

9.1.7




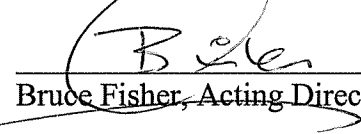
PO Box 1749
Halifax, Nova Scotia
B3J 3A5 Canada

Halifax Regional Council
August 31, 2004

TO: Mayor Kelly and Members of Halifax Regional Council

SUBMITTED BY:


George McLellan, Chief Administrative Officer


Bruce Fisher, Acting Director, Financial Services

DATE: August 24, 2004

SUBJECT: Federation of Canadian Municipalities Debentures

ORIGIN

On June 22, 2004 Council approved in principal the borrowing of \$20 million from the Federation of Canadian Municipalities' (FCM's) Green Municipal Investment Fund (GMIF). To complete the requirements for the issuance of the related debentures as required by the *Municipal Government Act*, and to execute the related documents, a resolution of Council is required approving the specifics of the debentures and execution of the documents.

RECOMMENDATION

It is recommended that:

1. Council approve the borrowing of \$20M from FCM amortized over 20 years by way of a series of debentures, with repayment of principal and interest to be made at the Royal Bank branch at 99 Bank St., Ottawa, with the debenture maturity dates and payment of interest at rates not to exceed the rates as detailed in Schedule A.
2. Approve the execution by the Mayor and Municipal Clerk of the said debentures, related Loan Agreement, Reinvestment Agreement, Project Performance Reporting Grant Agreement and any supporting documentation.

BACKGROUND

The June 22, 2004 Report to Council identified the need to borrow \$130 million to finance the Harbour Solutions Project. Council approved the placement of \$110 million through the Nova Scotia Municipal Finance Corporation (NSMFC). The remaining \$20 million was to be funded through the FCM.

DISCUSSION

The financing cost of this portion of the Harbour Solutions Project financing will be no greater than that applicable to the \$110 million issued through NSMFC determined on July 29, 2004. The actual interest paid to FCM is 1.5% less than the Government of Canada benchmarks. The difference between the applicable NSMFC rate and this amount will be used to fund the Sustainable Community Reserve. There will also be a payment of approximately \$200,000 which represents issuing costs which would have been incurred had the full financing been arranged through NSMFC. The GMIF Loan Agreement contains provisions that will allow for lowering these rates should Government of Canada rates drop substantially prior to HRM formally requesting disbursement of the loan.

This loan is amortized over 20 years with a term of 10 years. The loan is structured as a series of nine debentures for \$1 million with one maturing in each of the first nine years of the term. A final debenture for \$11 million will mature at the end of the ten year term. The FCM loan will bear a weighted average annual interest rate of approximately 3.5% or less. The structure of the loan is shown in Schedule A.

In the event that HRM chooses to undertake an early termination of the loan, the agreement imposes a penalty of 2% of the principal balance outstanding. This is considered a reasonable cost of breakage.

The agreements as attached are substantially complete. Should any wording changes prove substantive or have material financial implications, staff will return to Council with final documents.

Schedule A

| Debenture | Amount | Due Date | Interest Rate |
|-----------|--------------|-----------------|---------------|
| 1 | \$1,000,000 | October 1, 2005 | 1.19% |
| 2 | \$1,000,000 | October 1, 2006 | 1.73% |
| 3 | \$1,000,000 | October 1, 2007 | 2.15% |
| 4 | \$1,000,000 | October 1, 2008 | 2.49% |
| 5 | \$1,000,000 | October 1, 2009 | 2.74% |
| 6 | \$1,000,000 | October 1, 2010 | 2.94% |
| 7 | \$1,000,000 | October 1, 2011 | 3.11% |
| 8 | \$1,000,000 | October 1, 2012 | 3.23% |
| 9 | \$1,000,000 | October 1, 2013 | 3.31% |
| 10 | \$11,000,000 | October 1, 2014 | 3.38% |

GREEN MUNICIPAL INVESTMENT FUND (GMIF)

Project no.: 1599

Project Title: Halifax Harbour Solutions Project

Loan Agreement

Between:

HALIFAX REGIONAL MUNICIPALITY

- and -

**FEDERATION OF CANADIAN MUNICIPALITIES,
as Trustee of the Green Municipal Investment Fund**

This document is not an offer to enter into a contract and, until executed by all parties, it is not a contract.

LOAN AGREEMENT

THIS AGREEMENT is made as of the day of August, 2004

BETWEEN:

HALIFAX REGIONAL MUNICIPALITY, a municipal body corporate,
continued by the *Municipal Government Act* of the Province of Nova
Scotia

(herein called the "Municipality")

-and-

FEDERATION OF CANADIAN MUNICIPALITIES, as Trustee of the
Green Municipal Investment Fund

(herein called "FCM")

WHEREAS:

- (a) the Government of Canada (herein called "GoC") and FCM have established the Green Municipal Investment Fund (herein called "GMIF") to assist municipalities in Canada with respect to municipal environmental projects;
- (b) the GoC has funded GMIF, which is being administered by FCM as Trustee thereof;
- (c) FCM, in its capacity as Trustee of GMIF, has agreed to provide the Municipality a maximum loan of twenty million dollars (\$20,000,000) to be used by the Municipality solely for the municipal environmental project hereinafter referred to in this Agreement;
- (d) the parties hereto need to provide arrangements for the administration and disbursement of the loan to, and its use by the Municipality.

NOW THEREFORE, the parties hereby agree as follows:

ARTICLE I

Definitions

Section 1.01. Definitions. Whenever used in this Agreement and unless the context otherwise requires,

"Debt Service Ratio" means all interest and principal payments on loans, made by the Municipality over a twelve (12) month period, divided by all unrestricted revenues reported by the Municipality for the same period, as evidenced by the Municipality's audited financial statements. The reference to "loans" in this definition shall include all loans from time to time owed by the Municipality, including the Loan provided for in this Agreement;

"Debentures" means the debentures to be issued and delivered by the Municipality to FCM in the form and denominations and subject to the rights, privileges, conditions and restrictions set forth in Schedule D;

"Disbursement" means the payment of the principal amount of the Loan by FCM to the Municipality under the terms and conditions of this Agreement;

"Disbursement Date" means the date of the payment of the Disbursement;

"Eligible Costs" means those permitted expenditures described in Part 2 of Schedule A, for which the Municipality may use the proceeds of the Loan;

"Events of Default" means the events specified or referred to in Section 6.01;

"GAAP" means the generally accepted accounting principles which are in effect in Canada, including those published in the Handbook of the Canadian Institute of Chartered Accountants, as the same are generally applied to municipal governments; GAAP includes such recommendations of the Public Sector Accounting Board (PSAB) as are adopted by the Canadian Institute of Chartered Accountants; financial statements of the Municipality are considered to be in accordance with GAAP if prepared on another basis provided that basis is consistent with the requirements of the Province of Nova Scotia's Municipal Accounting and Reporting Manual;

"Loan" means the loan set forth in Article II;

“Potential Event of Default” has the meaning set forth in Section 6.01;

“principal amount” or “principal amount of the Loan” means the actual amount of the Disbursement;

“Project” means the municipal environmental project described in Part 1 of Schedule A; and

“Project Performance Reporting Agreement” means a separate agreement between the Municipality and FCM, signed and in effect concurrent with this Agreement, that provides for grant funds from FCM to the Municipality in consideration of certain information to be provided by the Municipality to FCM (including the Project Completion Report described in Schedule E) with respect to the performance of the Project.

