

BORROWING BY-LAW
THE CORPORATION OF THE TOWNSHIP OF LIMERICK
BY-LAW NO. 2010-11

WHEREAS the Council of the Corporation of the Township of Limerick (the "Corporation") deems it necessary to borrow the sum of FIVE HUNDRED AND THIRTY SEVEN THOUSAND, ONE HUNDRED AND NINETY TWO---00/100 DOLLARS (\$537,192) to meet financial obligations for Pleasure Bay Road Rehabilitation until receipt of funds due from the Infrastructure Stimulus Fund.

BE IT THEREFORE ENACTED as a By-law of the Corporation as follows:

1. The REEVE AND CLERK-TREASURER are hereby authorized to borrow on behalf of the Corporation from THE BANK OF NOVA SCOTIA (the "Bank") from time to time by way of promissory note or bankers' acceptance a sum or sums not exceeding at any one time FIVE HUNDRED AND THIRTY SEVEN THOUSAND, ONE HUNDRED AND NINETY TWO---00/100 DOLLARS (\$537,192) to meet, until the aforementioned funding is collected, thereon the Municipal share of \$179, 064 will be converted to a term loan.
2. The REEVE AND CLERK-TREASURER are hereby authorized to sign, make or draw on behalf of the Corporation and to furnish to the Bank from time to time promissory notes or bankers' acceptances for the sum or sums so borrowed with interest or any other charges at such rate as the Bank may from time to time determine.
3. The REEVE AND CLERK-TREASURER are hereby authorized and directed to furnish to the Bank at the time of each borrowing and at such other times as the Bank may from time to time request, a statement showing the nature and amount of the estimated revenues of the current year not yet collected or where the estimates for the year have not been adopted, a statement showing the nature and amount of the estimated revenues of the Corporation as set forth in the estimates adopted for the next preceding year and also showing the total of any amounts borrowed in the current year and in any preceding year that have not been repaid.
4. All sums borrowed from the Bank and any interest thereon and any other charges in connection therewith shall, be a charge upon the whole of the revenues of the Corporation for the current year and for any preceding years as and when such revenues are received and that the REEVE AND CLERK-TREASURER are hereby authorized to sign on behalf of the Corporation and to furnish to the Bank an Agreement or Agreements of the Corporation charging the said revenues of the Corporation with payment of all sums borrowed from the Bank and any interest thereon and any other charges in connection therewith.
5. The REEVE AND CLERK-TREASURER are hereby authorized and directed to apply in payment of all sums borrowed from the Bank, and or any interest thereon and any other charges in connection therewith, all of the moneys hereafter collected or received on account or realized in respect of the taxes levied for the current year and for any preceding years and all of the moneys collected or received from any other source.

CERTIFICATE

I hereby certify that the foregoing is a true copy of By-law No. 2010-___ of the Corporation of the Township of Limerick in the County of Hastings duly passed at a meeting of the Council of the said Corporation duly held on the 1st day of June, 2010 that the said By-law is under the seal of the said Corporation and signed by its proper officers as required by law and that the said By-law is in full force and effect.

Read a first, second and third time and finally passed this 1st day of June 2010.


REEVE - D. Golem


CLERK-TREASURER - Jennifer Trumble



January 31, 2011

The Corporation of the Township of Limerick
89 Limerick Lake Road
R.R. # 2.
Gilmour ON K0L 1W0

Dear Sirs:

We confirm that subject to acceptance by you, The Bank of Nova Scotia (the "Bank") will make available to The Corporation of the Township of Limerick (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 28, 2011 after which date this offer will lapse.

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

Yours truly,

David Hurley
Client Relationship Manager

By signing this Commitment Letter you confirm that the product(s) and/or service(s) offered to you herein will not be used for or on behalf of any individual or entity other than you and the other parties named in the Commitment Letter for whose benefit such products and services are intended.

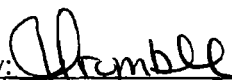
The arrangements set out above and in the attached Terms and Conditions Sheet and Schedule "A" (collectively the "Commitment Letter") are hereby acknowledged and accepted by:

The Corporation of the Township of Limerick

Name

By: 

Title:

By: 
Title: Clerk-Treasurer

Date: Feb. 14/2011

TERMS AND CONDITIONS**CREDIT NUMBER: 01****AUTHORIZED AMOUNT: \$200,000****TYPE**

Operating Line.

