

THE CORPORATION OF THE MUNICIPALITY OF TEMAGAMI

BY-LAW NO. 08-765

Being a by-law to authorize the Mayor and Chief Administrative Officer to execute an agreement between the Corporation of the Municipality of Temagami and the Bank of Nova Scotia to borrow money.

WHEREAS under Section 8 of the Municipal Act, 2001, S.O., 2001, c.25, as amended, a municipality has the capacity, rights, powers and privileges of a natural person for the purpose of exercising its authority under this or any other act;


AND WHEREAS under section 401 (1) of the Municipal Act, 2001, S.O., 2001, c.25, as amended, subject to this or any other Act, 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.

NOW THEREFORE the Council of the Corporation of the Municipality of Temagami hereby enacts as follows:

1. That the Mayor and the Chief Administrative Officer are hereby authorized and directed to execute the agreement attached hereto as Schedule "A" to this bylaw.
2. This bylaw shall come into force and take effect on the 14th day of February, 2008.

BE TAKEN AS READ A FIRST time on this 14th day of February, 2008.

READ A SECOND AND THIRD time and finally passed this 14th day of February, 2008.



MAYOR



CAO/CTerk

Schedule A
Bylaw 08-765.

January 10, 2008

The Corporation of the
Municipality of Temagami

Attn: Chief Administrative Officer

Dear Sir:

We confirm that subject to acceptance by you, The Bank of Nova Scotia (the "Bank") will make available to The Corporation of the Municipality of Temagami (the "Borrower"), credit facilities on the terms and conditions set out in the attached Terms and Conditions Sheet and Schedule "A".

If the arrangements set out in this letter, and in the attached Terms and Conditions Sheet and Schedule "A" (collectively the "Commitment Letter") are acceptable to you, please sign the enclosed copy of this letter in the space indicated below and return the letter to us by the close of business on February 1, 2008 after which date this offer will lapse.

This Commitment Letter replaces all previous commitments issued by the Bank to the Borrower.

Yours truly,

Paul E. Ribout
Credit Solutions Manager

A.E. Willard
Customer Relationship Manager

The arrangements set out above and in the attached Terms and Conditions Sheet and Schedule "A" (collectively the "Commitment Letter") are hereby acknowledged and accepted by:

The Corporation of the Municipality of Temagami

Name

Name

By:

Title CAO

By:

Title Mayor

Date: _____

Date: _____

TERMS AND CONDITIONS

CREDIT NUMBER: 01

AUTHORIZED AMOUNT: \$1,000,000

TYPE

Operating

PURPOSE

General operating requirements

CURRENCY

Canadian dollars

AVAILMENT

The Borrower may avail the credit by way of direct advances evidenced by Demand Promissory Note.

INTEREST RATE

The Bank's Prime Lending Rate from time to time with interest payable monthly.

DRAWDOWN

Advances are to be made in minimum multiples of \$10,000.

REPAYMENT

Advances are repayable on demand.

SPECIFIC CONDITIONS

The following conditions will apply in respect of the Credit:

Advances under the Operating credit are to be limited to:

January 1 to September 30 annually

50% of total estimated annual revenue as approved by Council.

October 1 to December 31 annually

25% of total estimated annual revenue as approved by Council.

Annually, upon renewal of the Operating credit, the Treasure is to provide the Bank with the following:

Details of short term borrowings from other banks and from its own Reserve fund.

Copy of a By-Law adopting the budget for the year and approving annual estimated revenues of the municipality as set out in the budget.

CREDIT NUMBER: 02 AUTHORIZED AMOUNT: \$691,125

TYPE

Non-revolving

PURPOSE

Fund Municipality's portion of waterworks upgrades (\$697,000) and the construction of a fire hall (\$158,000) in Marten River.

CURRENCY

Canadian dollars

AVAILMENT

The Borrower has availed the Credit by way of direct advances evidenced by Demand Promissory Notes.

INTEREST RATE

The Bank's Prime Lending Rate from time to time with interest payable monthly.

REPAYMENT

Advances are repayable in 59 equal monthly installments of principal (\$7,125) which commenced May 31, 2006, with a final payment of the balance of principal and interest then outstanding due in the 60th month. The term of the loan is 5 years and the amortization is 10 years.

CREDIT NUMBER: 03 AUTHORIZED AMOUNT: \$79,152

TYPE

Non-revolving

PURPOSE

Acquisition of a Sanding Truck.

CURRENCY

Canadian dollars.

AVAILMENT

The Borrower has availed the Credit by way of direct advances evidenced by Demand Promissory Notes.

INTEREST RATE

The Bank's Prime Lending Rate from time to time with interest payable monthly.

REPAYMENT

Advances are repayable in 59 equal monthly installments of principal (\$2,084) which commenced May 31, 2006 with the balance of principal and interest then outstanding due in the 60th month. The term of the loan is 5 years and the amortization is 5 years.