ARTICLE II

The Loan

Section 2.01. Loan Purpose. FCM is providing the Loan to the Municipality for the sole purpose of the Municipality using the principal amount to assist it in the performance of the Project.

Section 2.02. Principal Amount. Subject to and in accordance with the terms and conditions of this Agreement and in reliance upon the representations, warranties and covenants of the Municipality hereinafter set forth, FCM agrees to lend to the Municipality, and the Municipality agrees to borrow from FCM, an amount equal to ten percent (10%) of Eligible Costs up to a maximum principal amount of twenty million dollars (\$20,000,000).

Section 2.03. Disbursement and Delivery of Debentures.

2.03.1 The Municipality shall request the Disbursement (which shall not exceed ten percent (10%) of Eligible Costs or the sum of twenty million dollars (\$20,000,000) whichever is the lesser) by delivering to FCM a completed Request for Disbursement in the form of Schedule C, at least ten (10) days before the date of requested Disbursement. Provided that the relevant conditions of Disbursement set forth in Article III have been met, FCM shall on the requested date of Disbursement pay the principal amount of the Loan to the Municipality and the Municipality shall deliver to FCM the Debentures which shall have an aggregate principal amount equal to the Disbursement.

2.03.2 If for any reason, other than FCM's default, the Disbursement is not made by the 31st day of December, 2004, then FCM may, on

notice to the Municipality, forthwith terminate this Agreement, save and except that the Municipality shall be obligated to pay to FCM, as liquidated damages, an amount equal to four hundred thousand dollars (\$400,000), being two percent (2%) of the said maximum principal amount of the Loan. Such sum shall be paid by the Municipality to FCM within ten (10) days following such notice of termination being given by FCM. If such sum is not paid within that period, the Municipality shall also pay interest thereon to FCM, including compound interest, at the rate of the weighted average of the interest rates as per clause 2.04.1 plus two percent (2%) per annum, calculated and payable semi-annually, not in advance, which interest shall accrue from the expiry of the said ten (10) days, including after any judgment, and shall continue until such damages and interest are paid in full.

Section 2.04. Interest.

2.04.1 The Municipality shall pay to FCM interest on the principal amount of the Loan at the lesser of the GoC benchmark bond yield rates (stated at an annual rate) as apply to the terms of the respective Debentures determined as of September 15, 2004 minus 1.5% per annum **and** the respective rates set out in Schedule F.

2.04.2 Each such respective rate of interest shall accrue from the Disbursement Date, based on the actual number of days outstanding, and shall be payable after as well as before default, including after any judgment, until that respective portion of the Loan has been repaid in full. Such interest shall be calculated half-yearly, not in advance, on the daily balance of each of the respective portions of the outstanding principal amount of the Loan.

2.04.3 Each such interest shall become due and be payable half-yearly, not in advance, on each half-yearly anniversary of the Disbursement Date, commencing on the date of the first such half-yearly anniversary and shall continue to be paid half-yearly, not in advance, until the Loan has been repaid in full.

2.04.4 If the Municipality defaults on any interest or principal payment, at any time appointed for payment thereof as contained in Sections 2.04 and 2.05, the Municipality shall pay to FCM additional interest on such overdue amount at an annual rate that is equal to the average rate of interest determined under subsection 2.04.1 plus four (4%) percent per annum, calculated daily from the date of default, including after any judgment, until such overdue amount and the said interest thereon have been paid in full.

Section 2.05. Repayment. The Municipality shall repay to FCM the principal amount of the Loan in the respective principal amounts, and on the respective maturity dates, as are set out in the Debentures (see Schedule D). The first nine Debentures shall be in the amount of one million dollars (\$1,000,000.00) each and the tenth Debenture shall be in the amount of eleven million dollars (\$11,000,000.00).

Section 2.06. Prepayment. The Municipality may at any time, on not less than thirty (30) days notice to FCM, prepay all or part of the principal amount of the Loan provided it simultaneously pays all accrued interest thereon and as a bonus, an additional two percent (2%) of the principal amount prepaid. Upon delivery of such notice, the Municipality shall be obligated to effect prepayment in accordance with the terms of the notice and this Section 2.06. Any amounts prepaid may not be re-borrowed.

Section 2.07. Payments.

2.07.1 Payments of principal and interest due FCM under this Agreement shall be made by the Municipality to FCM's credit at FCM's banker at:

Name of Bank: Royal Bank of Canada
Address of Bank: 99 Bank Street, Ottawa, Ontario K1P 5T6
Bank no.: 003
Bank's transit no.: 006
to the credit of FCM's account no.: 102-427-2
and the Loan reference no.: GMIF 1599

or as FCM may otherwise from time to time by notice to the Municipality's designate.

2.07.2 Interest shall accrue until payment is received by FCM's banker. If the date for any payment under this Agreement is not a date in which banks are open for business at the place where such payment is to be made, then the Municipality shall make such payment on the next succeeding day on which banks are open for business in such place, and interest shall accrue until that payment is received by FCM's banker.

2.07.3 If FCM shall at any time receive from the Municipality less than the full amount then due and payable under this Agreement, FCM shall have the right to allocate and apply such payment in any manner and for such purpose as FCM shall solely determine, notwithstanding any instruction by the Municipality to the contrary.

Section 2.08. Promissory Note. The Municipality promises to pay to FCM punctually in accordance with the terms of this Agreement all amounts owing under this Agreement, including principal, interest, fees, costs, expenses and any other monies owing under this Agreement. The Municipality hereby waives presentment for payment of this promissory note and each of the Debentures and waives demand, protest or notice of any kind.

ARTICLE III

Conditions of Disbursement

Section 3.01 Conditions of Disbursement. The obligation of FCM to make the Disbursement is subject to the following conditions:

- (a) the Municipality has obtained, or has made other arrangements satisfactory to FCM for obtaining, all required approvals, consents, authorizations and licences, including any necessary by-law or resolution and any necessary authorizations from the Province of Nova Scotia authorizing both the Project and the Loan;
- (b) the Municipality has delivered to FCM a Certificate from the Municipality's Solicitor in the form contained in Schedule G. :
- (c) the Municipality has delivered to FCM a copy of the Particulars of the Sources of Funding in the form contained in Part 3 of Schedule A;
- (d) the Municipality has delivered to FCM a Certificate of Incumbency and Authority in the form contained in Schedule B;
- (e) the Municipality has delivered to FCM a summary of expenses, together with copies of supporting invoices and receipts, evidencing, in a manner satisfactory to FCM, that the Municipality has incurred Eligible Costs for the Project equal to or greater than fifty percent (50%) of the principal amount of the Loan;
- (f) the Municipality has delivered to FCM the Debentures, each in fully registered form, to be held in escrow by FCM pending the Disbursement;
- (g) the Municipality has entered into and is in compliance with the Project Performance Reporting Agreement;
- (h) the Municipality has delivered to FCM its Certificate that the representations and warranties confirmed or made in Article IV are true on and as of the Disbursement Date with the same effect as though such representations and warranties have been made on and as of the Disbursement Date; and
- (i) no Event of Default or Potential Event of Default has occurred and is continuing.

