

2004 DEBENTURE BYLAW

EFFECTIVE: JULY 14, 2004

BEING A BYLAW OF THE CITY OF CHARLOTTETOWN RELATING TO THE BORROWING UPON DEBENTURES IN THE PRINCIPAL AMOUNT OF \$20,000,000 FOR CERTAIN CAPITAL EXPENDITURES

PART I – TITLE

This Bylaw may be known and may be cited as the “2004 Debenture Bylaw”.

PART II – DEFINITIONS

In this Bylaw

- (a) “Business Day” means a business day as described in Subsection 3(b) of Part IV of this Bylaw;
- (b) “CAMA” means the *Charlottetown Area Municipalities Act*, 1994 c.6, R.S.P.E.I. 1998, C-4.1, as amended;
- (c) “City” means the City of Charlottetown;
- (d) “CDS” means The Canadian Depository for Securities Limited;
- (e) “Corporation” means the Charlottetown Water and Sewer Corporation;
- (f) “Council” means the council of the City;
- (g) “Debentures” means 5.79% amortizing debentures of the City in the principal amount of \$20,000,000;
- (h) “Global Debenture” means the global debenture certificate as described in Section 2 of Part IV of this Bylaw;
- (i) “Projects” means certain capital projects of the City as described in Schedule “A” to this Bylaw;
- (j) “Schedule “A”” means Schedule “A” attached hereto and forming part of this Bylaw;
- (k) Schedule “B” means Schedule “B” attached hereto and forming part of this Bylaw;
- (l) Schedule “C” means Schedule “C” attached hereto and forming part of this Bylaw;
- (m) “Utility Bylaw” means a bylaw made on April 1, 1995;

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(n) “Water and Sewerage Act” means the *Water and Sewerage Act* R.S.P.E.I. 1988, W-2, as amended;

PART III - RECITALS

WHEREAS Subsection 42(1) of the CAMA provides that the Council may borrow money by way of loan or the issue of debentures for capital, operating or other expenditures;

AND WHEREAS Subsection 42(2) of the CAMA provides that except as may be authorized by the Lieutenant Governor in Council for special projects or in exceptional circumstances, the Council may not borrow money for capital expenditures if the result of the borrowing would be to increase the debt of the City to an amount in excess of eight per cent of the current assessed value of real property in the City or such other amount as the Lieutenant Governor in Council may determine;

AND WHEREAS Section 43 of the CAMA provides that nothing in section 42 precludes the Council from borrowing money from a savings institution on an interim basis in relation to capital expenditure;

AND WHEREAS Section 29 of the CAMA provides that: (1) where the Council determines to provide within the City sewage collection and treatment or water distribution and purification pursuant to clause 21(g) or (k) of the CAMA it shall make a bylaw (a) prescribing the name, composition and functions of a corporation to construct, manage, maintain and operate the utility in accordance with the Water and Sewerage Act, (b) requiring the corporation to maintain separate accounts and to prepare an annual financial statement; (2) a corporation established pursuant to subsection 29(1) of the CAMA is constituted a body corporate by the CAMA; and (3) a corporation established pursuant to subsection 29(1) of the CAMA may levy such user rates or frontage charges as may be approved by the Council;

AND WHEREAS the Council on April 1, 1995 made the Utility Bylaw that provided for establishing of the Corporation, all in accordance with the provisions of the CAMA and in accordance with the provisions of the Water and Sewerage Act;

AND WHEREAS Subsection 14.1(b) of the Utility Bylaw provides that the Corporation may by resolution passed by the Board of the Corporation from time to time with Council approval borrow money upon the operational line of credit of the Corporation;

AND WHEREAS Subsection 42(3) of the CAMA provides that security documents issued under subsection 42(1) of the CAMA shall be signed, issued and reissued in such manner as may be prescribed;

AND WHEREAS Section 1 of the CAMA provides that “prescribed” means prescribed by a bylaw;

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AND WHEREAS the Council has by resolutions passed on the dates set out in Column (1) of Schedule "A" authorized the Projects as set out in Column (2) of Schedule "A" and desires to issue debentures for the Projects in the respective amounts specified in Column (5) of Schedule "A" to fund capital expenditures for the Projects or to retire interim financing by the City and by the Corporation, as applicable, in respect of the Projects;

AND WHEREAS before authorizing the Projects and before authorizing any additional cost amounts in respect thereof, the City had its Chief Administrative Officer calculate the debt of the City in accordance with the provisions of CAMA and, prior to authorizing each of the Projects and each such additional cost amount (if any), the Chief Administrative Officer determined that each of the Projects and each such additional cost amount (if any) would not cause the debt of the City to exceed eight per cent of the current assessed value of real property in the City and that the Council could authorize each of the Projects and each such additional cost amount without the approval of the Lieutenant Governor in Council;

AND WHEREAS to provide long-term financing for the Projects the City now deems it to be expedient to borrow money by way of the issue of debentures of the City in the principal amount of \$20,000,000 payable semi-annually in instalments of combined (blended) principal and interest in each year commencing on January 16, 2005 and ending on July 16, 2024, in lawful money of Canada, as hereinafter set forth.

