORIZE THE BORROWING UPON AMORTIZING DEBENTURES IN THE PRINCIPAL AMOUNT OF \$5,000,000.00 TOWARDS THE COST OF THE PROJECT NAME LIST

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 the Council of The Corporation of The Town of Shelburne (the “**Municipality**”) has passed the By-law(s) enumerated in column (1) of Schedule “A” attached hereto and forming part of this By-law authorizing the capital work(s) described in column (2) of Schedule “A” (the “**Capital Work(s)**”), and authorizing the entering into of a Financing Agreement dated effective as of October 25, 2021 for the provision of temporary and long-term borrowing from Ontario Infrastructure and Lands Corporation (“**OILC**”) in respect of the Capital Work(s) (the “**Financing Agreement**”) and the Municipality entered into a Financing Agreement dated effective as of October 25, 2021 for the provision of long-term borrowing from Ontario Infrastructure and Lands Corporation (“**OILC**”) in respect of the Capital Work(s) (the “**Financing Agreement**”) and desires to issue debentures for the Capital Work(s) in the amount(s) specified in column (5) of Schedule “A”;

AND WHEREAS before authorizing the Capital Work(s) and before authorizing any additional cost amount and any additional debenture authority in respect thereof (if any) the Council of the Municipality had its Treasurer calculate an updated limit in respect of its most recent annual debt and financial obligation limit received from the Ministry of Municipal Affairs and Housing in accordance with the applicable regulation and, prior to the Council of the Municipality authorizing the Capital Work(s), each such additional cost amount and each such additional debenture authority (if any), the Treasurer determined that the estimated annual amount payable in respect of the Capital Work(s), each such additional cost amount and each such additional debenture authority (if any), would not cause the Municipality to exceed the updated limit and that the approval of the Capital Work(s), each such additional cost amount and each such additional debenture authority (if any), by the Local Planning Appeal Tribunal pursuant to such regulation was not required;

AND WHEREAS the Municipality has submitted an application to OILC for long-term borrowing through the issue of debentures to OILC in respect of the Capital Work(s) (the “**Application**”) and the Application has been approved;

AND WHEREAS to provide long-term financing for the Capital Work(s) and to repay certain temporary advances in respect of the Capital Work(s) made by OILC pursuant to the Financing Agreement (if any), it is now deemed to be expedient to borrow money by the issue of amortizing debentures in the principal amount of \$5,000,000.00 dated November 15,

2022 and maturing on November 15, 2037, and payable in monthly instalments of combined principal and interest on the fifteenth day of December 2022 and the fifteenth day of each month thereafter in each of the years 2022 to 2037, both inclusive on the terms hereinafter set forth;

NOW THEREFORE THE COUNCIL OF The Corporation of The Town of Shelburne ENACTS AS FOLLOWS:

1. The submitting of the Application and the execution and delivery of the Financing Agreement by the Municipality are hereby confirmed, ratified and approved. For the Capital Work(s), the borrowing upon the credit of the Municipality at large of the principal amount of \$5,000,000.00 and the issue of amortizing debentures therefor to be repaid in monthly instalments of combined principal and interest as hereinafter set forth, are hereby authorized.
2. The Mayor and the Treasurer of the Municipality are hereby authorized to cause any number of amortizing debentures to be issued for such amounts of money as may be required for the Capital Work(s) in definitive form, not exceeding in total the said aggregate principal amount of \$5,000,000.00 (the "**Debentures**"). The Debentures shall bear the Municipality's municipal seal and the signatures of 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.
3. The Debentures shall be in fully registered form as one or more certificates in the principal amount of \$5,000,000.00, in the name of OILC, or as OILC may otherwise direct, substantially in the form attached as Schedule "B" hereto and forming part of this By-law with provision for payment of principal and interest (other than in respect of the final payment of principal and outstanding interest on maturity upon presentation and surrender) by pre-authorized debit in respect of such principal and interest to the credit of such registered holder on such terms as to which the registered holder and the Municipality may agree.
4. In accordance with the provisions of section 25 of the *Ontario Infrastructure and Lands Corporation Act, 2011*, as amended from time to time hereafter, the Municipality is hereby authorized to agree in writing with OILC that the Minister of Finance is entitled, without notice to the Municipality, to deduct from money appropriated by the Legislative Assembly of Ontario for payment to the Municipality, amounts not exceeding any amounts that the Municipality fails to pay OILC on account of any unpaid indebtedness of the Municipality to OILC under the Debentures and to pay such amounts to OILC from the Consolidated Revenue Fund.
5. The Debentures shall all be dated November 15, 2022, 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 4.79% per annum and mature during

a period of 15 year(s) from the date thereof payable monthly in arrears as described in this section. The Debentures shall be paid in full by November 15, 2037 and be payable in equal monthly instalments of combined principal and interest on the fifteenth day of December 2022 and the fifteenth day of each month thereafter in each of the years 2022 to 2037, both inclusive, save and except for the last instalment which may vary slightly from the preceding equal instalments, as set forth in Schedule "C" attached hereto and forming part of this By-law ("Schedule "C").

6. Payments in respect of principal of and interest on the Debentures shall be made only on a day, other than Saturday or Sunday, on which banking institutions in Toronto, Ontario, Canada and the Municipality 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.
7. Interest shall be payable to the date of maturity of the Debentures and on default shall be payable on any overdue amounts both before and after default and judgment at a rate per annum equal to the greater of the rate specified on the Schedule as attached to and forming part of the Debentures for such amounts plus 200 basis points or Prime Rate (as defined below) plus 200 basis points, calculated on a daily basis from the date such amounts become overdue for so long as such amounts remain overdue and the Municipality shall pay to the registered holders any and all costs incurred by the registered holders as a result of the overdue payment. Any amounts payable by the Municipality as interest on overdue principal or interest and all costs incurred by the registered holders as a result of the overdue payment 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 monthly 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 as appropriate.

"Prime Rate" means, on any day, the annual rate of interest which is the arithmetic mean of the prime rates announced from time to time by the following five major Canadian Schedule I banks, as of the issue date of the Debentures: Royal Bank of Canada; Canadian Imperial Bank of Commerce; The Bank of Nova Scotia; Bank of Montreal; and The Toronto-Dominion Bank (the "**Reference Banks**") as their reference rates in effect on such day for Canadian dollar commercial loans made in Canada. If fewer than five of the Reference Banks quote a prime rate on such days, the "**Prime Rate**" shall be the arithmetic mean of the rates quoted by those Reference Banks.

8. In each year in which a payment of equal monthly instalments of combined principal and interest becomes due in respect of the Capital Work(s) including the last 'non-equal' instalment, there shall be raised as part of the Municipality's general levy the amounts of principal and interest payable by the Municipality 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 cancellations, 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 Municipality shall not be bound to see to the execution of any trust affecting the ownership of any Debenture or be affected by notice of any equity that may be subsisting in respect thereof. The Municipality shall deem and treat registered holders of the 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 Municipality on the Debentures to the extent of the amount or amounts so paid. When 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 Municipality. In the case of the death of one or more joint registered holders, despite the foregoing provisions of this section, the principal of and interest on any Debentures registered in their names may be paid to the survivor or survivors of such holders and such payment shall constitute a valid discharge to the Municipality.
12. The Debentures will be transferable or exchangeable at the office of the Treasurer of the Municipality upon presentation for such purpose accompanied by an instrument of transfer or exchange in a form approved by the Municipality and which form is in accordance with the prevailing Canadian transfer legislation and practices, executed by the registered holder thereof or such holder's duly authorized attorney or legal personal representative, whereupon and upon registration of such transfer or exchange and cancellation of the Debenture or Debentures presented, the 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 transferor, in the case of a transfer or as directed by the registered holder in the case of an exchange.
13. 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 and of like form which have become mutilated, defaced, lost, subject to a mysterious or unexplainable disappearance, stolen 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 when a Debenture is mutilated, defaced, lost, mysteriously or unexplainably missing, stolen or destroyed) furnished the Municipality with such evidence (including evidence as to the certificate number of the Debenture in question) and an indemnity in respect thereof satisfactory to the

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.

14. 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.
15. The cost of all transfers and exchanges, including the printing of authorized denominations of the new Debentures, shall be borne by the Municipality. When any of the Debentures are surrendered for transfer or exchange the Treasurer of the Municipality shall: (a) in the case of an exchange, cancel and destroy the Debentures surrendered for exchange; (b) in the case of an exchange, certify the cancellation and destruction in the registry; (c) enter in the registry particulars of the new Debenture or Debentures issued in exchange; and (d) in the case of a transfer, enter in the registry particulars of the registered holder as directed by the transferor.
16. Reasonable fees in respect of the Debentures, in the normal course of business, other than reasonable fees for the substitution of a new Debenture or new Debentures for any of the Debentures that are mutilated, defaced, lost, mysteriously or unexplainably missing, stolen or destroyed and for the replacement of any of the principal and interest cheques (if any) that are mutilated, defaced, lost, mysteriously or unexplainably missing, stolen or destroyed may be imposed by the Municipality. When 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.
17. 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 in accordance with the provisions of the Financing Agreement.
18. The Mayor and the Treasurer are hereby authorized to cause the Debentures to be issued, one or more of the Clerk and Treasurer are hereby authorized to generally do all things and to execute all other 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.
19. The money received by the Municipality from the sale of the Debentures to OILC, including any premium, and any earnings derived from the investment of that

money, after providing for the expenses related to their issue, if any, shall be apportioned and applied to the Capital Work(s) and to no other purpose except as permitted by the Act.