3.02 Each of the foregoing conditions is included for the benefit of FCM and may be waived in whole or in part at FCM's sole option by notice to the Municipality.

ARTICLE IV Representations and Warranties

Section 4.01. Representations and Warranties.

The Municipality represents and warrants to FCM that:

- (a) it is a duly established municipal corporation under the laws of the Province of Nova Scotia and has the legal power and authority to enter into and perform its obligations under this Agreement;
- (b) this Agreement has been duly authorized and executed by it and constitutes valid and binding obligations, enforceable in accordance with its terms;
- (c) neither the making of this Agreement nor compliance with its terms and the terms of the Project will conflict with or result in a breach of any of the terms, conditions or provisions of, or constitute a default or require any consent under any indenture, debenture, agreement or other instrument or arrangement to which the Municipality is a party or by which it is bound, or violate any of the terms or provisions of the Municipality's constitutional documents or any permit, license, approval, consent, judgment, decree or order or any statute, rule or regulation applicable to the Municipality; and
- (d) no litigation, arbitration or administrative proceedings are current or pending or have been threatened, and so far as the Municipality is aware no claim has been made, which is likely to have an adverse effect on its performance of the Project or its compliance with its obligations under this Agreement.

ARTICLE V Particular Covenants

Section 5.01. Affirmative Covenants. Unless FCM shall otherwise agree in writing the Municipality shall:

- (a) use the Loan only for the Project;
- (b) carry out the Project and conduct the activities thereof in compliance with all applicable laws and regulations and, without

restricting the generality of the foregoing, in compliance with all applicable environmental, health and safety laws of the Province of Nova Scotia and of Canada;

- (c) undertake the Project with due diligence and efficiency and in accordance with sound engineering, financial and business practices; maintain its accounts, management information and cost control system and books of accounts adequately to reflect truly and fairly the financial condition of the Project and to conform to GAAP;
- (d) upon FCM's request with reasonable prior notice to the Municipality, permit representatives of FCM, during normal office hours of the Municipality, to visit any of the premises where the Project activities are conducted and to have access to the Municipality's books of accounts and records relating to the Project and permit FCM to communicate directly with the Municipality's external auditors regarding the Municipality's accounts and operations relating to the Project; and
- (e) ensure that the Project is at all times adequately insured for loss, damage, liability or claim of any kind relating to injury or death to persons or to damage to property of the Project or of third parties, and, if requested by FCM, the Municipality shall ensure that such policy or policies include FCM, as its interest may appear, as an insured party.

Section 5.02. Negative Covenants. Unless FCM shall otherwise agree in writing, the Municipality shall not:

- (a) use the proceeds of the Loan for expenditures that are not Eligible Costs;
- (b) make any material change to the Project;
- (c) sell, assign, transfer, lease, exchange or otherwise dispose of, or contract to sell, assign, transfer, lease, exchange or otherwise dispose of, any of the properties of the Project, whether now owned or hereafter acquired, and whether to a private sector partner of the Municipality or otherwise, unless provided for in Schedule A, but only where such sale, assignment, transfer, lease, exchange or disposition is sufficiently material to the project that the Municipality's Council approval is required; or

- (d) at any time incur additional debt whereby the Debt Service Ratio will exceed twenty five percent (25%).

Section 5.03. The Municipality's On-going Information and Notice Obligations. The Municipality shall, at its cost, provide to FCM the following information in form and substance satisfactory to FCM:

- (a) within one hundred and twenty (120) days after the end of the Municipality's fiscal year, two (2) copies of its complete financial statements for such fiscal year (which shall be in agreement with its books of account, and which shall include the aggregate amounts owing to secured creditors, preferred creditors and general creditors, respectively, of the Municipality, and shall be prepared in accordance with GAAP) together with an audit report thereon from an independent public accountant or auditor acceptable to FCM, as FCM may require; furthermore, FCM may require such audit reports at any time if there is an Event of Default or a Potential Event of Default;
- (b) prompt notice of any proposed change in the nature or scope of the legal status of the Municipality and of any event or condition which might materially and adversely affect the carrying out of the Project by the Municipality or the performance of its obligations under this Agreement;
- (c) prompt notice of any litigation or administrative proceedings, together with any written legal documents as FCM may request, before any court or arbitral body or other authority which might materially and adversely affect the Project or the ability of the Municipality to perform its obligations under this Agreement and the Project;
- (d) immediate notice of the occurrence of any Event of Default or any Potential Event of Default specifying the nature of such Event of Default or such Potential Event of Default, and the steps, if any, that the Municipality is taking to remedy the same; and
- (e) such other information as FCM may, from time to time by notice to the Municipality, reasonably request.

ARTICLE VI

Events of Default

Section 6.01. Events of Default. If one or more of the events specified in this Section shall have happened and be continuing (an "Event of Default") or with the lapse of time would, in FCM's opinion, likely become

an Event of Default (a "Potential Event of Default"), then FCM, by notice to the Municipality, may declare the outstanding principal amount of, and all accrued interest on, the Loan (together with any other amounts accrued or payable under this Agreement) to be, and the same shall thereupon become, immediately due and payable (anything in this Agreement to the contrary notwithstanding) without any further notice and without any presentment, demand, protest or notice of any kind, all of which are hereby expressly waived by the Municipality:

- (a) default shall have occurred in the payment of any outstanding principal amount of the Loan, interest thereon, or other amounts due to FCM from the Municipality in respect of the Loan and such default shall have continued for a period of ten (10) days;
- (b) default shall have occurred in the performance of any covenant contained in Article V or of any other obligation of the Municipality contained in this Agreement (other than any obligation for the payment of principal or interest under this Agreement) and any such default shall have continued for a period of fifteen (15) days after notice thereof shall have been given to the Municipality by FCM;
- (c) any representation or warranty confirmed or made in Article IV or in the Request for Disbursement under this Agreement or in connection with the execution and implementation of this Agreement or in connection with the Project, is found to have been incorrect;
- (d) there shall have been entered against the Municipality a decree or order by a court adjudging the Municipality a bankrupt or insolvent, or approving as properly filed a petition seeking reorganization, arrangement, adjustment or composition of or in respect of the Municipality under any applicable law, or appointing a receiver, liquidator, assignee, trustee, sequestrator (or other similar official) of the Municipality or of any substantial part of the property or other assets of the Municipality, or ordering the winding up or liquidation of the affairs of the Municipality; or the Municipality shall have instituted proceedings to be adjudicated bankrupt or insolvent, or consented to the institution of bankruptcy or insolvency proceedings against it or the filing by the Municipality of a petition or answer or consent seeking reorganization or relief under any applicable law, or the consent by it to the filing of any such petition or to the appointment of a receiver, liquidator, assignee, trustee, sequestrator (or other similar official) of the Municipality or of any substantial part of the property of the Municipality, or the making by the Municipality of an assignment

for the benefit of creditors, or the admission by it in writing of its inability to pay its debts generally as they become due; or the Municipality shall have requested a moratorium or suspension of payment of debts from any court or any other event shall have occurred which under any applicable law would have an effect analogous to any of those event listed above in this subsection; and

- (e) the Debt Service Ratio for any twelve (12) month period subsequent to the Disbursement Date exceeds twenty five percent (25%).