PART IV - ENACTMENT

BE IT ENACTED BY THE COUNCIL OF THE CITY OF CHARLOTTETOWN AS FOLLOWS:

1. For the Projects, the borrowing upon the credit of the City at large of the principal sum of \$20,000,000 by way of the issue of 20 year Debentures therefor to be repaid in semi-annual instalments of combined (blended) principal and interest in minimum denominations of \$1,000 as hereinafter set forth are hereby authorized.
2. The Mayor and the Chief Administrative Officer of the City are hereby authorized to cause any number of 5.79% Debentures payable semi-annually in instalments of combined (blended) principal and interest to be issued for such sums of money as may be required for the Projects in global and definitive forms, not exceeding in total the said sum of \$20,000,000. The Debentures shall bear the corporate seal of the City and the signatures of the Mayor and the Chief Administrative Officer of the City, all as prescribed by this Bylaw in accordance with the provisions of the CAMA. The Debentures are sufficiently signed if they bear the required signatures and each person signing has the authority to do so on the date he or she signs. The Mayor or Chief Administrative Officer may sign his or her name to the Debentures by means of a facsimile stamp of his or her signature. The Debentures shall initially be issued in global fully registered form as one Global Debenture in the principal amount of \$20,000,000, in the name of CDS & CO. as the nominee of CDS, substantially in the

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form attached as Schedule “B” with provision for payment of instalments of combined (blended) principal and interest (other than in respect of the provision for the final payment of principal and outstanding interest on the maturity date upon presentation and surrender) by cheque sent by post to the registered address of the registered holder or, if the City and the registered holder of the Global Debenture so consent, by electronic transfer of payment 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 City may agree.

3. (a) The Debentures shall all be dated the 16th day of July, 2004 and shall be issued within two years after the day on which this Bylaw is made, and as to both principal and interest shall be expressed and be payable in lawful money of Canada. The Debentures shall be paid in full by July 16, 2024 and semi-annual instalments of combined (blended) principal and interest shall be payable on January 16 and July 16 (commencing January 16, 2024) in each of the years during the currency of the Debentures as specified in the amortization schedule set forth in Schedule “C”.

(b) Payments in respect of principal of and interest on the Debentures shall only be made on a Business day being a day on which banking institutions in Toronto, Ontario are not authorized or obligated by law or executive order to be closed and if any date for payment is not a Business Day, payment shall be made on the next following Business Day and no further interest shall be paid in respect of the delay in such payment.
4. Interest shall be payable to the date of maturity of the Debentures and on default shall be payable both before and after default and judgment. Any amounts payable by the City as interest on overdue principal or interest in respect of the Debentures shall be paid out of current revenue. Whenever it is necessary to compute any amount of interest in respect of the Debentures for a period of less than one full year, other than with respect to regular semi-annual instalments of combined (blended) principal and interest, such interest shall be calculated on the basis of the actual number of days in the period and a year of 365 days or 366 days, if applicable.
5. In limited circumstances (as set out in the letter of representations addressed to CDS referred to below and as set out in the Global Debenture) the Global Debenture shall be exchangeable for certificated Debentures in definitive fully registered form in authorized denominations upon surrender of the Global Debenture to the Chief Administrative Officer of the City. The definitive Debentures shall aggregate the same principal amount as the principal outstanding balance of the Global Debenture as of the record date for such exchange in accordance with the provisions of the Global Debenture, shall bear the same interest rate and maturity date, shall bear all unmatured interest obligations and shall have the same benefits and be subject to the same terms and conditions as the Global Debenture (except insofar as they specifically relate to the Global Debenture). In issuing definitive Debentures no change shall be made in the amount which would otherwise be payable in each year under the Global Debenture. The definitive Debentures shall be in fully registered form, payable as to principal and outstanding interest in lawful money of Canada at maturity upon presentation and

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surrender thereof at any specified branch of the bank designated in the definitive Debentures, otherwise, with provision for payment of instalments of combined (blended) principal and interest by cheque sent through the post to the registered addresses of the registered holders or, if the City and any registered holder of the definitive Debentures so consent, by electronic transfer of payment in respect of such instalments of combined (blended) principal and interest to the credit of such registered holder on such terms as to which the registered holder and the City may agree.

6. In 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 City's general levy the amounts of principal and interest payable by the City in each year as set out in Schedule "C" attached hereto and forming part of this Bylaw 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 Bylaw of any municipality or the Corporation, including, without limitation, user rates and percentage charges.
7. The Debentures may contain any provision for their registration thereof authorized by any statute relating to municipal debentures in force at the time of the issue thereof.
8. The City 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 City is authorized to use electronic, magnetic or other media for records of or related to the Debentures or for copies of them.
9. The City shall not be bound to see to the execution of any trust affecting the ownership of any Debenture or be affected by notice of any equity that may be subsisting in respect thereof. The City shall deem and treat registered holders of the Debentures, including the Global Debenture, as the absolute owners thereof for all purposes whatsoever notwithstanding any notice to the contrary and all payments to or to the order of registered holders shall be valid and effectual to discharge the liability of the City on the Debentures to the extent of the sum or sums so paid. Where a Debenture is registered in more than one name, the principal of and interest from time to time payable on such Debenture shall be paid to or to the order of all the joint registered holders thereof, failing written instructions to the contrary from all such joint registered holders, and such payment shall constitute a valid discharge to the City. In the case of the death of one or more joint registered holders, despite the foregoing provisions of this section, the principal of and interest on any Debentures registered in their names may be paid to the survivor or survivors of such holders and such payment shall constitute a valid discharge to the City.
10. The Debentures are transferable or exchangeable at the office of the Chief Administrative Officer of the City upon presentation for such purpose accompanied by an instrument of transfer or exchange in a form approved by the City and which form is