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

By-law read a first and second time this 7th day of November, 2022

By-law read a third time and finally passed this 7th day of November, 2022

Wade Mills
Mayor

Jennifer Willoughby
Clerk

The Corporation of The Town of Shelburne

Schedule "A" to By-law Number 55-2022

(1)	(2)	(3)	(4)	(5)	(6)
By-law	Project Description	Approved Amount to be Financed Through the Issue of Debentures	Amount of Debentures Previously Issued	Amount of Debentures to be Issued	Term of Years of Debentures
					15 year(s)
61-2021	Elevated Water Storage Tower	\$5,000,000.00	\$0.00	5,000,000.00	

The Corporation of The Town of Shelburne

Schedule “B” to By-law Number 55-2022

No. 55-2022

\$5,000,000.00

C A N A D A

Province of Ontario

The Corporation of The Town of Shelburne

FULLY REGISTERED 4.79% AMORTIZING DEBENTURE

The Corporation of The Town of Shelburne (the “**Municipality**”), for value received, hereby promises to pay to

ONTARIO INFRASTRUCTURE AND LANDS CORPORATION (“**OILC**”)

or registered assigns, subject to the Conditions attached hereto which form part hereof (the “**Conditions**”), upon presentation and surrender of this debenture (or as otherwise agreed to by the Municipality and OILC) by the maturity date of this debenture (November 15, 2037), the principal amount of

FIVE MILLION DOLLARS

----- (\$5,000,000.00) -----

by equal monthly instalments of combined principal and interest on the fifteenth day of December 2022 and the fifteenth day of each month thereafter in each of the years 2022 to 2037, save and except for the last instalment which may vary slightly from the preceding equal instalments, in the amounts set forth in the attached Amortizing Debenture Schedule (the “**Amortization Schedule**”) and subject to late payment interest charges pursuant to the Conditions, in lawful money of Canada. Subject to the Conditions: interest shall be paid until the maturity date of this debenture, in like money in monthly payments from the closing date (15th day of November, 2022), or from the last date on which interest has been paid on this debenture, whichever is later, at the rate of 4.79% per annum, in arrears, on the specified dates, as set forth in the Amortization Schedule; and interest shall be paid on default at the applicable rate set out in the Amortization Schedule both before and after default and judgment. The payments of principal and interest and the outstanding amount of principal in each year are shown in the Amortization Schedule.

The Municipality, pursuant to section 25 of the *Ontario Infrastructure and Lands Corporation Act, 2011* (the “**OILC Act, 2011**”) hereby irrevocably agrees that the Minister of Finance is entitled, without notice to the Municipality, to deduct from money appropriated by the Legislative Assembly of Ontario for payment to the Municipality, amounts not exceeding any amounts that the Municipality fails to pay OILC on account of any unpaid indebtedness under this debenture, and to pay such amounts to OILC from the Consolidated Revenue Fund.

This debenture is subject to the Conditions.

DATED at The Corporation of The Town of Shelburne as at the 15th day of November, 2022.

IN TESTIMONY WHEREOF and under the authority of By-law Number 55-2022 of the Municipality duly passed on the 7th day of November, 2022 (the “**By-law**”), this debenture is sealed with the municipal seal of the Municipality and signed by the Mayor and by the Treasurer thereof.

Date of Registration: November 15, 2022

Wade Mills, Mayor

(Seal)_____
Carey Holmes, Treasurer

OILC hereby agrees that the Minister of Finance is entitled to exercise certain rights of deduction pursuant to section 25 of the OILC Act, 2011 as described in this debenture.

Ontario Infrastructure and Lands Corporation

by: _____
Authorized Signing Officer

by: _____
Authorized Signing Officer

LEGAL OPINION

We have examined the By-law of the Municipality authorizing the issue of amortizing debentures in the principal amount of \$5,000,000.00 dated November 15, 2022 and maturing on November 15, 2037 payable in equal monthly instalments of combined principal and interest on the fifteenth day of December 2022 and the fifteenth day of each month thereafter in each of the years 2022 to 2037, both inclusive, save and except for the last instalment which may vary slightly from the preceding equal instalments as set out in Schedule “C” to the By-law.

In our opinion, the By-law has been properly passed and is within the legal powers of the Municipality. The debenture issued under the By-law in the within form (the “**Debenture**”) is the direct, general, unsecured and unsubordinated obligation of the Municipality. The Debenture is enforceable against the Municipality subject to the special jurisdiction and powers of the Local Planning Appeal Tribunal over defaulting municipalities under the *Municipal Affairs Act*. This opinion is subject to and incorporates all the assumptions, qualifications and limitations set out in our opinion letter.

November 15, 2022

Shepherd Osyany & King [no signature required]

CONDITIONS OF THE DEBENTURE

Form, Denomination, and Ranking 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, general, 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 OILC and held by OILC.

Registration

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 cancellations, 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.

Title

5. The Municipality shall not be bound to see to the execution of any trust affecting the ownership of any Debenture or be affected by notice of any equity that may be subsisting in respect thereof. The Municipality shall deem and treat registered holders of Debentures, including this 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 Municipality on the Debentures to the extent of the amount or amounts so paid. Where a Debenture is registered in more than one name, the principal of and interest from time to time payable on such Debenture shall be paid to or to the order of all the joint registered holders thereof, failing written instructions to the contrary from all such joint registered holders, and such payment shall constitute a valid discharge to the Municipality. In the case of the death of one or more joint registered holders, despite the foregoing provisions of this section, the principal of and interest on any Debentures registered in their names may be paid to the survivor or survivors of such holders and such payment shall constitute a valid discharge to the Municipality.

Payments of Principal and Interest

6. 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.
7. The Municipality shall make all payments in respect of equal monthly instalments of combined principal and interest including the last 'non-equal' instalment on the Debentures on the fifteenth day of December 2022 and the fifteenth day of each month thereafter, commencing on commencing on December 15, 2022 and ending on November 15, 2037 as set out in Schedule "C" to the By-law, by pre-authorized debit in respect of such interest and principal to the credit of the registered holder on such terms as the Municipality and the registered holder may agree.
8. The Municipality shall pay to the registered holder interest on any overdue amount of principal or interest in respect of any Debenture, both before and after default and judgment, at a rate per annum equal to the greater of the rate specified on the Schedule as attached to and forming part of the Debenture for such amount plus 200 basis points or Prime Rate (as defined below) plus 200 basis points, calculated on a daily basis from the date such amount becomes overdue for so long as such amount remains overdue and the Municipality shall pay to the registered holder any and all costs incurred by the registered holder as a result of the overdue payment.
9. 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 monthly 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 as appropriate.
10. Payments in respect of principal of and interest on the Debentures shall be made only on a day, other than Saturday or Sunday, on which banking institutions in Toronto, Ontario, Canada and the Municipality 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 as noted on the Amortization Schedule.
11. The Debentures are transferable or exchangeable at the office of the Treasurer of the Municipality upon presentation for such purpose accompanied by an instrument of transfer or exchange in a form approved by the Municipality and which form is in accordance with the prevailing Canadian transfer legislation and practices, executed by the registered holder thereof or such holder's duly authorized attorney or legal personal representative, whereupon and upon registration of such transfer or exchange and cancellation of the Debenture or Debentures presented, a new Debenture or Debentures of an equal aggregate principal amount in any authorized denomination or denominations will be delivered as directed by the transferor, in the case of a transfer or as directed by the registered holder in the case of an exchange.

12. The Municipality shall issue and deliver Debentures in exchange for or in substitution for Debentures outstanding on the registry with the same maturity and of like form in the event of a mutilation, defacement, loss, mysterious or unexplainable disappearance, theft or destruction, 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 mutilated, defaced, lost, mysteriously or unexplainably missing, stolen or destroyed Debenture) furnished the Municipality with such evidence (including evidence as to the certificate number of the Debenture in question) and an indemnity in respect thereof satisfactory to the 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.
13. 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 the 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.
14. The cost of all transfers and exchanges, including the printing of authorized denominations of the new Debentures, shall be borne by the Municipality. When any of the Debentures are surrendered for transfer or exchange the Treasurer of the Municipality shall: (a) in the case of an exchange, cancel and destroy the Debentures surrendered for exchange; (b) in the case of an exchange, certify the cancellation and destruction in the registry; (c) enter in the registry particulars of the new Debenture or Debentures issued in exchange; and (d) in the case of a transfer, enter in the registry particulars of the registered holder as directed by the transferor.
15. Reasonable fees for the substitution of a new Debenture or new Debentures for any of the Debentures that are mutilated, defaced, lost, mysteriously or unexplainably missing, stolen or destroyed and for the replacement of mutilated, defaced, lost, mysteriously or unexplainably missing, stolen or destroyed principal and interest cheques (if any) may be imposed by the Municipality. When 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.
16. If OILC elects to terminate its obligations under the financing agreement or rate offer agreement entered into between the Municipality and OILC, pursuant to which the Debentures are issued, or if the Municipality fails to meet and pay any of its debts or liabilities when due, or uses all or any portion of the proceeds of any Debenture for any purpose other than for a Capital Work(s) as authorized in the By-Law, the Municipality shall pay to OILC the Make-Whole Amount on account of the losses that it will incur as a result of the early repayment or early termination.