Section 6.02. Automatic Acceleration. If the Municipality has become voluntarily or involuntarily dissolved, or has become bankrupt or insolvent (however such bankruptcy or insolvency may be evidenced), the outstanding principal amount of, and all accrued interest on, the Loan, together with any other amounts accrued or payable under this Agreement, shall thereupon become immediately due and payable (anything in this Agreement to the contrary notwithstanding) without any presentment, demand, protest or notice of any kind, all of which are hereby expressly waived by the Municipality.

Section 6.03. Saving of Rights. No course of dealing and no delay in exercising, or omission to exercise, any right, power or remedy accruing to FCM upon any default under this Agreement shall impair any such right, power or remedy or be construed to be a waiver thereof or any acquiescence therein; nor shall the action of FCM, in respect of any such default, or any acquiescence by it therein, affect or impair any right, power or remedy of FCM, as the case may be, in respect of any other default.

ARTICLE VII Schedules

Section 7.01. Schedules. As referred to in this Agreement, the following annexed Schedules form part of this Agreement:

Schedule A:

- Part 1 – Description of the Project (refer to the definition of “Project”)
- Part 2 – Description of Eligible Costs (refer to the definition of “Eligible Costs”)
- Part 3 – Particulars of the Sources of Funding (refer to subsection 3.01(c))

Schedule B: Form of Certificate of Incumbency and Authority (refer to subsection 3.01(d))

Schedule C: Form of Request for Disbursement (refer to subsection 2.03.1)

Schedule D: Form of Debentures (refer to the definition of "Debentures" and to subsection 2.03.1)

Schedule E: Project Completion Report Requirements (refer to the definition of "Project Performance Reporting Agreement")

Schedule F: Schedule of Possible Interest Rates for the Debentures (refer to subsection 2.04.1)

Schedule G: Certificate of Municipal Solicitor (refer to subsection 3.01(b))

ARTICLE VIII Miscellaneous Provisions

Section 8.01. Publications. The Municipality shall recognize and state in an appropriate manner, as approved by FCM, the support offered by GMIF concerning the Project and the contribution of the GoC to the GMIF. Unless the Municipality has received written notice to the contrary from FCM, the following shall be incorporated into the reports and other documents produced by the Municipality in connection with the Project:

"This project was carried out with assistance from the Green Municipal Investment Fund, a Fund financed by the Government of Canada and administered by the Federation of Canadian Municipalities. Notwithstanding this support, the views expressed are the personal views of the authors, and the Federation of Canadian Municipalities and the Government of Canada accept no responsibility for them."

Section 8.02. Communication. The parties recognize the importance of having an agreed-upon communications approach to making public information on the Project and agree to cooperate in developing a communications strategy which shall be consistent with this Section. The Municipality shall provide information relating to the Project to the public and shall be responsible for replying to the public and media inquiries regarding the Project. Following the execution of this Agreement, the Municipality shall contact GMIF's Community Liaison Manager at FCM to obtain guidelines for the planning of communications and the respective roles of the Municipality and of FCM in the coordination and implementation of the communications strategy. The communications

strategy will give suitable visibility to the Project and related technology and to the Municipality, and to GoC as the funder of GMIF. The Municipality also agrees to cooperate in providing reasonable information on the Project to other interested parties. This may be most efficiently achieved through cooperation of the parties in developing fact sheets and related Project information. The provisions contained in this Section shall remain in force after the termination of this Agreement.

Section 8.03. Notices and Requests. Any notice, demand, request or other communication to be given or made under this Agreement by any party to any other party or parties shall be in writing and made or given by personal delivery, by ordinary mail, by facsimile or by electronic mail addressed to the respective parties as follows:

For the Municipality:

Halifax Regional Municipality
P.O. Box 1749
Halifax, Nova Scotia
B3J 3A5

Attention: Municipal Clerk

- by telephone: (902) 490-4210
- by facsimile: (902) 490-4208
- by electronic mail: clerks@halifax.ca

For FCM:

Federation of Canadian Municipalities
24 Clarence Street
Ottawa, Ontario
K1N 5P3

Attention: Mr. André Vanasse
Project Officer

- by telephone: (613) 241-5221, ext. 248
- by facsimile: (613) 244-1515
- by electronic mail: avanasse@fcm.ca

Any notice, demand, request or other communications made or given by personal delivery shall be deemed to have been made or given on the day of actual delivery thereof, and if made or given by mail, on the 3rd day (excluding Saturday, Sunday and Statutory Holidays) following the deposit thereof in the mail, and if made or given by facsimile transmission or by electronic mail, on the 1st day (excluding Saturday, Sunday and Statutory Holidays) following the transmittal thereof. If the party giving any notice, demand, request or other communications knows or reasonably ought to know of any difficulties with the postal system that might affect the delivery of mail, such notice, demand, request or other communications shall not be mailed, but shall be given by personal delivery, facsimile transmission or electronic mail.

Section 8.04. Non-liability of FCM. The Municipality acknowledges and agrees that:

- (a) by accepting or approving anything required to be accepted or approved by FCM pursuant to this Agreement or the Project, FCM shall not be deemed to have warranted or represented the sufficiency, legality, effectiveness or legal effect of the same, or of any term, provision or condition thereof, and such acceptance or approval thereof shall not constitute a warranty or representation to anyone with respect thereto by FCM;
- (b) the relationship between the Municipality and FCM is, and shall at all times be and remain, that of a borrower and a lender. FCM shall not under any circumstances be construed to be a partner or joint venturer of the Municipality or of any of its Project team. FCM shall under no circumstances be deemed to be in a relationship of confidence or trust or a fiduciary relationship with the Municipality or with any of its Project team. FCM does not undertake or assume any responsibility or duty to the Municipality or to any of its Project

team to select, review, inspect, supervise, pass judgment upon, or inform the Municipality or any of its Project team of any matter in connection with the Project; the Municipality and its Project team shall each rely entirely upon their own judgment with respect to such matters; and any review, inspection, supervision, exercise of judgment or supply of information undertaken or assumed by FCM in connection with such matters is solely for the protection of FCM and GMIF and neither the Municipality, nor any of the Municipality's Project team, nor any other person is entitled to rely thereon;

- (c) FCM shall not be responsible or liable to any person for any loss, damage, liability or claim of any kind relating to injury or death to persons or damage to property caused by the action, inaction or negligence of the Municipality and/or its Project team; and
- (d) the Municipality shall indemnify and save harmless FCM from and against all claims, demands, actions and costs, whatsoever that may arise out of the Municipality's performance of the Project and this Agreement or by reason of any matter or thing done by the Municipality, by members of the Municipality's Project team, or by their employees or agents, whether occasioned by negligence or otherwise. Such indemnification shall survive termination of this Agreement.