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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 Chief Administrative Officer shall issue and deliver a new Debenture or Debentures of an equal aggregate principal amount in any authorized denomination or denominations as directed by the transferee, in the case of a transfer or as directed by the registered holder in the case of an exchange.

11. The Mayor and the Chief Administrative Officer shall issue and deliver new Debentures in exchange or substitution for Debentures outstanding on the registry with the same maturity date and of like form which have become 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 City with such evidence (including evidence as to the certificate number of the Debenture in question) and indemnity in respect thereof satisfactory to the City in its discretion; and (c) surrendered to the City any mutilated or defaced Debenture in respect of which new Debentures are to be issued in substitution.
12. In the event of the defacement, loss, theft or destruction of the Global Debenture held by CDS (as set out in the letter of representations addressed to CDS referred to below and as set out in the Global Debenture), CDS shall be entitled to provide the City with an affidavit of two senior officers of CDS attesting to the said defacement, loss, theft or destruction and giving all relevant information together with such other documents as the City may reasonably require, provided however that the City hereby waives and shall have no right to require an indemnity, bond of indemnity, lost document bond or similar instrument, whereupon the City shall issue a new global certificate to replace such defaced, lost, stolen or destroyed Global Debenture.
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 this Bylaw, 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 City. When any of the Debentures are surrendered for transfer or exchange the Chief Administrative Officer of the City shall: (a) in the case of an exchange, cancel and destroy the Debentures surrendered for exchange; (b) in the case of an exchange, certify the cancellation and destruction in the registry; and (c) enter in the registry particulars of the new Debenture or Debentures issued in exchange.
15. 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

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- replacement of lost, stolen, mutilated, defaced or destroyed principal and interest cheques may be imposed by the City. Where new Debentures are issued in substitution in these circumstances the City 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. 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.
 17.
 - (a) The Mayor and the Chief Administrative Officer are hereby authorized to cause the Debentures to be issued, the Chief Administrative Officer is hereby authorized to enter into a letter of representations with CDS, the Chief Administrative Officer is hereby authorized to enter into a purchase letter in respect of the Debentures, the Chief Administrative Officer is hereby authorized to generally do all things and to execute all other documents and papers in the name of the City in order to carry out the sale of the Debentures and the Chief Administrative Officer is authorized to affix the corporate seal of the City to any of such documents and papers.
 - (b) The proceeds realized in respect of the Debentures, after providing for the discount, if any, and the expenses related to their issue, shall be apportioned and applied to the Projects, and to no other purpose except as permitted by the CAMA.
 18. Subject to the City's investment policies and goals and the applicable legislation, the City may, if not in default under the Debentures, at any time purchase any of the Debentures in the open market or by tender or by private contract at any price and on such terms and conditions (including, without limitation, the manner by which any tender offer may be communicated or accepted and the persons to whom it may be addressed) as the City may in its discretion determine.

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SCHEDULE "A"

(1)	(2)	(3)	(4)	(5)	(6)
Resolution Date (D/M/Y)	Project Description	Approved Amount to be Financed by Way of the Issue of Debentures \$	Amount of Debentures Previously Issued \$	Amount of Debentures to be Issued \$	Term of Years
11/03/02	Suffolk Wellfield expansion	324,151.15	N/L	324,151.00	20
13/05/02	Replacement of three north side tennis courts at Victoria Park	144,500.00	N/L	144,500.00	20
12/08/02	Capital expenditures in respect of the Civic Centre relating to air conditioning, staging, refrigeration, overhauling the clock and lighting system, refurbishing entrances and the VIP lounge and replacing and re-keying all lock systems	92,750.00	N/L	92,750.00	20
14/03/02 20/08/02	Installation of an elevator at the Charlottetown District #1 Fire Station	155,000.00	N/L	155,000.00	20
09/09/02	Realignment of Park Street at Riverside Drive	136,000.00	N/L	136,000.00	20
14/03/01 14/03/02 09/09/02	Capital upgrades to the City water system	3,000,000.00	N/L	3,000,000.00	20
19/09/02	Installation of old fashion lanterns on the following streets: University Avenue , All Souls Lane, Brighton Road, West Street, Sydney Street, Richmond Street	531,788.18	N/L	531,788.00	20
26/09/02	Capital expenditures in connection with the Malpeque Road storm sewer	161,762.00	N/L	161,762.00	20
15/10/02	Capital expenditures in connection with the storm sewer system – Falconwood Road and Bolger Drive	512,853.73	N/L	512,853.00	20
10/02/03	Purchase of property number 133454 in Brackley for purposes of the City	205,000.00	N/L	205,000.00	20
26/05/03	Purchase and installation of new seats as part of the renovations to the	85,836.00	N/L	85,836.00	20