Notices

17. 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 Municipality 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 (as defined in section 10 of these Conditions) then such notice may be given on the next following Business Day.

Time

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

Governing Law

19. 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.

Definitions:

- (a) **"Prime Rate"** means, on any day, the annual rate of interest which is the arithmetic mean of the prime rates announced from time to time by the following five major Canadian Schedule I banks, as of the issue date of this Debenture: Royal Bank of Canada; Canadian Imperial Bank of Commerce; The Bank of Nova Scotia; Bank of Montreal; and The Toronto-Dominion Bank (the **"Reference Banks"**) as their reference rates in effect on such day for Canadian dollar commercial loans made in Canada. If fewer than five of the Reference Banks quote a prime rate on such days, the **"Prime Rate"** shall be the arithmetic mean of the rates quoted by those Reference Banks.
- (b) **"Make-Whole Amount"** means the amount determined by OILC as of the date of prepayment of the Debenture, by which (i) the present value of the remaining future scheduled payments of principal and interest under the Debenture to be repaid from the prepayment date until maturity of the Debenture discounted at the Ontario Yield exceeds (ii) the principal amount under the Debenture being repaid provided that the Make-Whole Amount shall never be less than zero.
- (c) **"Ontario Yield"** means the yield to maturity on the date of prepayment of the Debenture, assuming monthly compounding, which a non-prepayable term loan made by the Province of Ontario would have if advanced on the date of prepayment of the Debenture, assuming the same principal amount as the Debenture and with a maturity date which is the same as the remaining term to maturity of the Debenture to be repaid minus 100 basis points.

THE CORPORATION OF THE TOWN OF SHELburnE

Schedule "C" to By-law Number 55-2022

Name.....: Shelburne, The Corporation of The Town of

Principal: 5,000,000.00

Rate.....: 04.7900

Term.....: 180

Matures...: 11/15/2037

Pay #	Date	Amount Due	Principal Due	Interest Due	Rem. Principal
1	12/15/2022	38,994.88	19,036.55	19,958.33	4,980,963.45
2	01/15/2023	38,994.88	19,112.53	19,882.35	4,961,850.92
3	02/15/2023	38,994.88	19,188.82	19,806.06	4,942,662.10
4	03/15/2023	38,994.88	19,265.42	19,729.46	4,923,396.68
5	04/15/2023	38,994.88	19,342.32	19,652.56	4,904,054.36
6	05/15/2023	38,994.88	19,419.53	19,575.35	4,884,634.83
7	06/15/2023	38,994.88	19,497.05	19,497.83	4,865,137.78
8	07/15/2023	38,994.88	19,574.87	19,420.01	4,845,562.91
9	08/15/2023	38,994.88	19,653.01	19,341.87	4,825,909.90
10	09/15/2023	38,994.88	19,731.46	19,263.42	4,806,178.44
11	10/15/2023	38,994.88	19,810.22	19,184.66	4,786,368.22
12	11/15/2023	38,994.88	19,889.29	19,105.59	4,766,478.93
13	12/15/2023	38,994.88	19,968.68	19,026.20	4,746,510.25
14	01/15/2024	38,994.88	20,048.39	18,946.49	4,726,461.86
15	02/15/2024	38,994.88	20,128.42	18,866.46	4,706,333.44
16	03/15/2024	38,994.88	20,208.77	18,786.11	4,686,124.67
17	04/15/2024	38,994.88	20,289.43	18,705.45	4,665,835.24
18	05/15/2024	38,994.88	20,370.42	18,624.46	4,645,464.82
19	06/15/2024	38,994.88	20,451.73	18,543.15	4,625,013.09
20	07/15/2024	38,994.88	20,533.37	18,461.51	4,604,479.72
21	08/15/2024	38,994.88	20,615.33	18,379.55	4,583,864.39
22	09/15/2024	38,994.88	20,697.62	18,297.26	4,563,166.77
23	10/15/2024	38,994.88	20,780.24	18,214.64	4,542,386.53
24	11/15/2024	38,994.88	20,863.19	18,131.69	4,521,523.34
25	12/15/2024	38,994.88	20,946.47	18,048.41	4,500,576.87
26	01/15/2025	38,994.88	21,030.08	17,964.80	4,479,546.79
27	02/15/2025	38,994.88	21,114.02	17,880.86	4,458,432.77
28	03/15/2025	38,994.88	21,198.30	17,796.58	4,437,234.47
29	04/15/2025	38,994.88	21,282.92	17,711.96	4,415,951.55
30	05/15/2025	38,994.88	21,367.87	17,627.01	4,394,583.68
31	06/15/2025	38,994.88	21,453.17	17,541.71	4,373,130.51
32	07/15/2025	38,994.88	21,538.80	17,456.08	4,351,591.71
33	08/15/2025	38,994.88	21,624.78	17,370.10	4,329,966.93
34	09/15/2025	38,994.88	21,711.10	17,283.78	4,308,255.83
35	10/15/2025	38,994.88	21,797.76	17,197.12	4,286,458.07
36	11/15/2025	38,994.88	21,884.77	17,110.11	4,264,573.30

37	12/15/2025	38,994.88	21,972.12	17,022.76	4,242,601.18
38	01/15/2026	38,994.88	22,059.83	16,935.05	4,220,541.35
39	02/15/2026	38,994.88	22,147.89	16,846.99	4,198,393.46
40	03/15/2026	38,994.88	22,236.29	16,758.59	4,176,157.17
41	04/15/2026	38,994.88	22,325.05	16,669.83	4,153,832.12
42	05/15/2026	38,994.88	22,414.17	16,580.71	4,131,417.95
43	06/15/2026	38,994.88	22,503.64	16,491.24	4,108,914.31
44	07/15/2026	38,994.88	22,593.46	16,401.42	4,086,320.85
45	08/15/2026	38,994.88	22,683.65	16,311.23	4,063,637.20
46	09/15/2026	38,994.88	22,774.19	16,220.69	4,040,863.01
47	10/15/2026	38,994.88	22,865.10	16,129.78	4,017,997.91
48	11/15/2026	38,994.88	22,956.37	16,038.51	3,995,041.54
49	12/15/2026	38,994.88	23,048.01	15,946.87	3,971,993.53
50	01/15/2027	38,994.88	23,140.01	15,854.87	3,948,853.52
51	02/15/2027	38,994.88	23,232.37	15,762.51	3,925,621.15
52	03/15/2027	38,994.88	23,325.11	15,669.77	3,902,296.04
53	04/15/2027	38,994.88	23,418.21	15,576.67	3,878,877.83
54	05/15/2027	38,994.88	23,511.69	15,483.19	3,855,366.14
55	06/15/2027	38,994.88	23,605.54	15,389.34	3,831,760.60
56	07/15/2027	38,994.88	23,699.77	15,295.11	3,808,060.83
57	08/15/2027	38,994.88	23,794.37	15,200.51	3,784,266.46
58	09/15/2027	38,994.88	23,889.35	15,105.53	3,760,377.11
59	10/15/2027	38,994.88	23,984.71	15,010.17	3,736,392.40
60	11/15/2027	38,994.88	24,080.45	14,914.43	3,712,311.95
61	12/15/2027	38,994.88	24,176.57	14,818.31	3,688,135.38
62	01/15/2028	38,994.88	24,273.07	14,721.81	3,663,862.31
63	02/15/2028	38,994.88	24,369.96	14,624.92	3,639,492.35
64	03/15/2028	38,994.88	24,467.24	14,527.64	3,615,025.11
65	04/15/2028	38,994.88	24,564.90	14,429.98	3,590,460.21
66	05/15/2028	38,994.88	24,662.96	14,331.92	3,565,797.25
67	06/15/2028	38,994.88	24,761.41	14,233.47	3,541,035.84
68	07/15/2028	38,994.88	24,860.25	14,134.63	3,516,175.59
69	08/15/2028	38,994.88	24,959.48	14,035.40	3,491,216.11
70	09/15/2028	38,994.88	25,059.11	13,935.77	3,466,157.00
71	10/15/2028	38,994.88	25,159.14	13,835.74	3,440,997.86
72	11/15/2028	38,994.88	25,259.56	13,735.32	3,415,738.30
73	12/15/2028	38,994.88	25,360.39	13,634.49	3,390,377.91
74	01/15/2029	38,994.88	25,461.62	13,533.26	3,364,916.29
75	02/15/2029	38,994.88	25,563.26	13,431.62	3,339,353.03
76	03/15/2029	38,994.88	25,665.30	13,329.58	3,313,687.73
77	04/15/2029	38,994.88	25,767.74	13,227.14	3,287,919.99
78	05/15/2029	38,994.88	25,870.60	13,124.28	3,262,049.39
79	06/15/2029	38,994.88	25,973.87	13,021.01	3,236,075.52
80	07/15/2029	38,994.88	26,077.55	12,917.33	3,209,997.97
81	08/15/2029	38,994.88	26,181.64	12,813.24	3,183,816.33
82	09/15/2029	38,994.88	26,286.15	12,708.73	3,157,530.18
83	10/15/2029	38,994.88	26,391.07	12,603.81	3,131,139.11
84	11/15/2029	38,994.88	26,496.42	12,498.46	3,104,642.69
85	12/15/2029	38,994.88	26,602.18	12,392.70	3,078,040.51
86	01/15/2030	38,994.88	26,708.37	12,286.51	3,051,332.14