Section 8.05. FCM's Limited Liability. FCM has executed this Agreement solely in its capacity as Trustee of the GMIF and not in its individual capacity. Accordingly, recourse with respect to any liability or obligation of FCM in connection with this Agreement shall be limited only to the property and assets of the GMIF and neither FCM nor any director, officer, employee or affiliate thereof shall have any personal liability therefor.

Section 8.06. Further Assurances. Each party shall promptly execute and deliver, upon request by one or both of the other parties, all such other and further documents, agreements, opinions, certificates and instruments as may be reasonably required by the requesting party or parties to more fully state the obligations of any party or parties to this Agreement or to make any recording, file any notice or obtain any consent

Section 8.07. Amendment. Any amendment of any provision of this Agreement, including the Schedules, must be in writing and signed by both parties hereto.

Section 8.08. Choice of Language. It is the express wish of the parties that this Agreement and any related documents be drawn up and executed in English.

Section 8.09. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the Province of Nova Scotia and the laws of Canada applicable therein.

Section 8.10. Choice of Forum. The parties hereto agree and intend that the proper and exclusive forum for any litigation of any disputes or controversies arising out of or related to this Agreement shall be a Court of competent jurisdiction located in the Province of Nova Scotia.

Section 8.11. Effectiveness. This Agreement shall continue in force until such time as FCM has received, and notified the Municipality of its satisfaction with, all reports required in the Project Performance Reporting Agreement referred to in subsection 3.01(j) and the Loan and all other monies payable hereunder have been fully paid to FCM in accordance with the provisions hereof.

Section 8.12. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, except that the Municipality may not assign or otherwise transfer all or any part of its rights or obligations under this Agreement without the prior written consent of FCM.

Section 8.13. Counterparts. This Agreement may be executed in two counterparts and, in such case, each such counterpart shall be deemed an original, but both of which together shall constitute one and the same agreement.

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed and the respective corporate seals applied as of the date first above written.

HALIFAX REGIONAL MUNICIPALITY

per: _____
Mayor Peter Kelly

per: _____
Municipal Clerk

We have authority to bind the Halifax Regional Municipality herein.

FEDERATION OF CANADIAN MUNICIPALITIES,
as Trustee of the Green Municipal Investment Fund

per: _____
Mr. Jean-François Trépanier, CA
Chief Operating Officer

I have authority to bind the Federation of Canadian Municipalities herein

Schedule A

Part 1: Description of Project (refer to the definition of "Project")

This project is divided into two distinct components:

Core Project: construction of sewage collection systems and three sewage treatment systems in the Halifax Regional Municipality, and;
Reinvestment Projects: The Municipality will create a "Sustainable Community Reserve" for a variety of sustainable community development initiatives, using the savings realized by obtaining a low-interest loan from GMIF.

Halifax Regional Municipality will construct three sewage treatment plants (STPs) and associated sewage collection systems to replace the discharge of raw sewage into Halifax Harbour with primary sewage treatment. Six pilot-scale treatment plants underwent performance testing conducted by Nova Scotia Department of Environment in 1995. The various technologies were assessed and their suitability for application in Halifax examined. The advanced primary treatment technology selected is based on water quality objectives for the receiving body of water; it was determined that advanced primary treatment would provide an acceptable level of treatment at an economically feasible cost.

The specialized "Densadeg" technology was selected for the advanced primary treatment facilities because it can consistently achieve the desired effluent discharge standards and because the relatively small footprint required for the plant enables construction of the STPs at densely developed harbour front sites. Conventional design results in too large a footprint to fit in the available space; therefore, the design was required to be compact. Detailed analyses also demonstrated that three to four plants would result in lower capital and operating costs than one large centralized plant.

In response to these requirements, the proposed plant designs used a number of technologies and concepts that are fairly new and innovative:

Conventional design requires a very large sedimentation tank to provide sufficient retention time for the suspended solids to settle out. The proposed "Densadeg" treatment units consist of a reactor where certain chemicals or coagulants are injected at controlled dosages with re-circulated sludge. This process speeds up precipitation of the suspended solids into larger pieces. Plants are designed so they can be expanded for secondary treatment and to accommodate ultimate flows predicted for 2041.

Innovative odour and noise control measures were taken to enable the proposed plants to fit highly developed areas. Each plant will be totally enclosed with the operation area under negative pressure at all times. All air exhausting from the plant will pass through a very stringent, three-stage odour control system before being released into the atmosphere. Hydrogen sulphide levels will be monitored continuously at the exhaust stack; this arrangement will achieve odour control limits at least two to three times below provincial limits.

The existing combined sanitary and storm systems presented a challenge in handling the overflow during storm conditions. Flows from a combined system fluctuate so much that it is not practical to design a treatment system that will handle the entire peak flow. In the case of Halifax, it was determined that by treating four times the average dry weather flow, about 92 percent of the suspended solids and biological oxygen demand (BOD) loadings would be captured. The proposed design includes a flow-regulating chamber to divert the excess flow to the harbour, with screening prior to overflow so that there are no floatables or solids present. The regulating chamber and screening device are designed so that the screening is diverted back to the flow going to the treatment plant for treatment. This design is extremely effective in eliminating the requirement of hauling screening away from the regulating chambers and results in energy savings.

Sludge generated from the plants will be used in a beneficial manner with a process called "Enviro Soil". This technology transforms the sludge into a product that meets the Federal Canadian Fertilizer Act and Regulations and the USEPA regulation (40CFR part 503). The process involves the addition of cement kiln dust and a small quantity of quicklime to the dewatered sludge. This elevates the pH and the mixture's temperature is maintained above 52 degrees Celsius for at least 12 hours. The product is then air dried to over 50 percent solid after 72 hours of elevated pH. This process will stabilize the trace elements (metals) so they will not be susceptible to groundwater leaching.

The Reinvestment Program is described in a separate agreement.

A. The study will proceed as per the description above and with the following conditions from the GMF Council:

1. Standard municipal loan conditions of disbursement in Nova Scotia;
2. That a Project Results Reporting Agreement providing for a one time grant of up to \$30,000 be signed between the Municipality and FCM for the purposes of reporting on the effluent quality improvement

achieved and greenhouse gas emission impact as a result of the construction of the waste water treatment system;

3. That the debt service savings from the loan be calculated and spent according to a Reinvestment Agreement containing the following stipulations:
 - One hundred percent of the debt service savings will be applied to projects that fit the criteria defined in the Sustainable Community Reserve Criteria for Candidate Projects developed by the Municipality.
 - Each year, the Municipality will submit to FCM a report of initiatives undertaken using the debt service savings and the environmental benefit achieved as a result of those savings. Environmental benefit will be calculated with the assistance of protocols and resource tools provided by FCM.
 - Each year the Municipality will submit for FCM's review a proposal for how the next year's debt service savings would be spent based on the attached Reinvestment Guidelines. A representative of FCM would sit on an advisory committee of HRM staff a minimum of once per year.
 - That any debt service savings unspent in a given year could be, with a clear intent for expenditure, rolled-over into the next year's budget to a maximum of two years. All debt service savings must be spent by the end of the loan period.
 - If any conditions of the Reinvestment Agreement are not complied with by the Municipality will be considered in default on the GMIF loan and FCM will have the option to demand repayment of the then outstanding principal and accrued interest, within 50 days.