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(1)	(2)	(3)	(4)	(5)	(6)
Resolution Date (D/M/Y)	Project Description	Approved Amount to be Financed by Way of the Issue of Debentures \$	Amount of Debentures Previously Issued \$	Amount of Debentures to be Issued \$	Term of Years
	Charlottetown Civic Centre				
26/05/03	Structural renovations to the Charlottetown Civic Centre	226,377.00	N/L	226,377.00	20
09/06/03	Capital expenditures in connection with the John Street/J. Frank McAulay Park storm water projects	196,946.00	N/L	196,946.00	20
09/06/03	Installation of street lights in the West Royalty Business Park	253,891.00	N/L	253,891.00	20
19/06/03	Purchase and installation of arena glazing and guards as part of the renovations to the Charlottetown Civic Centre	210,714.00	N/L	210,714.00	20
19/06/03	“Renovation Fit-Up” component of the renovations to the Charlottetown Civic Centre	297,417.00	N/L	297,417.00	20
14/07/03	Installation of sidewalk and storm drainage systems along a section of Lower Malpeque Road	170,000.00	N/L	170,000.00	20
14/07/03	Municipal infrastructure extensions including watermains to the Highland Heights area and sidewalk and storm sewer extensions on Lower Malpeque Road	1,404,852.00	N/L	1,404,852.00	20
11/08/03	Ditch infilling in front of civic addresses 53, 55, 57, 59 and 61 Maple Avenue	55,000.00	N/L	55,000.00	20
08/09/03	Upgrade of the Wastewater Treatment Plant – site preparation	1,183,955.00	N/L	1,183,955.00	20
08/09/03	Improvement of the Park Street parking lot	330,000.00	N/L	330,000.00	20
14/04/03 12/09/03	Construction of the new Aquatic/Arena Facility	8,690,000.00	N/L	8,690,000.00	20
25/11/03	Capital expenditures in respect of	608,830.00	N/L	608,830.00	20

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(1)	(2)	(3)	(4)	(5)	(6)
Resolution Date (D/M/Y)	Project Description	Approved Amount to be Financed by Way of the Issue of Debentures \$	Amount of Debentures Previously Issued \$	Amount of Debentures to be Issued \$	Term of Years
	Victoria Park Shoreline protection				
10/05/04	Capital expenditures in connection with an environmental risk assessment for the former East Royalty Landfill site for purposes of further development of a soccer complex at this site	43,258.00	N/L	43,258.00	20
10/05/04	Capital expenditures in connection with the renovations to the Charlottetown Civic Centre including: Fibredek; Jet Ice, storage building and dimmer system	304,200.00	N/L	304,200.00	20
10/05/04	Capital expenditures in connection with the West Royalty water and sewer extensions project	137,599.00	N/L	137,599.00	20
10/05/04	Capital expenditures in connection with the East Royalty water and sewer extensions project	60,588.00	N/L	60,588.00	20
14/06/04	Installation of concrete box culvert on North River Road	93,176.75	N/L	93,176.00	20
14/06/04	Capital expenditures in connection with the Gower Street storm and sidewalk project	155,656.00	N/L	155,656.00	20
12/07/04	Capital expenditures in connection with the storm sewer and sidewalk extensions project involving Maple Ave. and Bell Cres.	227,901.00	N/L	227,901.00	20
				<u>20,000,000.00</u>	

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SCHEDULE "B"

Unless this debenture is presented by an authorized representative of The Canadian Depository for Securities Limited ("CDS") to the City of Charlottetown for registration of transfer, exchange or payment, and any debenture issued in respect thereof is registered in the name of CDS & CO., or in such other name as is requested by an authorized representative of CDS, ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since as the registered holder hereof, CDS & CO. has an interest herein.

No. 2004-01

\$20,000,000

CUSIP NO. 161095CX0
ISIN NO. CA 161095CX07

C A N A D A
Prince Edward Island
CITY OF CHARLOTTETOWN

FULLY REGISTERED GLOBAL 5.79% DEBENTURE

CITY OF CHARLOTTETOWN (the "City"), for value received, hereby promises to pay to
CDS & CO.

as nominee of The Canadian Depository for Securities Limited or registered assigns, subject to the Conditions attached hereto which form part hereof (the "Conditions"), upon presentation and surrender of this Global Debenture by the maturity date of this Global Debenture (July 16, 2024), the principal sum of

TWENTY MILLION DOLLARS

----- (\$20,000,000) -----

by semi-annual instalments of combined (blended) principal and interest in the manner and in the amounts set forth in the Amortization Schedule on the reverse side hereof (the "Amortization Schedule") in lawful money of Canada. Interest shall be paid until the maturity date of this Global Debenture in like money from the 16th day of July, 2004 or from the last date on which interest has been paid on this Global Debenture, whichever is later at the rate of 5.79% per annum semi-annually, in arrears, on the specified dates, as set forth in the Amortization Schedule (each, a "Payment Date") in the manner provided in the Conditions. Subject to the Conditions, interest shall be paid on default at the rate set out in the Amortization Schedule both before and after default and judgment. The payments of principal and interest and the principal balance outstanding in each year are shown in the Amortization Schedule.