87	02/15/2030	38,994.88	26,814.98	12,179.90	3,024,517.16
88	03/15/2030	38,994.88	26,922.02	12,072.86	2,997,595.14
89	04/15/2030	38,994.88	27,029.48	11,965.40	2,970,565.66
90	05/15/2030	38,994.88	27,137.37	11,857.51	2,943,428.29
91	06/15/2030	38,994.88	27,245.70	11,749.18	2,916,182.59
92	07/15/2030	38,994.88	27,354.45	11,640.43	2,888,828.14
93	08/15/2030	38,994.88	27,463.64	11,531.24	2,861,364.50
94	09/15/2030	38,994.88	27,573.27	11,421.61	2,833,791.23
95	10/15/2030	38,994.88	27,683.33	11,311.55	2,806,107.90
96	11/15/2030	38,994.88	27,793.83	11,201.05	2,778,314.07
97	12/15/2030	38,994.88	27,904.78	11,090.10	2,750,409.29
98	01/15/2031	38,994.88	28,016.16	10,978.72	2,722,393.13
99	02/15/2031	38,994.88	28,127.99	10,866.89	2,694,265.14
100	03/15/2031	38,994.88	28,240.27	10,754.61	2,666,024.87
101	04/15/2031	38,994.88	28,353.00	10,641.88	2,637,671.87
102	05/15/2031	38,994.88	28,466.17	10,528.71	2,609,205.70
103	06/15/2031	38,994.88	28,579.80	10,415.08	2,580,625.90
104	07/15/2031	38,994.88	28,693.88	10,301.00	2,551,932.02
105	08/15/2031	38,994.88	28,808.42	10,186.46	2,523,123.60
106	09/15/2031	38,994.88	28,923.41	10,071.47	2,494,200.19
107	10/15/2031	38,994.88	29,038.86	9,956.02	2,465,161.33
108	11/15/2031	38,994.88	29,154.78	9,840.10	2,436,006.55
109	12/15/2031	38,994.88	29,271.15	9,723.73	2,406,735.40
110	01/15/2032	38,994.88	29,387.99	9,606.89	2,377,347.41
111	02/15/2032	38,994.88	29,505.30	9,489.58	2,347,842.11
112	03/15/2032	38,994.88	29,623.08	9,371.80	2,318,219.03
113	04/15/2032	38,994.88	29,741.32	9,253.56	2,288,477.71
114	05/15/2032	38,994.88	29,860.04	9,134.84	2,258,617.67
115	06/15/2032	38,994.88	29,979.23	9,015.65	2,228,638.44
116	07/15/2032	38,994.88	30,098.90	8,895.98	2,198,539.54
117	08/15/2032	38,994.88	30,219.04	8,775.84	2,168,320.50
118	09/15/2032	38,994.88	30,339.67	8,655.21	2,137,980.83
119	10/15/2032	38,994.88	30,460.77	8,534.11	2,107,520.06
120	11/15/2032	38,994.88	30,582.36	8,412.52	2,076,937.70
121	12/15/2032	38,994.88	30,704.44	8,290.44	2,046,233.26
122	01/15/2033	38,994.88	30,827.00	8,167.88	2,015,406.26
123	02/15/2033	38,994.88	30,950.05	8,044.83	1,984,456.21
124	03/15/2033	38,994.88	31,073.59	7,921.29	1,953,382.62
125	04/15/2033	38,994.88	31,197.63	7,797.25	1,922,184.99
126	05/15/2033	38,994.88	31,322.16	7,672.72	1,890,862.83
127	06/15/2033	38,994.88	31,447.19	7,547.69	1,859,415.64
128	07/15/2033	38,994.88	31,572.71	7,422.17	1,827,842.93
129	08/15/2033	38,994.88	31,698.74	7,296.14	1,796,144.19
130	09/15/2033	38,994.88	31,825.27	7,169.61	1,764,318.92
131	10/15/2033	38,994.88	31,952.31	7,042.57	1,732,366.61
132	11/15/2033	38,994.88	32,079.85	6,915.03	1,700,286.76
133	12/15/2033	38,994.88	32,207.90	6,786.98	1,668,078.86
134	01/15/2034	38,994.88	32,336.47	6,658.41	1,635,742.39
135	02/15/2034	38,994.88	32,465.54	6,529.34	1,603,276.85
136	03/15/2034	38,994.88	32,595.13	6,399.75	1,570,681.72

137	04/15/2034	38,994.88	32,725.24	6,269.64	1,537,956.48
138	05/15/2034	38,994.88	32,855.87	6,139.01	1,505,100.61
139	06/15/2034	38,994.88	32,987.02	6,007.86	1,472,113.59
140	07/15/2034	38,994.88	33,118.69	5,876.19	1,438,994.90
141	08/15/2034	38,994.88	33,250.89	5,743.99	1,405,744.01
142	09/15/2034	38,994.88	33,383.62	5,611.26	1,372,360.39
143	10/15/2034	38,994.88	33,516.87	5,478.01	1,338,843.52
144	11/15/2034	38,994.88	33,650.66	5,344.22	1,305,192.86
145	12/15/2034	38,994.88	33,784.99	5,209.89	1,271,407.87
146	01/15/2035	38,994.88	33,919.84	5,075.04	1,237,488.03
147	02/15/2035	38,994.88	34,055.24	4,939.64	1,203,432.79
148	03/15/2035	38,994.88	34,191.18	4,803.70	1,169,241.61
149	04/15/2035	38,994.88	34,327.66	4,667.22	1,134,913.95
150	05/15/2035	38,994.88	34,464.68	4,530.20	1,100,449.27
151	06/15/2035	38,994.88	34,602.25	4,392.63	1,065,847.02
152	07/15/2035	38,994.88	34,740.37	4,254.51	1,031,106.65
153	08/15/2035	38,994.88	34,879.05	4,115.83	996,227.60
154	09/15/2035	38,994.88	35,018.27	3,976.61	961,209.33
155	10/15/2035	38,994.88	35,158.05	3,836.83	926,051.28
156	11/15/2035	38,994.88	35,298.39	3,696.49	890,752.89
157	12/15/2035	38,994.88	35,439.29	3,555.59	855,313.60
158	01/15/2036	38,994.88	35,580.75	3,414.13	819,732.85
159	02/15/2036	38,994.88	35,722.78	3,272.10	784,010.07
160	03/15/2036	38,994.88	35,865.37	3,129.51	748,144.70
161	04/15/2036	38,994.88	36,008.54	2,986.34	712,136.16
162	05/15/2036	38,994.88	36,152.27	2,842.61	675,983.89
163	06/15/2036	38,994.88	36,296.58	2,698.30	639,687.31
164	07/15/2036	38,994.88	36,441.46	2,553.42	603,245.85
165	08/15/2036	38,994.88	36,586.92	2,407.96	566,658.93
166	09/15/2036	38,994.88	36,732.97	2,261.91	529,925.96
167	10/15/2036	38,994.88	36,879.59	2,115.29	493,046.37
168	11/15/2036	38,994.88	37,026.80	1,968.08	456,019.57
169	12/15/2036	38,994.88	37,174.60	1,820.28	418,844.97
170	01/15/2037	38,994.88	37,322.99	1,671.89	381,521.98
171	02/15/2037	38,994.88	37,471.97	1,522.91	344,050.01
172	03/15/2037	38,994.88	37,621.55	1,373.33	306,428.46
173	04/15/2037	38,994.88	37,771.72	1,223.16	268,656.74
174	05/15/2037	38,994.88	37,922.49	1,072.39	230,734.25
175	06/15/2037	38,994.88	38,073.87	921.01	192,660.38
176	07/15/2037	38,994.88	38,225.84	769.04	154,434.54
177	08/15/2037	38,994.88	38,378.43	616.45	116,056.11
178	09/15/2037	38,994.88	38,531.62	463.26	77,524.49
179	10/15/2037	38,994.88	38,685.43	309.45	38,839.06
180	11/15/2037	38,994.09	38,839.06	155.03	0.00