PURPOSE

Assist with general operating expenses.

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.

REPAYMENT

Advances are repayable on demand.

SPECIFIC CONDITION

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

Between January 1st and September 30th annually, advances are not to exceed 70% of estimated total revenues for the fiscal year. Between October 1st and December 31st annually, advances are not to exceed 45% of estimated total revenues for the fiscal year.

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:

Borrowing By-Law Municipalities – Ontario containing a pledge of revenues

Security Agreement, Municipalities and School Boards.

Resolution Authorizing the Municipality to Borrow.

CREDIT NUMBER: 02

AUTHORIZED AMOUNT: \$12,300

TYPE

Non-revolving loan.

PURPOSE

To assist with the purchase of Dump Tuck (cost \$192,935) with plow equipment.

CURRENCY

Canadian Dollars.

AVAILMENT

The Borrower has availed the Credit by way of a direct advance evidenced by a Demand Promissory Note.

INTEREST RATE

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

REPAYMENT

The advance is repayable in 59 equal monthly instalments of principal (\$2,050) plus interest commencing in August 2006, with a final payment of the balance of principal and interest then outstanding due in July 2011. The term of the loan is 60 months and the amortization is 60 months.

PREPAYMENT

Prepayment is permitted without penalty at any time in whole or in part.

Prepayments are to be applied against instalments of principal in the inverse order of their maturities.

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:

Borrowing By-law authorizing term loan of \$123,000.

Chattel Mortgage for \$123,000 over 2006 International dump truck with plow, with fire insurance coverage, loss, if payable to the Bank

CREDIT NUMBER: 03AUTHORIZED AMOUNT: \$537,192TYPE

Bridge Loan with a portion to become a Term Loan once construction is complete.

PURPOSE

To provide interim funding for up to \$537,192 of the costs to rehabilitate the Pleasure Bay Road, pending receipt of funds due from the Infrastructure Stimulus Fund.

Upon completion of construction and receipt of funds due under the Infrastructure Stimulus Fund Program, the Borrower's 1/3 share of the costs up to a maximum of \$179,064 will be converted to a Term Loan, repayable over a 5 year term and 10 year amortization.

CURRENCY

Canadian dollars.

AVAILMENTFloating Rate:

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

Fixed Rate or Floating Rate:

On the earlier of March 31, 2011 or receipt of funds due under the Infrastructure Stimulus Fund Program, the Borrower's 1/3 share of the costs up to a maximum of \$179,064 will be converted at the option of the Borrower to either

- a) Term Loan evidenced by a Term Promissory Note.
- b) Non-Revolver loan evidenced by a Demand Promissory Note..

INTEREST RATEFloating Rate:

The Bank's Prime Lending Rate from time to time, plus 1.00% per annum with interest payable monthly for the Bridge Loan until Infrastructure Stimulus Funding is received.

Option a) Fixed Rate:

The Borrower will fix the interest rate for the Term Loan portion on the earlier of March 31, 2011 or receipt of funds due under the Infrastructure Stimulus Fund Program. The applicable Fixed Rate will be quoted up to 30 days prior to conversion.

Option b) Floating Rate:

On the earlier of March 31, 2011 or receipt of funds due under the Infrastructure Stimulus Fund Program. The Bank's Prime Lending Rate from time to time, plus 1.00% with interest payable monthly

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

REPAYMENTOption a) Fixed Rate:

The Term Loan is repayable in 59 equal monthly instalments of principal and interest of \$(amount to be determined based on amount drawn and the fixed rate obtained) applied first to accrued interest commencing 30 days from conversion to a Fixed Rate Term Loan, with a final payment of the balance of principal and interest then outstanding due on the 60th month. The term of the loan is 60 months and the amortization is 120 months.

Option b) Floating Rate:

The Non-Revolving loan is repayable in 119 equal monthly instalments of principal plus interest commencing 30 days from conversion, with a final payment of the balance of principal and interest then outstanding in the 120th month.. The term of the loan is 120 months and the amortization is 120 months.

PREPAYMENTOption a) Fixed Rate:

No prepayments are permitted except that up to 10% of the original amount drawn may be prepaid without penalty on the first and each subsequent anniversary of drawdown. Such prepayment options are non-cumulative.

Prepayments are to be applied against instalments of principal in the inverse order of their maturities.