This Global Debenture is subject to the Conditions.

DATED at the City of Charlottetown the 16th day of July, 2004.

Under the authority of the *Charlottetown Area Municipalities Act*, 1994 c.6, R.S.P.E.I. 1998, C-4.1, as amended, (the "Act") and under the authority of the Bylaw of the City duly made in compliance with the requirements of the Act at meetings of the council of the City held on July 12, 2004 and July 14, 2004 (the "2004 Debenture Bylaw"), this Global Debenture is sealed with the corporate seal of the City and signed by the Mayor and by the Chief Administrative Officer thereof.

Date of Registration: July 16, 2004

Mayor

(seal)

Chief Administrative Officer

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AMORTIZATION SCHEDULE

Interest Rate: 5.79%

PERIOD START	PERIOD END	PRINCIPAL	INTEREST PAYMENT	PRINCIPAL PAYMENT	TOTAL PAYMENT	REMAINING PRINCIPAL
16-Jul-2004	16-Jan-2005	\$20,000,000.00	\$579,000.00	\$271,622.74	\$850,622.74	\$19,728,377.26
16-Jan-2005	16-Jul-2005	\$19,728,377.26	\$571,136.52	\$279,486.22	\$850,622.74	\$19,448,891.04
16-Jul-2005	16-Jan-2006	\$19,448,891.04	\$563,045.40	\$287,577.35	\$850,622.74	\$19,161,313.69
16-Jan-2006	16-Jul-2006	\$19,161,313.69	\$554,720.03	\$295,902.71	\$850,622.74	\$18,865,410.98
16-Jul-2006	16-Jan-2007	\$18,865,410.98	\$546,153.65	\$304,469.09	\$850,622.74	\$18,560,941.88
16-Jan-2007	16-Jul-2007	\$18,560,941.88	\$537,339.27	\$313,283.47	\$850,622.74	\$18,247,658.41
16-Jul-2007	16-Jan-2008	\$18,247,658.41	\$528,269.71	\$322,353.03	\$850,622.74	\$17,925,305.38
16-Jan-2008	16-Jul-2008	\$17,925,305.38	\$518,937.59	\$331,685.15	\$850,622.74	\$17,593,620.23
16-Jul-2008	16-Jan-2009	\$17,593,620.23	\$509,335.31	\$341,287.44	\$850,622.74	\$17,252,332.79
16-Jan-2009	16-Jul-2009	\$17,252,332.79	\$499,455.03	\$351,167.71	\$850,622.74	\$16,901,165.08
16-Jul-2009	16-Jan-2010	\$16,901,165.08	\$489,288.73	\$361,334.01	\$850,622.74	\$16,539,831.07
16-Jan-2010	16-Jul-2010	\$16,539,831.07	\$478,828.11	\$371,794.63	\$850,622.74	\$16,168,036.43
16-Jul-2010	16-Jan-2011	\$16,168,036.43	\$468,064.65	\$382,558.09	\$850,622.74	\$15,785,478.35
16-Jan-2011	16-Jul-2011	\$15,785,478.35	\$456,989.60	\$393,633.14	\$850,622.74	\$15,391,845.20
16-Jul-2011	16-Jan-2012	\$15,391,845.20	\$445,593.92	\$405,028.82	\$850,622.74	\$14,986,816.38
16-Jan-2012	16-Jul-2012	\$14,986,816.38	\$433,868.33	\$416,754.41	\$850,622.74	\$14,570,061.97
16-Jul-2012	16-Jan-2013	\$14,570,061.97	\$421,803.29	\$428,819.45	\$850,622.74	\$14,141,242.52
16-Jan-2013	16-Jul-2013	\$14,141,242.52	\$409,388.97	\$441,233.77	\$850,622.74	\$13,700,008.75
16-Jul-2013	16-Jan-2014	\$13,700,008.75	\$396,615.25	\$454,007.49	\$850,622.74	\$13,246,001.26
16-Jan-2014	16-Jul-2014	\$13,246,001.26	\$383,471.74	\$467,151.01	\$850,622.74	\$12,778,850.26
16-Jul-2014	16-Jan-2015	\$12,778,850.26	\$369,947.71	\$480,675.03	\$850,622.74	\$12,298,175.23
16-Jan-2015	16-Jul-2015	\$12,298,175.23	\$356,032.17	\$494,590.57	\$850,622.74	\$11,803,584.66
16-Jul-2015	16-Jan-2016	\$11,803,584.66	\$341,713.78	\$508,908.97	\$850,622.74	\$11,294,675.69
16-Jan-2016	16-Jul-2016	\$11,294,675.69	\$326,980.86	\$523,641.88	\$850,622.74	\$10,771,033.81
16-Jul-2016	16-Jan-2017	\$10,771,033.81	\$311,821.43	\$538,801.31	\$850,622.74	\$10,232,232.50
16-Jan-2017	16-Jul-2017	\$10,232,232.50	\$296,223.13	\$554,399.61	\$850,622.74	\$9,677,832.89
16-Jul-2017	16-Jan-2018	\$9,677,832.89	\$280,173.26	\$570,449.48	\$850,622.74	\$9,107,383.41
16-Jan-2018	16-Jul-2018	\$9,107,383.41	\$263,658.75	\$586,963.99	\$850,622.74	\$8,520,419.41
16-Jul-2018	16-Jan-2019	\$8,520,419.41	\$246,666.14	\$603,956.60	\$850,622.74	\$7,916,462.81
16-Jan-2019	16-Jul-2019	\$7,916,462.81	\$229,181.60	\$621,441.14	\$850,622.74	\$7,295,021.67
16-Jul-2019	16-Jan-2020	\$7,295,021.67	\$211,190.88	\$639,431.87	\$850,622.74	\$6,655,589.80
16-Jan-2020	16-Jul-2020	\$6,655,589.80	\$192,679.32	\$657,943.42	\$850,622.74	\$5,997,646.39
16-Jul-2020	16-Jan-2021	\$5,997,646.39	\$173,631.86	\$676,990.88	\$850,622.74	\$5,320,655.51
16-Jan-2021	16-Jul-2021	\$5,320,655.51	\$154,032.98	\$696,589.77	\$850,622.74	\$4,624,065.74
16-Jul-2021	16-Jan-2022	\$4,624,065.74	\$133,866.70	\$716,756.04	\$850,622.74	\$3,907,309.70
16-Jan-2022	16-Jul-2022	\$3,907,309.70	\$113,116.62	\$737,506.13	\$850,622.74	\$3,169,803.58
16-Jul-2022	16-Jan-2023	\$3,169,803.58	\$91,765.81	\$758,856.93	\$850,622.74	\$2,410,946.65
16-Jan-2023	16-Jul-2023	\$2,410,946.65	\$69,796.91	\$780,825.84	\$850,622.74	\$1,630,120.81
16-Jul-2023	16-Jan-2024	\$1,630,120.81	\$47,192.00	\$803,430.74	\$850,622.74	\$826,690.07
16-Jan-2024	16-Jul-2024	\$826,690.07	\$23,932.68	\$826,690.07	\$850,622.74	\$0.00
TOTAL			\$14,024,909.69	\$20,000,000.00	\$34,024,909.60	