7,019,077.61 5,000,000.00 2,019,077.61

The Corporation of The Town of Shelburne

Schedule “B” to By-law Number 55-2022

No. 55-2022

\$5,000,000.00

C A N A D A

Province of Ontario

The Corporation of The Town of Shelburne

FULLY REGISTERED 4.79% AMORTIZING DEBENTURE

The Corporation of The Town of Shelburne (the “**Municipality**”), for value received, hereby promises to pay to

ONTARIO INFRASTRUCTURE AND LANDS CORPORATION (“**OILC**”)

or registered assigns, subject to the Conditions attached hereto which form part hereof (the “**Conditions**”), upon presentation and surrender of this debenture (or as otherwise agreed to by the Municipality and OILC) by the maturity date of this debenture (November 15, 2037), the principal amount of

FIVE MILLION DOLLARS

----- (\$5,000,000.00) -----

by equal monthly instalments of combined principal and interest on the fifteenth day of December 2022 and the fifteenth day of each month thereafter in each of the years 2022 to 2037, save and except for the last instalment which may vary slightly from the preceding equal instalments, in the amounts set forth in the attached Amortizing Debenture Schedule (the “**Amortization Schedule**”) and subject to late payment interest charges pursuant to the Conditions, in lawful money of Canada. Subject to the Conditions: interest shall be paid until the maturity date of this debenture, in like money in monthly payments from the closing date (15th day of November, 2022), or from the last date on which interest has been paid on this debenture, whichever is later, at the rate of 4.79% per annum, in arrears, on the specified dates, as set forth in the Amortization Schedule; and interest shall be paid on default at the applicable rate set out in the Amortization Schedule both before and after default and judgment. The payments of principal and interest and the outstanding amount of principal in each year are shown in the Amortization Schedule.

The Municipality, pursuant to section 25 of the *Ontario Infrastructure and Lands Corporation Act, 2011* (the “**OILC Act, 2011**”) hereby irrevocably agrees that the Minister of Finance is entitled, without notice to the Municipality, to deduct from money appropriated by the Legislative Assembly of Ontario for payment to the Municipality, amounts not exceeding any amounts that the Municipality fails to pay OILC on account of any unpaid indebtedness under this debenture, and to pay such amounts to OILC from the Consolidated Revenue Fund.

This debenture is subject to the Conditions.

DATED at The Corporation of The Town of Shelburne as at the 15th day of November, 2022.

IN TESTIMONY WHEREOF and under the authority of By-law Number 55-2022 of the Municipality duly passed on the 7th day of November, 2022 (the “**By-law**”), this debenture is sealed with the municipal seal of the Municipality and signed by the Mayor and by the Treasurer thereof.

Date of Registration: November 15, 2022

Wade Mills, Mayor

(Seal)_____
Carey Holmes, Treasurer

OILC hereby agrees that the Minister of Finance is entitled to exercise certain rights of deduction pursuant to section 25 of the OILC Act, 2011 as described in this debenture.

Ontario Infrastructure and Lands Corporation

by: _____
Authorized Signing Officer

by: _____
Authorized Signing Officer

LEGAL OPINION

We have examined the By-law of the Municipality authorizing the issue of amortizing debentures in the principal amount of \$5,000,000.00 dated November 15, 2022 and maturing on November 15, 2037 payable in equal monthly instalments of combined principal and interest on the fifteenth day of December 2022 and the fifteenth day of each month thereafter in each of the years 2022 to 2037, both inclusive, save and except for the last instalment which may vary slightly from the preceding equal instalments as set out in Schedule "C" to the By-law.

In our opinion, the By-law has been properly passed and is within the legal powers of the Municipality. The debenture issued under the By-law in the within form (the "**Debenture**") is the direct, general, unsecured and unsubordinated obligation of the Municipality. The Debenture is enforceable against the Municipality subject to the special jurisdiction and powers of the Local Planning Appeal Tribunal over defaulting municipalities under the *Municipal Affairs Act*. This opinion is subject to and incorporates all the assumptions, qualifications and limitations set out in our opinion letter.

November 15, 2022

Shepherd Osyany & King [no signature required]

CONDITIONS OF THE DEBENTURE

Form, Denomination, and Ranking 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, general, 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 OILC and held by OILC.

Registration

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 cancellations, 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.

Title

5. The Municipality shall not be bound to see to the execution of any trust affecting the ownership of any Debenture or be affected by notice of any equity that may be subsisting in respect thereof. The Municipality shall deem and treat registered holders of Debentures, including this 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 Municipality on the Debentures to the extent of the amount or amounts so paid. Where a Debenture is registered in more than one name, the principal of and interest from time to time payable on such Debenture shall be paid to or to the order of all the joint registered holders thereof, failing written instructions to the contrary from all such joint registered holders, and such payment shall constitute a valid discharge to the Municipality. In the case of the death of one or more joint registered holders, despite the foregoing provisions of this section, the principal of and interest on any Debentures registered in their names may be paid to the survivor or survivors of such holders and such payment shall constitute a valid discharge to the Municipality.

Payments of Principal and Interest

6. 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.
7. The Municipality shall make all payments in respect of equal monthly instalments of combined principal and interest including the last 'non-equal' instalment on the Debentures on the fifteenth day of December 2022 and the fifteenth day of each month thereafter, commencing on commencing on December 15, 2022 and ending on November 15, 2037 as set out in Schedule "C" to the By-law, by pre-authorized debit in respect of such interest and principal to the credit of the registered holder on such terms as the Municipality and the registered holder may agree.
8. The Municipality shall pay to the registered holder interest on any overdue amount of principal or interest in respect of any Debenture, both before and after default and judgment, at a rate per annum equal to the greater of the rate specified on the Schedule as attached to and forming part of the Debenture for such amount plus 200 basis points or Prime Rate (as defined below) plus 200 basis points, calculated on a daily basis from the date such amount becomes overdue for so long as such amount remains overdue and the Municipality shall pay to the registered holder any and all costs incurred by the registered holder as a result of the overdue payment.
9. 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 monthly 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 as appropriate.
10. Payments in respect of principal of and interest on the Debentures shall be made only on a day, other than Saturday or Sunday, on which banking institutions in Toronto, Ontario, Canada and the Municipality 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 as noted on the Amortization Schedule.
11. The Debentures are transferable or exchangeable at the office of the Treasurer of the Municipality upon presentation for such purpose accompanied by an instrument of transfer or exchange in a form approved by the Municipality and which form is in accordance with the prevailing Canadian transfer legislation and practices, executed by the registered holder thereof or such holder's duly authorized attorney or legal personal representative, whereupon and upon registration of such transfer or exchange and cancellation of the Debenture or Debentures presented, a new Debenture or Debentures of an equal aggregate principal amount in any authorized denomination or denominations will be delivered as directed by the transferor, in the case of a transfer or as directed by the registered holder in the case of an exchange.

12. The Municipality shall issue and deliver Debentures in exchange for or in substitution for Debentures outstanding on the registry with the same maturity and of like form in the event of a mutilation, defacement, loss, mysterious or unexplainable disappearance, theft or destruction, 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 mutilated, defaced, lost, mysteriously or unexplainably missing, stolen or destroyed Debenture) furnished the Municipality with such evidence (including evidence as to the certificate number of the Debenture in question) and an indemnity in respect thereof satisfactory to the 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.
13. 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 the 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.
14. The cost of all transfers and exchanges, including the printing of authorized denominations of the new Debentures, shall be borne by the Municipality. When any of the Debentures are surrendered for transfer or exchange the Treasurer of the Municipality shall: (a) in the case of an exchange, cancel and destroy the Debentures surrendered for exchange; (b) in the case of an exchange, certify the cancellation and destruction in the registry; (c) enter in the registry particulars of the new Debenture or Debentures issued in exchange; and (d) in the case of a transfer, enter in the registry particulars of the registered holder as directed by the transferor.
15. Reasonable fees for the substitution of a new Debenture or new Debentures for any of the Debentures that are mutilated, defaced, lost, mysteriously or unexplainably missing, stolen or destroyed and for the replacement of mutilated, defaced, lost, mysteriously or unexplainably missing, stolen or destroyed principal and interest cheques (if any) may be imposed by the Municipality. When 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.
16. If OILC elects to terminate its obligations under the financing agreement or rate offer agreement entered into between the Municipality and OILC, pursuant to which the Debentures are issued, or if the Municipality fails to meet and pay any of its debts or liabilities when due, or uses all or any portion of the proceeds of any Debenture for any purpose other than for a Capital Work(s) as authorized in the By-Law, the Municipality shall pay to OILC the Make-Whole Amount on account of the losses that it will incur as a result of the early repayment or early termination.