CREDIT NUMBER: 04 AUTHORIZED AMOUNT: \$500,000

TYPE

Non-revolving

PURPOSE

Assist with renovations to the town hall

CURRENCY

Canadian dollars

AVAILMENT

The Borrower may avail the Credit by way of direct advances evidenced by Demand Promissory Notes.

INTEREST RATE

The Bank's Prime Lending Rate from time to time with interest payable monthly.

DRAWDOWN

Advances are to be made in minimum multiples of \$50,000

The loan is to be fully drawn down by June 30, 2008

REPAYMENT

Advances are repayable in 59 equal monthly installments of principal (\$4,167) with the balance of principal and interest then outstanding due in the 60th month. The term of the loan is 5 years and the amortization is 10 years.

CONDITION PRECEDENT

The following condition is to be met to the satisfaction of the Bank prior to any advances or availments being made under the Credit:

The Bank is to be provided with a copy of a new Borrowing By-Law Municipalities in the amount 2,320,000.

CREDIT NUMBER: 05 AUTHORIZED AMOUNT: \$50,000

TYPE

Scotia Visa Business Card- availment, interest rate and repayment as per Cardholder Agreement.

PURPOSE

Miscellaneous business expenses.

CURRENCY

Canadian dollars

SPECIFIC SECURITY

The following security, evidenced by documents in form satisfactory to the Bank and registered or recorded as required by the Bank, is to be provided prior to any advances or availment being made under the Credit:

Cardholder Agreement.

GENERAL SECURITY, TERMS, AND CONDITIONS APPLICABLE TO ALL CREDITS

GENERAL SECURITY

The following security, evidenced by documents in form satisfactory to the Bank and registered or recorded as required by the Bank, is to be provided prior to any advances or availment being made under the Credits:

Borrowing B[^]Law Municipalities- Ontario containing a Pledge of Reveme in the amount of \$2,320,000

Security Agreement Municipalities and School Boards.

Banking Resolution, Municipalities and a supporting List of Officers.

GENERAL CONDITIONS

Until all debts and liabilities under the Credits have been discharged in full, the following conditions will apply in respect of the Credits:

Comply with all applicable borrowing legislation.

Advise the Bank of any breach of statutory borrowing limk

Provide the Bank with certificates of estimated revenues from time to time, upon request.

GENERAL BORROWER REPORTING CONDITIONS

Until all debts and liabilities under the Credits have been discharged in full, the Borrower will provide the Bank with the following:

Annual Audited Financial Statements within 150 days of the Borrower's fiscal year end duly signed.

SCHEDULE A

ADDITIONAL TERMS AND CONDITIONS APPLICABLE TO ALL CREDITS

1. Calculation and Payment of Interest

Interest on loans/advances made in Canadian dollars will be calculated on a daily basis and payable monthly on the 22nd day of each month (unless otherwise stipulated by the Bank). Interest shall be payable not in advance on the basis of a calendaryear for the actual number of days elapsed both before and after demand of payment or default and/or judgment.

2. Interest on Overdue Interest

Interest on overdue interest shall be calculated at the same rate as interest on the loans/advances in respect of which interest is overdue, but shall be compounded monthly and be payable on demand, both before and after demand and judgment.

3. Indemnity Provision

If the introduction or implementation of, or any change in, or in the interpretation of, or any change in its application to the Borrower of, any law or any regulation or guideline issued by any central bank or other governmental authority (whether or not having the force of law), including, without limitation, any reserve or special deposit requirement or any tax (other than tax on the Bank's general income) or any capital requirement, has due to the Bank's compliance the effect, directly or indirectly, of (i) increasing the cost to the Bank of performing its obligations hereunder or under any avallment hereunder; (ii) reducing any amount received or receivable by the Bank or its effective return hereunder or in respect of any avallment hereunder or on its capital; or (iii) causing the Bank to make any payment or to forgo any return based on any amount received or receivable by the Bank hereunder or in respect of any avallment hereunder, then upon demand from time to time the Borrower shall pay such amount as shall compensate the Bank for any such cost, reduction, payment or forgone return (collectively "Increased Costs") as such amounts are calculated in a certificate reasonably prepared by the Bank.

In the event of the Borrower becoming liable for such Increased Costs, the Borrower shall have the right to repay in full, without penalty, the outstanding principal balance under the affected credit other than the face amount of any document or instrument issued or accepted by the Bank for the account of the Borrower, including, without limitation, a Letter of Credit, a Letter of Guarantee or a Bankers Acceptance. Upon any such prepayment, the Borrower shall also pay the then accrued interest on the amount prepaid and the Increased Costs to the date of prepayment together with such amount as will compensate the Bank for the cost of an early termination of its funding arrangements in accordance with its normal practices, as such amounts are calculated in a certificate reasonably prepared by the Bank.