2004 DEBENTURE BYLAW

CONDITIONS OF GLOBAL DEBENTURE

Form, Denomination, Ranking and Beneficial Interests in Global Debenture

1. The debentures issued pursuant to the 2004 Debenture Bylaw (collectively the “**Debentures**” and individually a “**Debenture**”) are issuable as fully registered Debentures without coupons in minimum denominations of \$1,000.
2. The Debentures are direct, unsecured and unsubordinated obligations of the City. The Debentures rank *pari passu* in respect of payment of principal and interest thereon with all existing debentures of the City except as to the availability of any sinking funds applicable to any particular use of debentures.
3. This Debenture is a Global Debenture registered in the name of the nominee of The Canadian Depository for Securities Limited (“**CDS**”) and held by CDS. Beneficial interests in this Global Debenture are represented through book entry accounts, to be established and maintained by CDS, for financial institutions acting on behalf of beneficial owners as direct and indirect participants in CDS’ book entry only system.
4. Except in the limited circumstances described herein, owners of beneficial interests in this Global Debenture will not be entitled to have Debentures registered in their names, will not receive or be entitled to receive physical delivery of Debentures and will not be considered registered holders of Debentures under these Conditions. The City does not have any responsibility or liability for maintaining, supervising or reviewing any records of CDS relating to beneficial interests in this Global Debenture or for any aspect of the records of CDS relating to payments made by CDS on account of such beneficial interests.

Certificated Debentures

5. This Global Debenture is exchangeable, in whole but not in part, for certificated Debentures in definitive form registered in the name of a person other than CDS or its nominee only if (i) CDS notifies the City that it is unable or unwilling to continue as depository in connection with this Global Debenture or ceases to be a recognized clearing agency under the *Securities Act* (Ontario), or other applicable Canadian securities legislation and a successor depository is not appointed by the City or (ii) the City in its sole discretion elects to issue certificated Debentures in definitive form in exchange for this Global Debenture.
6. Debentures issued in exchange for this Global Debenture shall be issued as certificated Debentures in definitive form in authorized denominations, shall have the same benefits and be subject to the same terms and conditions as this Global Debenture (except insofar as they specifically relate to this Global Debenture as such), shall be registered in such names and in such denominations as CDS shall direct and shall be delivered as directed by the persons in whose names such definitive Debentures are to be registered.
7. Upon the exchange of certificated Debentures in definitive form for this Global Debenture, the City shall receive and cancel this Global Debenture, shall reduce the holdings of CDS & CO. on the registry to nil and shall issue or cause to be issued in exchange for this Global Debenture certificated Debentures in definitive form in an aggregate principal amount equal to and in exchange for the CDS participants’ proportionate interests in this Global Debenture as of the record date for such exchange, as directed by CDS. On or after any such exchange, but only to the extent reasonably practicable in the circumstances, the City shall make all payments in respect of such certificated Debentures in definitive form to the registered holders thereof, notwithstanding such exchange occurred after the record date for any payment and prior to such payment date.