Notices

17. 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 Municipality 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 (as defined in section 10 of these Conditions) then such notice may be given on the next following Business Day.

Time

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

Governing Law

19. 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.

Definitions:

- (a) **"Prime Rate"** means, on any day, the annual rate of interest which is the arithmetic mean of the prime rates announced from time to time by the following five major Canadian Schedule I banks, as of the issue date of this Debenture: Royal Bank of Canada; Canadian Imperial Bank of Commerce; The Bank of Nova Scotia; Bank of Montreal; and The Toronto-Dominion Bank (the **"Reference Banks"**) as their reference rates in effect on such day for Canadian dollar commercial loans made in Canada. If fewer than five of the Reference Banks quote a prime rate on such days, the **"Prime Rate"** shall be the arithmetic mean of the rates quoted by those Reference Banks.
- (b) **"Make-Whole Amount"** means the amount determined by OILC as of the date of prepayment of the Debenture, by which (i) the present value of the remaining future scheduled payments of principal and interest under the Debenture to be repaid from the prepayment date until maturity of the Debenture discounted at the Ontario Yield exceeds (ii) the principal amount under the Debenture being repaid provided that the Make-Whole Amount shall never be less than zero.
- (c) **"Ontario Yield"** means the yield to maturity on the date of prepayment of the Debenture, assuming monthly compounding, which a non-prepayable term loan made by the Province of Ontario would have if advanced on the date of prepayment of the Debenture, assuming the same principal amount as the Debenture and with a maturity date which is the same as the remaining term to maturity of the Debenture to be repaid minus 100 basis points.

Name.....: Shelburne, The Corporation of The Town of
Principal: 5,000,000.00
Rate.....: 04.7900
Term.....: 180
Matures...: 11/15/2037

Pay #	Date	Amount Due	Principal Due	Interest Due	Rem. Principal
1	12/15/2022	38,994.88	19,036.55	19,958.33	4,980,963.45
2	01/15/2023	38,994.88	19,112.53	19,882.35	4,961,850.92
3	02/15/2023	38,994.88	19,188.82	19,806.06	4,942,662.10
4	03/15/2023	38,994.88	19,265.42	19,729.46	4,923,396.68
5	04/15/2023	38,994.88	19,342.32	19,652.56	4,904,054.36
6	05/15/2023	38,994.88	19,419.53	19,575.35	4,884,634.83
7	06/15/2023	38,994.88	19,497.05	19,497.83	4,865,137.78
8	07/15/2023	38,994.88	19,574.87	19,420.01	4,845,562.91
9	08/15/2023	38,994.88	19,653.01	19,341.87	4,825,909.90
10	09/15/2023	38,994.88	19,731.46	19,263.42	4,806,178.44
11	10/15/2023	38,994.88	19,810.22	19,184.66	4,786,368.22
12	11/15/2023	38,994.88	19,889.29	19,105.59	4,766,478.93
13	12/15/2023	38,994.88	19,968.68	19,026.20	4,746,510.25
14	01/15/2024	38,994.88	20,048.39	18,946.49	4,726,461.86
15	02/15/2024	38,994.88	20,128.42	18,866.46	4,706,333.44
16	03/15/2024	38,994.88	20,208.77	18,786.11	4,686,124.67
17	04/15/2024	38,994.88	20,289.43	18,705.45	4,665,835.24
18	05/15/2024	38,994.88	20,370.42	18,624.46	4,645,464.82
19	06/15/2024	38,994.88	20,451.73	18,543.15	4,625,013.09
20	07/15/2024	38,994.88	20,533.37	18,461.51	4,604,479.72
21	08/15/2024	38,994.88	20,615.33	18,379.55	4,583,864.39
22	09/15/2024	38,994.88	20,697.62	18,297.26	4,563,166.77
23	10/15/2024	38,994.88	20,780.24	18,214.64	4,542,386.53
24	11/15/2024	38,994.88	20,863.19	18,131.69	4,521,523.34
25	12/15/2024	38,994.88	20,946.47	18,048.41	4,500,576.87
26	01/15/2025	38,994.88	21,030.08	17,964.80	4,479,546.79
27	02/15/2025	38,994.88	21,114.02	17,880.86	4,458,432.77
28	03/15/2025	38,994.88	21,198.30	17,796.58	4,437,234.47
29	04/15/2025	38,994.88	21,282.92	17,711.96	4,415,951.55
30	05/15/2025	38,994.88	21,367.87	17,627.01	4,394,583.68
31	06/15/2025	38,994.88	21,453.17	17,541.71	4,373,130.51
32	07/15/2025	38,994.88	21,538.80	17,456.08	4,351,591.71
33	08/15/2025	38,994.88	21,624.78	17,370.10	4,329,966.93
34	09/15/2025	38,994.88	21,711.10	17,283.78	4,308,255.83
35	10/15/2025	38,994.88	21,797.76	17,197.12	4,286,458.07
36	11/15/2025	38,994.88	21,884.77	17,110.11	4,264,573.30
37	12/15/2025	38,994.88	21,972.12	17,022.76	4,242,601.18
38	01/15/2026	38,994.88	22,059.83	16,935.05	4,220,541.35
39	02/15/2026	38,994.88	22,147.89	16,846.99	4,198,393.46
40	03/15/2026	38,994.88	22,236.29	16,758.59	4,176,157.17
41	04/15/2026	38,994.88	22,325.05	16,669.83	4,153,832.12

42	05/15/2026	38,994.88	22,414.17	16,580.71	4,131,417.95
43	06/15/2026	38,994.88	22,503.64	16,491.24	4,108,914.31
44	07/15/2026	38,994.88	22,593.46	16,401.42	4,086,320.85
45	08/15/2026	38,994.88	22,683.65	16,311.23	4,063,637.20
46	09/15/2026	38,994.88	22,774.19	16,220.69	4,040,863.01
47	10/15/2026	38,994.88	22,865.10	16,129.78	4,017,997.91
48	11/15/2026	38,994.88	22,956.37	16,038.51	3,995,041.54
49	12/15/2026	38,994.88	23,048.01	15,946.87	3,971,993.53
50	01/15/2027	38,994.88	23,140.01	15,854.87	3,948,853.52
51	02/15/2027	38,994.88	23,232.37	15,762.51	3,925,621.15
52	03/15/2027	38,994.88	23,325.11	15,669.77	3,902,296.04
53	04/15/2027	38,994.88	23,418.21	15,576.67	3,878,877.83
54	05/15/2027	38,994.88	23,511.69	15,483.19	3,855,366.14
55	06/15/2027	38,994.88	23,605.54	15,389.34	3,831,760.60
56	07/15/2027	38,994.88	23,699.77	15,295.11	3,808,060.83
57	08/15/2027	38,994.88	23,794.37	15,200.51	3,784,266.46
58	09/15/2027	38,994.88	23,889.35	15,105.53	3,760,377.11
59	10/15/2027	38,994.88	23,984.71	15,010.17	3,736,392.40
60	11/15/2027	38,994.88	24,080.45	14,914.43	3,712,311.95
61	12/15/2027	38,994.88	24,176.57	14,818.31	3,688,135.38
62	01/15/2028	38,994.88	24,273.07	14,721.81	3,663,862.31
63	02/15/2028	38,994.88	24,369.96	14,624.92	3,639,492.35
64	03/15/2028	38,994.88	24,467.24	14,527.64	3,615,025.11
65	04/15/2028	38,994.88	24,564.90	14,429.98	3,590,460.21
66	05/15/2028	38,994.88	24,662.96	14,331.92	3,565,797.25
67	06/15/2028	38,994.88	24,761.41	14,233.47	3,541,035.84
68	07/15/2028	38,994.88	24,860.25	14,134.63	3,516,175.59
69	08/15/2028	38,994.88	24,959.48	14,035.40	3,491,216.11
70	09/15/2028	38,994.88	25,059.11	13,935.77	3,466,157.00
71	10/15/2028	38,994.88	25,159.14	13,835.74	3,440,997.86
72	11/15/2028	38,994.88	25,259.56	13,735.32	3,415,738.30
73	12/15/2028	38,994.88	25,360.39	13,634.49	3,390,377.91
74	01/15/2029	38,994.88	25,461.62	13,533.26	3,364,916.29
75	02/15/2029	38,994.88	25,563.26	13,431.62	3,339,353.03
76	03/15/2029	38,994.88	25,665.30	13,329.58	3,313,687.73
77	04/15/2029	38,994.88	25,767.74	13,227.14	3,287,919.99
78	05/15/2029	38,994.88	25,870.60	13,124.28	3,262,049.39
79	06/15/2029	38,994.88	25,973.87	13,021.01	3,236,075.52
80	07/15/2029	38,994.88	26,077.55	12,917.33	3,209,997.97
81	08/15/2029	38,994.88	26,181.64	12,813.24	3,183,816.33
82	09/15/2029	38,994.88	26,286.15	12,708.73	3,157,530.18
83	10/15/2029	38,994.88	26,391.07	12,603.81	3,131,139.11
84	11/15/2029	38,994.88	26,496.42	12,498.46	3,104,642.69
85	12/15/2029	38,994.88	26,602.18	12,392.70	3,078,040.51
86	01/15/2030	38,994.88	26,708.37	12,286.51	3,051,332.14
87	02/15/2030	38,994.88	26,814.98	12,179.90	3,024,517.16
88	03/15/2030	38,994.88	26,922.02	12,072.86	2,997,595.14
89	04/15/2030	38,994.88	27,029.48	11,965.40	2,970,565.66
90	05/15/2030	38,994.88	27,137.37	11,857.51	2,943,428.29
91	06/15/2030	38,994.88	27,245.70	11,749.18	2,916,182.59