Option b) Floating Rate:

Prepayment is permitted without penalty at any time in whole or in part.

Prepayments are to be applied against instalments of principal in the inverse order of their maturities.

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 avilment being made under the credit:

Municipality Borrowing By-Law authorizing new debt covering financing of the costs for the Pleasure Bay Road Project.

Security Agreement. Municipalities and School Boards

CREDIT NUMBER: 04

AUTHORIZED AMOUNT: \$158,943

TYPE

Non-revolving loan.

PURPOSE

To assist with the purchase of 2010 International truck and plow (cost \$167,313).

CURRENCY

Canadian Dollars.

AVAILMENT

The Borrower has availed the Credit by way of a direct advance evidenced by a Demand Promissory Note.

INTEREST RATE

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

REPAYMENT

The advance is repayable in 119 equal monthly instalments of principal (\$1,395) plus interest commencing 30 days from loan advance, with a final payment of the balance of principal and interest then outstanding due in the 120th month. The term of the loan is 120 months and the amortization is 120 months.

PREPAYMENT

Prepayment is permitted without penalty at any time in whole or in part.

Prepayments are to be applied against instalments of principal in the inverse order of their maturities.

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:

Municipality Borrowing By-Law authorizing new debt covering financing costs for the 2010 International Truck and plow.

Chattel Mortgage for \$167,313 over 2010 International truck with plow, with fire insurance coverage, loss, if payable to the Bank

CREDIT NUMBER: 05

AUTHORIZED AMOUNT: \$10,000

TYPE

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

PURPOSE

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:

Scotia Visa Business Card Agreement.

GENERAL SECURITY, TERMS, AND CONDITIONS APPLICABLE TO ALL CREDITS

GENERAL BORROWER REPORTING CONDITIONS

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

Annual Audited Financial Statements to be submitted within 120 days of the Borrower's fiscal year end, duly signed.

Annual Financial Information Report to be submitted within 120 days of year end.

Annual OMB Repayment Limit Report.

Annual Copy of the Approved Budget and By-Law.

GENERAL CONDITIONS

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

Comply with all applicable borrowing legislation.

Advise the Bank of any breach of the Municipality's Statutory Borrowing Limits.

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

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 calendar year 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, adoption or implementation of, or any change in, or in the interpretation of, or any change in its application to the Borrower of, any law, regulation, guideline or request issued by any central bank or other governmental authority (whether or not having the force of law), including, without limitation, any liquidity reserve or other 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 availment hereunder; (ii) reducing any amount received or receivable by the Bank or its effective return hereunder or in respect of any availment 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 availment hereunder determined by the Bank in its discretion, 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 reasonably determined by the Bank and set forth in a certificate to the Borrower.

In the event of the Borrower becoming liable for such Increased Costs, the Borrower shall have the right to prepay 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 any 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

All 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.

**SECURITY AGREEMENT
MUNICIPALITIES AND SCHOOL BOARDS**

TO: THE BANK OF NOVA SCOTIA, (the "Bank")

WHEREAS by a By-law passed by the Township of Limerick on the 1st day of June, 2010 authority was given to the REEVE AND CLERK-TREASURER to borrow from the Bank the sum or sums therein mentioned and this Agreement was authorized.

AND WHEREAS the Corporation desires to borrow the said sum or sums from the Bank.

NOW IT IS HEREBY AGREED by the Corporation that in consideration of the Bank advancing or providing the said sum or sums to the Corporation that all the revenues of the Corporation of whatever nature and kind are hereby charged to and in favour of the Bank, as security for payment of the moneys so advanced or provided by the Bank and any interest thereon and any other charges in connection therewith and the Bank shall have a lien upon all such revenues until the charge hereby and by the said By-law or Resolution created is satisfied.

The Corporation represents and warrants that the whole or any part or parts of the revenues of the Corporation are not subject to any prior charge, except as disclosed to the Bank in writing.


IN WITNESS WHEREOF the Corporation has caused this agreement to be executed by its proper officers as required by law this 1st day of June, 2010.

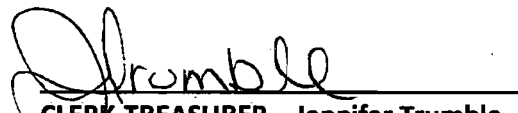
WITNESS:



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By:


REEVE - D. Golem


CLERK-TREASURER - Jennifer Trumble