THE CORPORATION OF THE CITY OF NORTH BAY

BY-LAW NO. 2003-97

A BY-LAW TO AUTHORIZE CERTAIN CAPITAL WORKS OF THE CORPORATION OF THE CORPORATION OF THE CITY OF NORTH BAY (THE “MUNICIPALITY”); TO AUTHORIZE SUBMITTING AN APPLICATION TO THE ONTARIO MUNICIPAL ECONOMIC INFRASTRUCTURE FINANCING AUTHORITY (“OMEIFA”) FOR FINANCING SUCH WORKS AND CERTAIN OTHER ONGOING WORKS; TO AUTHORIZE TEMPORARY BORROWING TO MEET EXPENDITURES MADE IN CONNECTION WITH SUCH WORKS; AND TO AUTHORIZE LONG TERM BORROWING FOR SUCH WORKS THROUGH THE ISSUE OF DEBENTURES IN THE AMOUNT OF $10,000,000

WHEREAS the Municipal Act, 2001 (S.O. 2001, c. 25), as amended, (the “Act”) provides that a municipal power shall be exercised by by-law unless the municipality is specifically authorized to do otherwise;

AND WHEREAS the Council of the Municipality has passed the by-laws enumerated in column (1) of Schedule “A” attached hereto and forming part of this By-law (Schedule “A”) authorizing the ongoing capital works described in column (2) of Schedule “A” (individually, an “Ongoing Project”, collectively, the “Ongoing Projects”) in the amount of the respective estimated expenditure set out in column (3) of Schedule “A”;

AND WHEREAS it is now deemed to be expedient to authorize for the municipal purposes of the Municipality the new capital works described in column (2) of Schedule “B” (individually, a “New Project”, collectively, the “New Projects”, and, together with the Ongoing Projects, the “Projects”) attached hereto and forming part of this By-law (Schedule “B”) in the amount of the respective estimated expenditure set out in column (3) of Schedule “B”, subject to approval by OMEIFA of the financing for such New Projects that will be requested by the Municipality in the Application as hereinafter described;

AND WHEREAS before the Council of the Municipality approved each Ongoing Project, in accordance with section 4 of Ontario Regulation 403/02, the Council of the Municipality had its Treasurer update its most recent annual debt and financial obligation limit received from the Ministry of Municipal Affairs and Housing (as so updated, the “Prior Updated Limit”), and, on the basis of the authorized expenditure for each Ongoing Project as set out in column (3) of Schedule “A” (referred to hereinafter as the “Authorized Expenditure” for each such Ongoing Project), the Treasurer calculated the estimated annual amount payable in respect of each Ongoing Project and determined that the estimated annual amount payable in respect of each Ongoing Project would not exceed the prior Updated Limit, and accordingly the approval of the Ontario Municipal Board under the Ontario Municipal Board Act (Ontario), as amended, was not required before any such Project was authorized by Council;

AND WHEREAS in accordance with section 4 of Ontario Regulation 403/02, the Council of the Municipality has had its Treasurer update its most recent annual debt and financial obligation limit received from the Ministry of Municipal Affairs and Housing (as so updated, the “Updated Limit”), and, on the basis of the authorized expenditure for each New Project as set out in column (3) of Schedule “B” (referred to hereinafter as the “Authorized Expenditure” for such New Project), the Treasurer has calculated the estimated annual amount payable in respect of each New Project (collectively the “New Project Limits”) and has determined that the aggregate of the New Project Limits would not exceed the Updated Limit, and accordingly the approval of the Ontario Municipal Board under the Ontario Municipal Board Act (Ontario), as amended, is not required before any such New Project is authorized by Council;

AND WHEREAS subsection 405(1) of the Act provides that a municipality may authorize temporary borrowing to meet expenditures made in connection with a work to be financed in whole or in part by the issue of debentures if,
(a) the municipality is an upper-tier municipality, a lower-tier municipality in a county or a single-tier municipality and it has approved the issue of debentures for the work;