Registration

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

Title

2004 DEBENTURE BYLAW

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

Payments of Principal and Interest

10. The record date for purposes of payment of principal of and interest on the Debentures is as of 5:00 p.m. on the sixteenth calendar day preceding any Payment Date, including the maturity date. Principal of and interest on the Debentures are payable by the City to the persons registered as holders in the registry on the relevant record date. The City shall not be required to register any transfer, exchange or substitution of Debentures during the period from any record date to the corresponding Payment Date.

11. The City shall make all payments in respect of semi-annual instalments of combined (blended) principal and interest on the Debentures on each Payment Date commencing on January 16, 2005 (other than in respect of the payment of principal and outstanding interest on the final maturity date which shall be paid upon presentation and surrender of this Global Debenture at the office of the Chief Administrative Officer of the City or at any branch in Canada of the City's bank), by forwarding by post, a cheque dated the due date for payment to the registered address of each registered holder of Debentures sufficiently in advance of the relevant due date that delivery of such cheques to the registered address of each registered holder on or before the due date is reasonably assured. All cheques mailed or otherwise delivered in accordance with this section shall be dated the due date for payment of the principal and interest in respect of which they are issued. Despite the foregoing, the City may make payments in respect of semi-annual instalments of combined (blended) principal and interest on any Debenture (other than in respect of the final payment of principal and outstanding interest payable on the maturity date upon presentation and surrender at the office of the Chief Administrative Officer of the City or at any branch in Canada of the City's bank) to the credit of the registered holder of that Debenture, by electronic transfer of payment in respect of such interest and principal to the credit of the registered holder on such terms as to which the registered holder and the City may agree.

12. Whenever it is necessary to compute any amount of interest in respect of the Debentures for a period of less than one full year, other than with respect to regular semi-annual instalments of combined (blended) principal and interest, such interest shall be calculated on the basis of the actual number of days in the period and a year of 365 days or 366 days, if applicable.

13. Payments in respect of principal of and interest on the Debentures shall be made only on a day on which banking institutions in Toronto, Ontario, are not authorized or obligated by law or executive order to be closed (a "**Business Day**"), and if any date for payment is not a Business Day, payment shall be made on the next following Business Day and no further interest shall be paid in respect of the delay in such payment.

14. Where a Debenture is registered in more than one name, the principal of and interest from time to time payable on such Debenture shall be paid to or to the order of all the joint registered holders thereof, failing written instructions to the contrary from all such joint registered holders, and such payment shall constitute a valid discharge to the City.

15. In the case of the death of one or more joint registered holders, despite section 9 of these Conditions, the principal of and interest on any Debentures registered in their names may be paid to the survivor or survivors of such holders and such payment shall constitute a valid discharge to the City.

Transfers, Exchanges and Substitutions

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

2004 DEBENTURE BYLAW

17. The City shall issue and deliver Debentures in exchange for or in substitution for Debentures outstanding on the registry with the same maturity date and of like form which have become lost, stolen, mutilated, defaced or destroyed provided that the applicant therefor shall have (i) paid such costs as may have been incurred in connection therewith; (ii) (in the case of a lost, stolen or destroyed Debenture) furnished the City with such evidence (including evidence as to the certificate number of the Debenture in question) and indemnity in respect thereof satisfactory to the City in its discretion; and (iii) surrendered to the City any mutilated or defaced Debenture in respect of which new Debentures are to be issued in substitution.

18. In the event of the defacement, loss, theft or destruction of the Global Debenture held by CDS, CDS shall be entitled to provide the City with an affidavit of two senior officers of CDS attesting to the said defacement, loss, theft or destruction and giving all relevant information together with such other documents as the City may reasonably require, provided however that the City hereby waives and shall have no right to require an indemnity, bond of indemnity, lost document bond or similar instrument, whereupon the City shall issue a new global certificate to replace such defaced, lost, stolen or destroyed Global Debenture.

19. Each Debenture executed and delivered upon any registration of transfer or exchange for or in substitution for any Debenture or part thereof shall carry all the rights to interest, if any, accrued and unpaid which were carried by such Debenture or part thereof and shall be so dated.

20. The City shall not impose any fees in respect of the Debentures, in the normal course of business, other than reasonable fees for the issue of new Debentures or for the issue of new cheques in substitution for lost, stolen, mutilated, defaced or destroyed Debentures or principal and interest cheques.

Purchases

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

Notices

22. 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 City 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 13 of these Conditions) then such notice may be given on the next following Business Day.

Time

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

Governing Law

24. The Debentures are governed by and shall be construed in accordance with the laws of Prince Edward Island and the relevant federal laws of Canada.