92 07/15/2030	38,994.88	27,354.45	11,640.43	2,888,828.14
93 08/15/2030	38,994.88	27,463.64	11,531.24	2,861,364.50
94 09/15/2030	38,994.88	27,573.27	11,421.61	2,833,791.23
95 10/15/2030	38,994.88	27,683.33	11,311.55	2,806,107.90
96 11/15/2030	38,994.88	27,793.83	11,201.05	2,778,314.07
97 12/15/2030	38,994.88	27,904.78	11,090.10	2,750,409.29
98 01/15/2031	38,994.88	28,016.16	10,978.72	2,722,393.13
99 02/15/2031	38,994.88	28,127.99	10,866.89	2,694,265.14
100 03/15/2031	38,994.88	28,240.27	10,754.61	2,666,024.87
101 04/15/2031	38,994.88	28,353.00	10,641.88	2,637,671.87
102 05/15/2031	38,994.88	28,466.17	10,528.71	2,609,205.70
103 06/15/2031	38,994.88	28,579.80	10,415.08	2,580,625.90
104 07/15/2031	38,994.88	28,693.88	10,301.00	2,551,932.02
105 08/15/2031	38,994.88	28,808.42	10,186.46	2,523,123.60
106 09/15/2031	38,994.88	28,923.41	10,071.47	2,494,200.19
107 10/15/2031	38,994.88	29,038.86	9,956.02	2,465,161.33
108 11/15/2031	38,994.88	29,154.78	9,840.10	2,436,006.55
109 12/15/2031	38,994.88	29,271.15	9,723.73	2,406,735.40
110 01/15/2032	38,994.88	29,387.99	9,606.89	2,377,347.41
111 02/15/2032	38,994.88	29,505.30	9,489.58	2,347,842.11
112 03/15/2032	38,994.88	29,623.08	9,371.80	2,318,219.03
113 04/15/2032	38,994.88	29,741.32	9,253.56	2,288,477.71
114 05/15/2032	38,994.88	29,860.04	9,134.84	2,258,617.67
115 06/15/2032	38,994.88	29,979.23	9,015.65	2,228,638.44
116 07/15/2032	38,994.88	30,098.90	8,895.98	2,198,539.54
117 08/15/2032	38,994.88	30,219.04	8,775.84	2,168,320.50
118 09/15/2032	38,994.88	30,339.67	8,655.21	2,137,980.83
119 10/15/2032	38,994.88	30,460.77	8,534.11	2,107,520.06
120 11/15/2032	38,994.88	30,582.36	8,412.52	2,076,937.70
121 12/15/2032	38,994.88	30,704.44	8,290.44	2,046,233.26
122 01/15/2033	38,994.88	30,827.00	8,167.88	2,015,406.26
123 02/15/2033	38,994.88	30,950.05	8,044.83	1,984,456.21
124 03/15/2033	38,994.88	31,073.59	7,921.29	1,953,382.62
125 04/15/2033	38,994.88	31,197.63	7,797.25	1,922,184.99
126 05/15/2033	38,994.88	31,322.16	7,672.72	1,890,862.83
127 06/15/2033	38,994.88	31,447.19	7,547.69	1,859,415.64
128 07/15/2033	38,994.88	31,572.71	7,422.17	1,827,842.93
129 08/15/2033	38,994.88	31,698.74	7,296.14	1,796,144.19
130 09/15/2033	38,994.88	31,825.27	7,169.61	1,764,318.92
131 10/15/2033	38,994.88	31,952.31	7,042.57	1,732,366.61
132 11/15/2033	38,994.88	32,079.85	6,915.03	1,700,286.76
133 12/15/2033	38,994.88	32,207.90	6,786.98	1,668,078.86
134 01/15/2034	38,994.88	32,336.47	6,658.41	1,635,742.39
135 02/15/2034	38,994.88	32,465.54	6,529.34	1,603,276.85
136 03/15/2034	38,994.88	32,595.13	6,399.75	1,570,681.72
137 04/15/2034	38,994.88	32,725.24	6,269.64	1,537,956.48
138 05/15/2034	38,994.88	32,855.87	6,139.01	1,505,100.61
139 06/15/2034	38,994.88	32,987.02	6,007.86	1,472,113.59
140 07/15/2034	38,994.88	33,118.69	5,876.19	1,438,994.90
141 08/15/2034	38,994.88	33,250.89	5,743.99	1,405,744.01

142	09/15/2034	38,994.88	33,383.62	5,611.26	1,372,360.39
143	10/15/2034	38,994.88	33,516.87	5,478.01	1,338,843.52
144	11/15/2034	38,994.88	33,650.66	5,344.22	1,305,192.86
145	12/15/2034	38,994.88	33,784.99	5,209.89	1,271,407.87
146	01/15/2035	38,994.88	33,919.84	5,075.04	1,237,488.03
147	02/15/2035	38,994.88	34,055.24	4,939.64	1,203,432.79
148	03/15/2035	38,994.88	34,191.18	4,803.70	1,169,241.61
149	04/15/2035	38,994.88	34,327.66	4,667.22	1,134,913.95
150	05/15/2035	38,994.88	34,464.68	4,530.20	1,100,449.27
151	06/15/2035	38,994.88	34,602.25	4,392.63	1,065,847.02
152	07/15/2035	38,994.88	34,740.37	4,254.51	1,031,106.65
153	08/15/2035	38,994.88	34,879.05	4,115.83	996,227.60
154	09/15/2035	38,994.88	35,018.27	3,976.61	961,209.33
155	10/15/2035	38,994.88	35,158.05	3,836.83	926,051.28
156	11/15/2035	38,994.88	35,298.39	3,696.49	890,752.89
157	12/15/2035	38,994.88	35,439.29	3,555.59	855,313.60
158	01/15/2036	38,994.88	35,580.75	3,414.13	819,732.85
159	02/15/2036	38,994.88	35,722.78	3,272.10	784,010.07
160	03/15/2036	38,994.88	35,865.37	3,129.51	748,144.70
161	04/15/2036	38,994.88	36,008.54	2,986.34	712,136.16
162	05/15/2036	38,994.88	36,152.27	2,842.61	675,983.89
163	06/15/2036	38,994.88	36,296.58	2,698.30	639,687.31
164	07/15/2036	38,994.88	36,441.46	2,553.42	603,245.85
165	08/15/2036	38,994.88	36,586.92	2,407.96	566,658.93
166	09/15/2036	38,994.88	36,732.97	2,261.91	529,925.96
167	10/15/2036	38,994.88	36,879.59	2,115.29	493,046.37
168	11/15/2036	38,994.88	37,026.80	1,968.08	456,019.57
169	12/15/2036	38,994.88	37,174.60	1,820.28	418,844.97
170	01/15/2037	38,994.88	37,322.99	1,671.89	381,521.98
171	02/15/2037	38,994.88	37,471.97	1,522.91	344,050.01
172	03/15/2037	38,994.88	37,621.55	1,373.33	306,428.46
173	04/15/2037	38,994.88	37,771.72	1,223.16	268,656.74
174	05/15/2037	38,994.88	37,922.49	1,072.39	230,734.25
175	06/15/2037	38,994.88	38,073.87	921.01	192,660.38
176	07/15/2037	38,994.88	38,225.84	769.04	154,434.54
177	08/15/2037	38,994.88	38,378.43	616.45	116,056.11
178	09/15/2037	38,994.88	38,531.62	463.26	77,524.49
179	10/15/2037	38,994.88	38,685.43	309.45	38,839.06
180	11/15/2037	38,994.09	38,839.06	155.03	0.00

7,019,077.61 5,000,000.00 2,019,077.61

CERTIFICATE OF THE CLERK

To: Shepherd Osyany & King

And To: OILC

IN THE MATTER OF an issue of a 15 year(s), 4.79 % amortizing debenture of The Corporation of The Town of Shelburne (the “**Municipality**”) in the principal amount of \$5,000,000.00 for the capital work(s) of the Municipality in Currency, authorized by Debenture By-law Number 55-2022 (the “**Debenture By-law**”);

AND IN THE MATTER OF authorizing by-law(s) of the Municipality enumerated in Schedule “A” to the Debenture By-law.