(b) the municipality is a lower-tier municipality in a regional municipality and it has approved the work and the upper-tier municipality has approved the issue of debentures for the work; or

(c) the municipality has approved the issue of debentures for another municipality or a school board under section 404;

AND WHEREAS subsection 405(4) of the Act provides that a municipality may delegate the power set out in subsection 405(1) to the head of council, to the treasurer, or to both of them;

AND WHEREAS subsection 401(1) of the Act provides that a municipality may incur a debt for municipal purposes, whether by borrowing money or in any other way, and may issue debentures and prescribed financial instruments and enter prescribed financial agreements for or in relation to the debt;

AND WHEREAS the Act also provides that a municipality shall authorize long term borrowing by the issue of debentures or through another municipality under section 403 or 404 of the Act;

AND WHEREAS OMEIFA has invited Ontario municipalities desirous of obtaining temporary and long term debt financing to meet capital expenditures incurred after December 31, 2002 in connection with eligible capital projects to make application to OMEIFA for such financing by completing and submitting an application on the form provided by OMEIFA (the “Application”);

AND WHEREAS it is now deemed expedient for the Municipality to submit an Application to OMEIFA to request financing in order to meet capital expenditures incurred after December 31, 2002 in connection with the Ongoing Projects (the “Ongoing Project Expenditures”) and capital expenditures to be incurred hereafter in connection with the New Projects (the “New Project Expenditures”) by way of long term borrowing through the issue of debentures to OMEIFA and by way of temporary borrowing from OMEIFA pending the issue of such debentures and to approve the New Projects;

NOW THEREFORE THE COUNCIL OF THE CORPORATION OF THE CITY OF NORTH BAY ENACTS AS FOLLOWS:

1. The City Treasurer is hereby authorized to complete or cause to be completed and submit or cause to be submitted to OMEIFA an Application by the Municipality for the financing of Ongoing Project Expenditures and New Project Expenditures in the maximum aggregate principal amount of $10,000,000 substantially in the form of Schedule “C” hereto and forming part of this By-law, with such changes thereon as such authorized official shall approve, the submission of such Application by such authorized official to be conclusive evidence of such approval.

2. The acceptance of the Application by OMEIFA and the approval by OMEIFA in such Application of the financing requested therein in respect of the Eligible Category (as such term is used in the Application) to which each Ongoing Project or New Project belongs will be hereinafter referred to as “OMEIFA Approval”.

3. Subject to and conditional upon OMEIFA Approval:

(a) Construction of each New Project in the amount of the respective estimated Authorized Expenditure set out in column (3) of Schedule “B” is hereby approved and authorized;

(b) any one or more of the Mayor and the Treasurer are hereby authorized to conclude contracts on behalf of the Municipality for the construction of the New Projects in accordance with the Municipality’s usual protocol;
(c) where applicable, the Engineer of the Municipality will forthwith make such plans, profiles and specifications and furnish such information as in the opinion of the Engineer is necessary for the construction of the New Projects; and

(d) where applicable, the construction of the New Projects shall be carried on and executed under the superintendence and according to the direction and orders of such Engineer.

4. Upon approval of the Application by OMEIFA, the Mayor and the Treasurer are hereby authorized to negotiate and enter into, execute and deliver for and on behalf of the Municipality a financing agreement (a “Financing Agreement”) with OMEIFA that provides for temporary and long term borrowing from OMEIFA in respect of the Ongoing Project Expenditures and the New Project Expenditures on such terms and conditions as such authorized officials may approve, such execution and delivery to be conclusive evidence of such approval.