4. Environment

The Borrower agrees:

- (a) to obey all applicable laws and requirements of any federal, provincial, or any other governmental authority relating to the environment and the operation of the business activities of the Borrower;
- (b) to allow the Bank access at all times to the business premises of the Borrower to monitor and inspect all property and business activities of the Borrower;

- (c) to notify the Bank from time to time of any business activity conducted by the Borrower which involves the use or handling of hazardous materials or wastes or which increases the environmental liability of the Borrower in any material manner;
- (d) to notify the Bank of any proposed change in the use or occupation of the property of the Borrower prior to any change occurring;
- (e) to provide the Bank with immediate written notice of any environmental problem and any hazardous materials or substances which have an adverse effect on the property, equipment, or business activities of the Borrower and with any other environmental information requested by the Bank from time to time.
- (f) to conduct all environmental remedial activities which a commercially reasonable person would perform in similar circumstances to meet its environmental responsibilities and if the Borrower fails to do so, the Bank may perform such activities; and
- (g) to pay for any environmental investigations, assessments or remedial activities with respect to any property of the Borrower that may be performed for or by the Bank from time to time.

If the Borrower notifies the Bank of any specified activity or change or provides the Bank with any information pursuant to subsections (c), (d), or (e), or if the Bank receives any environmental information from other sources, the Bank, in its sole discretion, may decide that an adverse change in the environmental condition of the Borrower or any of the property, equipment, or business activities of the Borrower has occurred which decision will constitute, in the absence of manifest error, conclusive evidence of the adverse change. Following this decision being made by the Bank, the Bank shall notify the Borrower of the Bank's decision concerning the adverse change.

If the Bank decides or is required to incur expenses in compliance or to verify the Borrower's compliance with applicable environmental or other regulations, the Borrower shall indemnify the Bank in respect of such expenses, which will constitute further advances by the Bank to the Borrower under this Agreement.

5. Periodic Review

The obligation of the Bank to make further advances or other accommodation available under any Credit(s) of the Borrower under which the indebtedness or liability of the Borrower is payable on demand, is subject to periodic review and to no adverse change occurring in the financial condition or the environmental condition of the Borrower or any guarantor.

6. Evidence of Indebtedness

The Bank's accounts, books and records constitute, in the absence of manifest error, conclusive evidence of the advances made under this Credit, repayments on account thereof and the indebtedness of the Borrower to the Bank.

7. Acceleration

- (a) All indebtedness and liability of the Borrower to the Bank payable on demand, is repayable by the Borrower to the Bank at any time on demand;
- (b) All indebtedness and liability of the Borrower to the Bank not payable on demand shall, at the option of the Bank, become immediately due and payable, the security held by the Bank shall immediately become enforceable, and the obligation of the Bank to make

further advances or other accommodation available under the Credits shall terminate, if any one of the following Events of Default occurs:

- (i) the Borrower or any guarantor fails to make when due, whether on demand or at a fixed payment date, by acceleration or otherwise, any payment of interest, principal, fees, commissions or other amounts payable to the Bank;
- (ii) there is a breach by the Borrower of any other term or condition contained in this Commitment Letter or in any other agreement to which the Borrower and the Bank are parties;
- (iii) any default occurs under any security listed in this Commitment Letter under the headings "Specific Security" or "General Security" or under any other credit, loan or security agreement to which the Borrower is a party;
- (iv) any bankruptcy, re-organization, compromise, arrangement, insolvency or liquidation proceedings or other proceedings for the relief of debtors are instituted by or against the Borrower and, if instituted against the Borrower, are allowed against or consented to by the Borrower or are not dismissed or stayed within 60 days after such institution;
- (v) a receiver is appointed over any property of the Borrower or any guarantor or any judgement or order or any process of any court becomes enforceable against the Borrower or any guarantor or any property of the Borrower or any guarantor or any creditor takes possession of any property of the Borrower or any guarantor;
- (vi) any course of action is undertaken by the Borrower or any guarantor or with respect to the Borrower or any guarantor which would result in the Borrower's or guarantor's reorganization, amalgamation or merger with another corporation or the transfer of all or substantially all of the Borrower's or any guarantor's assets;
- (vii) any guarantee of indebtedness and liability under the Credit Line is withdrawn, determined to be invalid or otherwise rendered ineffective;
- (viii) any adverse change occurs in the financial condition of the Borrower or any guarantor.
- (ix) any adverse change occurs in the environmental condition of:
 - (A) the Borrower or any guarantor of the Borrower; or
 - (B) any property, equipment, or business activities of the Borrower or any guarantor of the Borrower.

8. Costs

AU costs, including legal and appraisal fees incurred by the Bank relative to security and other documentation, shall be for the account of the Borrower and may be charged to the Borrower's deposit account when submitted.