- B. The Project Completion Report shall be completed and submitted in accordance with Schedule E - *GMIF Project Completion Report Submission Requirements*.

Schedule A

Part 2: Description of Eligible Costs (refer to the definition of "Eligible Costs")

The expected Eligible Costs¹ for this project are as follows:

| Eligible Cost Items | Estimated Cost | % of Total Cost |
|--|----------------------|-----------------|
| Construction: Sewage Collection System, roads, outfalls, and diffusers for plants: | \$122,800,000 | 36.9 |
| Construction: Sewage Treatment Plants | \$148,300,000 | 44.6 |
| Water: Pollution Prevention and Quality Monitoring | \$4,050,000 | 1.2 |
| Public Information and Involvement Program | \$767,000 | 0.2 |
| Sludge Facility | \$12,500,000 | 3.8 |
| Community Integration Funds | \$7,000,000 | 2.1 |
| Land | \$4,799,000 | 1.4 |
| External Professional (engineering, environmental, legal, financial) and Miscellaneous (includes office) | \$14,284,000 | 4.3 |
| Contingency | \$18,200,000 | 5.5 |
| Sub Total | \$332,700,000 | 100.0 |
| Less Ineligible Costs | | |
| Total Eligible (Project) Cost | \$271,100,000 | 81.5 |
| | | |
| Ineligible Cost Items | \$61,600,000 | 18.5 |
| | | |
| Total ineligible costs | \$61,600,000 | 18.5 |
| | | |
| Total project costs | \$332,700,000 | 100.0 |

- The expenditures claimed are subject to audit by FCM near completion of the Project. The amount loaned by GMIF may vary as a consequence. No expenditure incurred prior to **May 21, 2003** is permitted to be included as an Eligible Cost.

Description of Eligible Cost Items:

Contracted construction and design costs for the sewage treatment plants and associated sewage collection systems including inflation and non-rebateable HST.

Schedule A

Part 3: Particulars of the Sources of Funding (refer to subsection 3.01(c))

The funding for this project is planned as follows:

| Sources of Funding | Amount | % of Total |
|---|----------------------|-------------------|
| Environmental Protection Levies (includes EP funds from reserves) | \$160,700,000 | 52.5% |
| GMIF Loan (10 year term, 20 year amortization) | \$20,000,000 | 5.7% |
| Other permanent financing (20 year amortization) | \$110,000,000 | 31% |
| Government of Canada | \$30,000,000 | 8.5% |
| Government of Nova Scotia | \$12,000,000 | 2.3% |
| Total Sources of Funding | \$332,700,000 | 100.00% |

Schedule B

Form of Certificate of Incumbency and Authority
(refer to subsection 3.01(d))

[LETTERHEAD OF THE MUNICIPALITY]

[Address]
[Date]

Federation of Canadian Municipalities
24 Clarence Street
Ottawa, Ontario
K1N 5P3

Attention: Mr. André Vanasse
Project Officer

Ladies and Gentlemen:

**Re: Green Municipal Investment Fund – Project no. 1599
Loan Agreement dated April 26, 2004 (“Agreement”) between
Halifax Regional Municipality (the “Municipality”)(as Borrower)
and the Federation of Canadian Municipalities (as
Trustee/Lender)**

Certificate of Incumbency and Authority of the Municipality

I, Jan Gibson, the Municipal Clerk of the Municipality, with the authority of its Council hereby certify that the following are the names, offices and true specimen signatures of the persons, any one of whom is and shall continue to be (until you receive authorized written notice from the Municipality that they, or any of them, no longer continue to be) authorized:

- to sign on behalf of the Municipality the Request for Disbursement of the Loan provided for in the Agreement;
- to sign the certificates provided for in the Agreement.

| <u>No.</u> | <u>Name</u> | <u>Specimen Signature</u> | <u>Office</u> |
|------------|--------------|---------------------------|------------------------------------|
| 1. | Brad Anguish | _____ | Director of Environmental Services |

Yours truly,

per: _____
Municipal Clerk

Schedule C

Form of Request for Disbursement
(refer to subsection 2.03.1)
[LETTERHEAD OF THE MUNICIPALITY]

[Address]

Federation of Canadian Municipalities
24 Clarence Street
Ottawa, Ontario
K1N 5P3
Attention: Mr. André Vanasse
Project Officer

Ladies and Gentlemen:

**Re: Green Municipal Investment Fund – Project no. 1599
Loan Agreement dated _____, 2004 (“Agreement”)
between the Halifax Regional Municipality (the “Municipality”),
Nova Scotia Municipal Finance Corporation (as Borrower) and
the Federation of Canadian Municipalities (as Trustee/Lender)**

Request for Disbursement

1. All terms defined in the Agreement shall have the same meanings herein and all references herein to Articles, Sections and subsections are to those Articles, Sections and subsections of the Agreement.
2. The Municipality hereby requests Disbursement on or before October 1, 2004, in accordance with the subsection 2.03.1:

and the Municipality directs that such amount be paid to the credit of the Municipality at the following account:

Name of Bank: Royal Bank of Canada
Address of Bank: 5161 George Street, Halifax, NS
B3J 1M7
Telephone no. of Bank: (902) 421-4159 (Angela Roach)
Bank no.: 003
Transit no.: 00003
to the credit of the Municipality 's Account no.: 126-110-6

3. The Municipality hereby certifies as follows:
 - (a) no Event of Default and no Potential Event of Default has occurred and is continuing;

- (b) the proceeds of the Disbursement will be applied exclusively to the Loan purpose specified in Section 2.01;
 - (c) after receiving the Disbursement, the Municipality will not be in violation of its constitutional documents, any provision contained in any document to which the Municipality is a party (including the Agreement) or by which the Municipality is bound, or any law, rule or regulation directly or indirectly limiting or otherwise restricting the Municipality's borrowing power or authority or its ability to borrow;
 - (d) the Municipality has obtained and maintained all approvals, consents, authorizations and licenses referred to in subsection 3.01(a).
 - (e) the representations and warranties confirmed or made in Article IV shall be true on and as of the Disbursement Date with the same effect as though such representations and warranties have been made on and as of the Disbursement Date;
 - (f) all laws and regulations, including all environmental, health and safety laws and regulations, that are in any way applicable to the Project are being complied with; and
4. The certifications in paragraph 3 above are effective as of the date of this Request for Disbursement and will continue to be effective as of the Disbursement Date. If any of these certifications is no longer valid as of or prior to the Disbursement Date, the Municipality will immediately notify FCM.