5. Subject to and conditional upon OMEIFA Approval, any one or more of the Mayor and the Treasurer are hereby authorized, pending the substantial completion of a Project or as otherwise agreed with OMEIFA, to make temporary borrowings pursuant to section 405 of the Act, in order to meet Ongoing Project Expenditures or New Project Expenditures, as the case may be, on the terms and conditions provided in the Financing Agreement and on such other terms and conditions as such authorized officials may agree, and to sign such evidence of indebtedness as OMEIFA may require (a “Note”); and the Treasurer is authorized to sign such certifications as OMEIFA may require in connection with such borrowings in respect of each Project; provided that the amount of borrowings allocated to any Project does not exceed the Authorized Expenditure for such Project.

6. Subject to and conditional upon OMEIFA Approval, and subject to the terms and conditions of the Financing Agreement and such other terms and conditions as OMEIFA may otherwise require, the Mayor and the Treasurer are hereby authorized to enter into long term borrowing in respect of the Projects and to issue debentures to OMEIFA on the terms and conditions provided in the Financing Agreement and on such other terms and conditions as such authorized officials may agree (“Debentures”); provided that the principal amount of such Debentures issued in respect of any Project does not exceed the Authorized Expenditure for such Project.

7. In accordance with the provisions of section 18 of the Ontario Municipal Economic Infrastructure Financing Act, 2002 (Ontario), as security for the payment by the Municipality of any indebtedness of the Municipality to OMEIFA incurred under the Note or any Debentures, the Municipality is hereby authorized to agree in writing with OMEIFA that the Minister of Finance is entitled to deduct from money appropriated by the Legislative Assembly of Ontario for payment to the Municipality, or from money appropriated by the Assembly for payment to the Municipality in respect of specified matters, amounts not exceeding the amounts that the Municipality fails to pay to OMEIFA on account of the outstanding indebtedness evidenced by the Note or any Debentures issued by the Municipality to OMEIFA, and to pay such amounts to OMEIFA.

8. Subject to and conditional upon OMEIFA approval, for purposes of meeting the obligations of the Municipality in respect of the Note on any Debentures to the extent that such amounts relate to Ongoing Project Expenditures, the Municipality shall provide for raising in each year as part of the general levy, the amounts of principal and interest payable in each year under the Note and any outstanding Debenture, to the extent that such amounts have not been provided for by any other available source including other taxes or fees or charges imposed by persons or property by a by-law of any municipality.

9. Subject to and conditional upon OMEIFA Approval, for purposes of meeting the obligations of the Municipality in respect of the Note and any Debentures to the extent that such amounts relate to New Project Expenditures, the Municipality shall provide for raising in each year as part of the general levy, the amounts of
principal and interest payable in each year under the Note and any outstanding Debenture, to the extent that such 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.

10. (a) Subject to and conditional upon OMEIFA Approval, any one or more of the Mayor and the Treasurer are hereby authorized to execute the Note, the Mayor and the Treasurer are hereby authorized to enter into, execute and deliver the Financing Agreement and to cause Debentures to be issued, the Clerk and Treasurer are severally hereby authorized to generally do all things and to execute all other documents and papers in the name of the Municipality in order to carry out the issuance of the Note and Debentures and the Treasurer is authorized to affix the Municipality’s municipal seal to any such documents and papers.

(b) The proceeds realized in respect of the Note and Debentures, after providing for the expenses related to their issue, if any, shall be apportioned and applied for the respective Projects and for no other purpose except as permitted by the Act.

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

READ A FIRST TIME IN OPEN COUNCIL THIS 14TH DAY OF JULY, 2003.


[Signatures]

MAYOR

CITY CLERK
<table>
<thead>
<tr>
<th>By-Law Number</th>
<th>Description of Capital Work</th>
<th>Estimated Expenditure</th>
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<tbody>
<tr>
<td># 2003-57</td>
<td>Detailed Design of North Bay Water Filtration Plant</td>
<td>$600,000</td>
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Schedule “B” to The Corporation of the City of North Bay’s By-Law Number 2003-97

<table>
<thead>
<tr>
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<tr>
<td></td>
<td>North Bay Water Filtration Plant</td>
<td>$10,000,000</td>
</tr>
</tbody>
</table>
Insert the OMEIFA Application into Schedule “C”.