I, Jennifer Willoughby, Clerk of the Municipality, **DO HEREBY CERTIFY THAT:**

1. The Debenture By-law was finally passed and enacted by the Council of the Municipality on November 07, 2022 in full compliance with the *Municipal Act, 2001*, as amended (the “**Act**”) at a duly called meeting at which a quorum was present. Forthwith after the passage of the Debenture By-law, the same was signed by the Mayor and the Clerk and sealed with the municipal seal of the Municipality.
2. The authorizing by-law(s) referred to in Schedule “A” to the Debenture By-law (the “**Authorizing By-law(s)**”) have been enacted and passed by the Council of the Municipality in full compliance with the Act at meeting(s) at which a quorum was present. Forthwith after the passage of the Authorizing By-law(s) the same were signed by the Mayor and by the Clerk and sealed with the municipal seal of the Municipality.
3. With respect to the undertaking of the capital work(s) described in the Debenture By-law (the “**Capital Work(s)**”), before the Council of the Municipality exercised any of its powers in respect of the Capital Work(s), and before authorizing any additional cost amount and any additional debenture authority in respect thereof (if any), the Council of the Municipality had its Treasurer complete the required calculation set out in the relevant debt and financial obligation limits regulation (the “**Regulation**”). Accordingly, based on the Treasurer’s calculation and determination under the Regulation, the Council of the Municipality authorized the Capital Work(s), each such additional cost amount and each such additional debenture authority (if any), without the approval of the Local Planning Appeal Tribunal pursuant to the Regulation.
4. No application has been made or action brought to quash, set aside or declare invalid the Debenture By-law or the Authorizing By-law(s) nor have the same been in any way repealed, altered or amended, except insofar as some of the Authorizing By-law(s) may have been amended by any of the Authorizing By-law(s) set forth in Schedule “A” (if any), and the Debenture By-law and the Authorizing By-law(s) are now in full force and effect.
5. All of the recitals contained in the Debenture By-law and the Authorizing By-law(s) are true in substance and fact.

6. To the extent that the public notice provisions of the Act are applicable, the Authorizing By-law(s) and the Debenture By-law have been enacted and passed by the Council of the Municipality in full compliance with the applicable public notice provisions of the Act.

7. None of the debentures authorized to be issued by the Authorizing By-law(s) have been previously issued.

8. The Municipality is not subject to any restructuring order under part V of the Act or other statutory authority, accordingly, no approval of the Authorizing By-law(s) and of the Debenture By-law and/or of the issue of the OILC Debentures is required by any transition board or commission appointed in respect of the restructuring of the municipality.

9. The Authorizing By-law(s) and the Debenture By-law and the transactions contemplated thereby do not conflict with, or result in a breach or violation of any statutory provisions which apply to the Municipality or any agreement to which the Municipality is a party or under which the Municipality or any of its property is or may be bound, or, to the best of my knowledge, violate any order, award, judgment, determination, writ, injunction or decree applicable to the Municipality of any regulatory, administrative or other government or public body or authority, arbitrator or court.

DATED at The Corporation of The Town of Shelburne as at the 15th day of November, 2022.

[AFFIX SEAL]

Jennifer Willoughby, Clerk

CERTIFICATE OF THE TREASURER

To: Shepherd Osyany & King

And To: OILC

IN THE MATTER OF an issue of a 15 year(s), 4.79% amortizing debenture of The Corporation of The Town of Shelburne (the “**Municipality**”) in the principal amount of \$5,000,000.00, for Capital Work(s) of the Municipality authorized by Debenture By-law Number 55-2022 (the “**Debenture By-law**”);

AND IN THE MATTER OF authorizing by-laws of the Municipality enumerated in Schedule “A” to the Debenture By-law.

This Certificate is issued pursuant to the financing agreement between OILC and the Municipality effective the October 25, 2021 (the “**Financing Agreement**”). Capitalized terms used herein and defined in the Financing Agreement have the meanings ascribed to them in the Financing Agreement.

I, Carey Holmes, Treasurer of the Municipality, **DO HEREBY CERTIFY THAT:**

1. The Municipality has received from the Ministry of Municipal Affairs and Housing its annual debt and financial obligation limit for the relevant years.
2. With respect to the undertaking of the capital work(s) described in the Debenture By-law (the “**Capital Work(s)**”), before the Council of the Municipality authorized **the** Capital Work(s), and before authorizing any additional cost amount and any additional debenture authority in respect thereof (if any), the Treasurer calculated the updated relevant debt and financial obligation limit in accordance with the applicable debt and financial obligation limits regulation (the “**Regulation**”). The Treasurer thereafter determined that the estimated annual amount payable in respect of the Capital Work(s), each such additional cost amount and each such additional debenture authority (if any), would not cause the Municipality to reach or to exceed the relevant updated debt and financial obligation limit as at the date of the Council’s approval. Based on the Treasurer’s determination, the Council of the Municipality authorized the Capital Work(s), each such additional cost amount and each such additional debenture authority (if any), without the approval of the Local Planning Appeal Tribunal pursuant to the Regulation.
3. As at the date hereof the Municipality has not reached or exceeded its updated annual debt and financial obligation limit.
4. In updating the relevant debt and financial obligation limit(s), the estimated annual amounts payable described in the Regulation were determined based on current interest rates and amortization periods which do not, in any case, exceed the lifetime of any of the purposes of the Municipality described in such section, all in accordance with generally accepted

accounting principles for local governments as recommended, from time to time, by the relevant Public Sector Accounting Board.

5. Any issues that were raised in any audit conducted under paragraph 16 (a) of the Financing Agreement have been resolved to the satisfaction of OILC in its sole discretion and/or OILC has not required an audit under paragraph 16 (a) of the Financing Agreement or such audit is not ongoing.

6. The term within which the debentures to be issued for the Municipality in respect of the Capital Work(s) pursuant to the Debenture By-law are made payable does not exceed the lifetime of such Capital Work(s).

7. The principal amount now being financed through the issue of debentures pursuant to the Debenture By-law in respect of the Capital Work(s) does not exceed the net cost of each such Capital Work and does not exceed the Committed Amount for such Capital Work(s).

8. Expenditures on the Capital Work(s) have been made or will be made in an amount that does not exceed the Committed Amount for such Capital Work(s), if OILC, in its sole discretion, has agreed to purchase the debentures to be issued pursuant to the Debenture By-law prior to making any Advance or prior to the expenditure of all or any portion of the Committed Amount on the Capital Work(s).

9. The money received by the Municipality from the sale of the debentures issued pursuant to the Debenture By-law, including any premium, and any earnings derived from the investment of that money after providing for the expenses related to their issue, if any, shall be apportioned and applied to the Capital Work(s), and to no other purpose except as permitted by the *Municipal Act, 2001*.

10. As of the date hereof none of the events specified in paragraph 12(c) of the Financing Agreement have occurred or are continuing.

11. On or before 15th day of November, 2022, I as Treasurer, signed the fully registered amortizing debenture numbered 55-2022 in the principal amount of \$5,000,000.00 dated November 15, 2022, registered in the name of Ontario Infrastructure and Lands Corporation and authorized by the Debenture By-law (the "**OILC Debenture**").

12. On or before November 15, 2022, the OILC Debenture was signed by Wade Mills, Mayor of the Municipality at the date of the execution and issue of the OILC Debenture, the OILC Debenture was sealed with the seal of the Municipality, the OILC Debenture is in all respects in accordance with the Debenture By-law and in issuing the OILC Debenture the Municipality is not exceeding its borrowing powers.

13. The said Wade Mills, is the duly elected Mayor of the Municipality and that I am the duly appointed Treasurer of the Municipality and that we were severally authorized under the Debenture By-law to execute the OILC Debenture in the manner aforesaid and that the OILC Debenture is entitled to full faith and credence.

14. No litigation or proceedings of any nature are now pending or threatened, attacking or in any way attempting to restrain or enjoin the issue and delivery of the OILC Debenture or in any manner questioning the proceedings and the authority under which the same is issued, or

affecting the validity thereof, or contesting the title or official capacity of the said Mayor or myself as Treasurer of the Municipality, and no Mayor or proceedings for the issuance of the OILC Debenture or any part of it has been repealed, revoked or rescinded in whole or in part.

15. The representations and warranties of the Municipality set out in paragraph 2 of the Financing Agreement were true and correct as of the date of the request to purchase the debentures in respect of the Capital Work(s) pursuant to the Debenture By-law and are true and correct as of the date hereof and the Municipality is not in material default of any of its obligations under such Financing Agreement.

DATED at The Corporation of The Town of Shelburne as at the 15th day of November, 2022.

Carey Holmes
Treasurer

I, Jennifer Willoughby, Clerk of the Municipality do hereby certify that the signature of Carey Holmes, Treasurer of the Municipality described above, is true and genuine.

[AFFIX SEAL]

Jennifer Willoughby
Clerk