2004 DEBENTURE BYLAW

SCHEDULE “C”

Interest Rate: 5.79%

PERIOD START	PERIOD END	PRINCIPAL	INTEREST PAYMENT	PRINCIPAL PAYMENT	TOTAL PAYMENT	REMAINING PRINCIPAL
16-Jul-2004	16-Jan-2005	\$20,000,000.00	\$579,000.00	\$271,622.74	\$850,622.74	\$19,728,377.26
16-Jan-2005	16-Jul-2005	\$19,728,377.26	\$571,136.52	\$279,486.22	\$850,622.74	\$19,448,891.04
16-Jul-2005	16-Jan-2006	\$19,448,891.04	\$563,045.40	\$287,577.35	\$850,622.74	\$19,161,313.69
16-Jan-2006	16-Jul-2006	\$19,161,313.69	\$554,720.03	\$295,902.71	\$850,622.74	\$18,865,410.98
16-Jul-2006	16-Jan-2007	\$18,865,410.98	\$546,153.65	\$304,469.09	\$850,622.74	\$18,560,941.88
16-Jan-2007	16-Jul-2007	\$18,560,941.88	\$537,339.27	\$313,283.47	\$850,622.74	\$18,247,658.41
16-Jul-2007	16-Jan-2008	\$18,247,658.41	\$528,269.71	\$322,353.03	\$850,622.74	\$17,925,305.38
16-Jan-2008	16-Jul-2008	\$17,925,305.38	\$518,937.59	\$331,685.15	\$850,622.74	\$17,593,620.23
16-Jul-2008	16-Jan-2009	\$17,593,620.23	\$509,335.31	\$341,287.44	\$850,622.74	\$17,252,332.79
16-Jan-2009	16-Jul-2009	\$17,252,332.79	\$499,455.03	\$351,167.71	\$850,622.74	\$16,901,165.08
16-Jul-2009	16-Jan-2010	\$16,901,165.08	\$489,288.73	\$361,334.01	\$850,622.74	\$16,539,831.07
16-Jan-2010	16-Jul-2010	\$16,539,831.07	\$478,828.11	\$371,794.63	\$850,622.74	\$16,168,036.43
16-Jul-2010	16-Jan-2011	\$16,168,036.43	\$468,064.65	\$382,558.09	\$850,622.74	\$15,785,478.35
16-Jan-2011	16-Jul-2011	\$15,785,478.35	\$456,989.60	\$393,633.14	\$850,622.74	\$15,391,845.20
16-Jul-2011	16-Jan-2012	\$15,391,845.20	\$445,593.92	\$405,028.82	\$850,622.74	\$14,986,816.38
16-Jan-2012	16-Jul-2012	\$14,986,816.38	\$433,868.33	\$416,754.41	\$850,622.74	\$14,570,061.97
16-Jul-2012	16-Jan-2013	\$14,570,061.97	\$421,803.29	\$428,819.45	\$850,622.74	\$14,141,242.52
16-Jan-2013	16-Jul-2013	\$14,141,242.52	\$409,388.97	\$441,233.77	\$850,622.74	\$13,700,008.75
16-Jul-2013	16-Jan-2014	\$13,700,008.75	\$396,615.25	\$454,007.49	\$850,622.74	\$13,246,001.26
16-Jan-2014	16-Jul-2014	\$13,246,001.26	\$383,471.74	\$467,151.01	\$850,622.74	\$12,778,850.26
16-Jul-2014	16-Jan-2015	\$12,778,850.26	\$369,947.71	\$480,675.03	\$850,622.74	\$12,298,175.23
16-Jan-2015	16-Jul-2015	\$12,298,175.23	\$356,032.17	\$494,590.57	\$850,622.74	\$11,803,584.66
16-Jul-2015	16-Jan-2016	\$11,803,584.66	\$341,713.78	\$508,908.97	\$850,622.74	\$11,294,675.69
16-Jan-2016	16-Jul-2016	\$11,294,675.69	\$326,980.86	\$523,641.88	\$850,622.74	\$10,771,033.81
16-Jul-2016	16-Jan-2017	\$10,771,033.81	\$311,821.43	\$538,801.31	\$850,622.74	\$10,232,232.50
16-Jan-2017	16-Jul-2017	\$10,232,232.50	\$296,223.13	\$554,399.61	\$850,622.74	\$9,677,832.89
16-Jul-2017	16-Jan-2018	\$9,677,832.89	\$280,173.26	\$570,449.48	\$850,622.74	\$9,107,383.41
16-Jan-2018	16-Jul-2018	\$9,107,383.41	\$263,658.75	\$586,963.99	\$850,622.74	\$8,520,419.41
16-Jul-2018	16-Jan-2019	\$8,520,419.41	\$246,666.14	\$603,956.60	\$850,622.74	\$7,916,462.81
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16-Jul-2020	16-Jan-2021	\$5,997,646.39	\$173,631.86	\$676,990.88	\$850,622.74	\$5,320,655.51
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16-Jul-2022	16-Jan-2023	\$3,169,803.58	\$91,765.81	\$758,856.93	\$850,622.74	\$2,410,946.65
16-Jan-2023	16-Jul-2023	\$2,410,946.65	\$69,796.91	\$780,825.84	\$850,622.74	\$1,630,120.81
16-Jul-2023	16-Jan-2024	\$1,630,120.81	\$47,192.00	\$803,430.74	\$850,622.74	\$826,690.07
16-Jan-2024	16-Jul-2024	\$826,690.07	\$23,932.68	\$826,690.07	\$850,622.74	\$0.00
TOTAL			\$14,024,909.69	\$20,000,000.00	\$34,024,909.60	