Yours truly,

Halifax Regional Municipality

per _____
Brad Anguish P. Eng.
Director of Environmental
Management Services

*As named in the Municipality's last Certificate of Incumbency and Authority

Schedule D
Form of Debentures
(refer to the definition of "Debentures" and to subsection 2.03.1)

HRM No. 2004-1

\$ 1,000,000

HALIFAX REGIONAL MUNICIPALITY

1.925% Debenture

DUE: October 1, 2005

ISSUED UNDER AUTHORITY OF THE HALIFAX REGIONAL MUNICIPALITY HARBOUR SOLUTIONS FINANCING ACT, CHAPTER 23 OF THE STATUTES OF NOVA SCOTIA, 2002, THE MUNICIPAL GOVERNMENT ACT, BEING CHAPTER 18 OF THE STATUTES OF NOVA SCOTIA 1998, BEING CHAPTER 301 OF THE REVISED STATUTES OF NOVA SCOTIA, 1989, UPON APPROVAL OF THE MINISTER OF MINISTER OF SERVICE NOVA SCOTIA AND MUNICIPAL RELATIONS

HALIFAX REGIONAL MUNICIPALITY (the "Corporation") for value received hereby promises to pay

to the **FEDERATION OF CANADIAN MUNICIPALITIES** ("FCM")

or registered assigns, on the 1st day of October, 2005 upon presentation and surrender of this Debenture, the principal sum of

----- **ONE MILLION DOLLARS** -----

in lawful money of Canada, at the Royal Bank of Canada, 99 Bank Street, Ottawa, Ontario, K1P 5T6, Bank No. 003, transit no.006 to the credit of account no. 102-427-2 with loan reference no. GMIF 1599, at the option of the registered holder.

Interest shall be paid on the principal amount, accrued from the 1st day of October, 2004, at the above-noted rate in like money semi-annually, the first of such payments to be made on the 1st day of April, 2005, and in this respect and in all other respects payment of interest shall be in accordance with the Loan Agreement executed by the Corporation and FCM on even date herewith.

This Debenture is one of a Series of an authorized issue of Debentures in the aggregate principal amount of \$20,000,000.00 consisting of the following:

| | | |
|---------------|--------|---|
| \$ 1,000,000 | 1.925% | Debenture maturing on the 1 st day of October, 2005; |
| \$ 1,000,000 | 2.171% | Debenture maturing on the 1 st day of October, 2006; |
| \$ 1,000,000 | 2.401% | Debenture maturing on the 1 st day of October, 2007; |
| \$ 1,000,000 | 2.628% | Debenture maturing on the 1 st day of October, 2008; |
| \$ 1,000,000 | 2.845% | Debenture maturing on the 1 st day of October, 2009; |
| \$ 1,000,000 | 3.011% | Debenture maturing on the 1 st day of October, 2010; |
| \$ 1,000,000 | 3.171% | Debenture maturing on the 1 st day of October, 2011; |
| \$ 1,000,000 | 3.296% | Debenture maturing on the 1 st day of October, 2012; |
| \$ 1,000,000 | 3.382% | Debenture maturing on the 1 st day of October, 2013; |
| \$ 11,000,000 | 3.438% | Debenture maturing on the 1 st day of October, 2014; |

Repayment of the principal amount of the said Debentures shall be in accordance with the said Loan Agreement.

The Corporation may at any time, on not less than thirty (30) days' notice to the holder, redeem all or a portion of this Debenture together with payment of all accrued interest thereon, subject to a penalty of an additional two percent (2%) on the principal balance then outstanding. In this respect and in all other respects redemption shall be in accordance with the terms of said Loan Agreement.

All terms and conditions of the said Loan Agreement are applicable to this debenture, mutatis mutandis, as if those terms were explicitly incorporated herein.

The Corporation will cause to be kept at its Head Office in Halifax, Nova Scotia, Canada (the "Head Office"), by such Registrar or Registrars as the Corporation may designate, a Debenture Register or Registers in which

shall be entered the name and address of FCM as holder of the Debentures and particulars of the Debentures held by it, and in which transfers may be registered.

This Debenture is transferable at the Head Office of the Corporation upon presentation for such purpose accompanied by an instrument of transfer in form approved by the Corporation and executed by the registered holder hereof or its administrators or other legal representatives or its duly authorized attorney, whereupon and upon cancellation of this Debenture a new registered Debenture or Debentures of this issue in any authorized denominations of an equal aggregate principal amount and having like terms and a like maturity will be issued to the transferee.

The Corporation or Registrar appointed by the Corporation 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 Corporation or Registrar appointed by the Corporation agrees to make transfers and exchanges of this Debenture as hereinbefore referred to upon compliance by the registered holder, or its administrators or other legal representatives or its duly authorized attorney.

This Debenture is subject to the conditions set forth herein and shall not be valid or enforceable for any purpose unless countersigned by an Authorized Signing Officer.

Dated at Halifax in the Province of Nova Scotia this day of August, 2004.

Signed on behalf of the Halifax Regional Municipality

By

Countersigned by

Mayor Peter Kelly

Municipal Clerk

Schedule E
Project Completion Report Requirements
(refer to the definition of “Project Performance Reporting Agreement”)

The Project Completion Report will assist FCM in creating case studies of completed projects for dissemination of lessons learned to other project proponents. The intent is to provide a short retrospective report of the project and its implementation. The report should be approximately 3-5 pages in length.

1) Submission of Project Completion Report

GMIF recipients must enclose a **final** copy of the Project Completion Report in both hard (paper) and soft (electronic) formats once the project is substantially complete. Reports that are not clearly identifiable as final reports, such as those displaying headers, footers, titles or watermarks containing terms such as “draft” or “for internal use only”, will not be accepted by FCM.

Recipients must enclose at least one bound hard copy of the final report, including any attachments or appendices, with a protective cover and backing as appropriate. Additionally, an electronic copy of the report, including all attachments and appendices, must be submitted in Portable Document Format (PDF) with searchable text functionality. If a recipient does not have the capacity to create PDF documents in-house (typically using Adobe Acrobat software), there are numerous firms that can provide a commercial service at reasonable costs to meet this requirement.

2) Required Information

The Project Completion Report must contain descriptions of the following:

1. The overall project
 - Provide a brief recap of the type, purpose, location, intent, of the project, etc.
 - Include photographs and/or diagrams as appropriate that can be used to graphically illustrate this project.
 - Describe the steps taken in the project, from an overview of the pre-construction stages of the project (planning, feasibility studies, design) through more detailed descriptions of construction and operation.
 - Explain any new technology utilised and its expected results or benefits/drawbacks.
2. The project team members/partners
 - Briefly describe the implementation team
 - Comment briefly on why the team members were chosen, what each contributed, and any issues or specific benefits that were attributable to the choice of team members.

3. The community context in which the project was undertaken
 - Profile the community in which the project took place.
 - Explain briefly why the community undertook this project, the challenge(s) it faced, and what it hoped to accomplish.
4. Challenges encountered in undertaking the project
 - Describe in detail any construction issues encountered during the project.
 - Describe any problems with the initial concept or design and what design changes/compromises were made to resolve them.
 - Describe how these changes might affect the overall environmental benefits obtained by the project.
 - Describe the project budget and any unanticipated costs or cost overruns that affected the project.
 - Describe the construction timeline and any unanticipated delays that occurred
 - Include descriptions of any other issues encountered, including outside influences on the project such as public resistance or changes in local government.
5. Lessons learned during the project
 - Include innovative or interesting solutions to the challenges identified under item four (above).
 - Describe any experience gained during the project that might be beneficial to other municipalities or their partners should they wish to undertake similar projects in the future.
6. Next steps
 - Describe the next steps for the community and the project.
 - Describe any other plans the Municipality may have for similar projects or for other innovative environmental infrastructure projects in the foreseeable future.

Schedule F
Schedule of Possible Interest Rates for the Debentures
(refer to subsection 2.04.1)

| Debenture | Amount | Due Date | Interest Rate |
|------------------|---------------|-----------------|----------------------|
| 1 | \$1,000,000 | October 1, 2005 | 1.19% |
| 2 | \$1,000,000 | October 1, 2006 | 1.73% |
| 3 | \$1,000,000 | October 1, 2007 | 2.15% |
| 4 | \$1,000,000 | October 1, 2008 | 2.49% |
| 5 | \$1,000,000 | October 1, 2009 | 2.74% |
| 6 | \$1,000,000 | October 1, 2010 | 2.94% |
| 7 | \$1,000,000 | October 1, 2011 | 3.11% |
| 8 | \$1,000,000 | October 1, 2012 | 3.23% |
| 9 | \$1,000,000 | October 1, 2013 | 3.31% |
| 10 | \$11,000,000 | October 1, 2014 | 3.38% |

Schedule G

CERTIFICATE OF MUNICIPAL SOLICITOR (Refer to subsection 3.01(b))

I, Wayne Anstey, Municipal Solicitor for the Halifax Regional Municipality (the "Municipality") hereby certify:

1. That the necessary resolution of the Municipality's Council providing the requisite approvals for the execution of the Loan Agreement between the Municipality and the Federation of Canadian Municipalities ("FCM") respecting the Halifax Harbour Solutions Project (the "Loan Agreement") and for the execution of the related documents, including the issuance and delivery of the Debentures to FCM as referred to in the Loan Agreement, was properly obtained;
2. That the Loan Agreement has been properly executed by the Municipality;
3. That the said Debentures have been properly executed by the Municipality and are ready for delivery to FCM; and
4. That the contracts for the construction of the Harbour Solutions Project's sewage collection systems and sewage treatment systems to which Part 1 of Schedule A of the Loan Agreement makes reference have been executed by all of the required contracting parties thereto.

Dated at Halifax, Nova Scotia this day of August, 2004.

Wayne Anstey Q.C.
Municipal Solicitor

GREEN MUNICIPAL INVESTMENT FUND

Project No.: 1599

Project Title: Harbour Solutions Project

REINVESTMENT AGREEMENT

This Agreement is dated the ___ day of August, 2004.

BETWEEN:

Federation of Canadian Municipalities, a corporation incorporated under the provisions of Part II of the *Canada Corporations Act*, with an office at 24 Clarence Street, Ottawa, Ontario K1N 5P3 (hereinafter referred to as “FCM”)

OF THE FIRST PART

- and -

Halifax Regional Municipality, a municipal body corporate continued by the *Municipal Government Act* of the Province of Nova Scotia, with an office at 1841 Argyle Street, Halifax, Nova Scotia B3J 3A5 (hereinafter referred to as “HRM”)

OF THE SECOND PART

WHEREAS:

- A. The Government of Canada (“GoC”) and FCM have established the Green Municipal Investment Fund (“GMIF”) to assist municipal governments and their public and private sector partners with respect to municipal environmental projects;
- B. The GoC has funded the GMIF, which is being administered by FCM as trustee thereof;
- C. HRM is an eligible recipient of GMIF funding and has initiated the Harbour Solutions Project (the “Project”) and requested funding from GMIF in support of the Project;
- D. FCM, in its capacity as trustee of GMIF, has entered into a maximum \$20 million loan agreement (the “Loan Agreement”) with HRM on even date herewith, which will be used by HRM to finance a portion of the Project;

- E. Under the Loan Agreement, interest will be calculated at rates that take into consideration the 1 to 10 year GoC benchmark bond yield rates (stated at an annual rate) less 1.5% per annum; and
- F. The parties wish to ensure that the interest savings to HRM generated by the Loan Agreement are invested in or expended on environmentally beneficial initiatives as specified in this Agreement.

NOW THEREFORE the parties agree as follows:

1.0 Definitions and Appendices

1.1 In this Agreement:

“Annual Reserve Contribution” means the annual amounts set out in Table no. 1 of Appendix E subject to revision in accordance with the Loan Agreement;

“Committed Funds” means the total of any and all funds properly approved by HRM as Eligible Expenditures for Eligible Investments;

“Disbursement Date” means the date on which the maximum of \$20 million in loan funds are disbursed under the Loan Agreement;

“Eligible Expenditures” has the meaning set out in Appendix “C”;

“Eligible Investments” means those projects and activities that satisfy the investment criteria, and are identified in accordance with the process, described in Appendix “A”;

“Evaluation Report” has the meaning set out in Appendix “B”;

“Internal Rate” means the average rate of interest, determined and calculated monthly by HRM stated at an annual rate, for interest earned on fund balances on deposit with it;

“Loan Rates” means the annual rates of interest charged by FCM to HRM under the Loan Agreement;

“NSMFC” means the Nova Scotia Municipal Finance Corporation;

“NSMFC Rates” means the lesser of the average annual rate of interest charged by NSMFC to HRM for the first ten annual debentures of a separate 20-year borrowing of \$110,000,000.00 and the NSMFC average annual rate of interest recalculated on the same basis using GoC

benchmark bond yield rates (stated at an annual rate) as of September 15, 2004;

“MIRB” means the monthly amount of interest earned on the Reserve balance, which will be calculated as follows:

[the balance of funds in the Reserve at the end of the month] multiplied by [Internal Rate] divided by 12

“Proposed New Activities Report” has the meaning set out in Appendix “B”;

“Reserve” has the meaning set out in s. 4.1;

“Statutory Holiday” means any day designated as a statutory holiday within Nova Scotia;

“Term” has the meaning set out in s. 2.1;

“Termination Reserve Balance” means:

[the balance of funds in the Reserve on the date of termination of this Agreement] plus [MIRB prorated for the number of days between HRM’s most recent monthly MIRB contribution to the Reserve and the date of termination of this Agreement]

“Year of the Term” means each twelve-month period during the Term that commences on the month and day of the Disbursement Date.

1.2 The following Appendices are hereby incorporated into, and form a part of, this Agreement:

| | |
|--------------|--|
| Appendix “A” | Approved Projects from the Sustainable Community Reserve |
| Appendix “B” | Reports |
| Appendix “C” | Eligible Expenditures |
| Appendix “D” | Criteria for Candidate Projects |
| Appendix “E” | Annual Reserve Contribution |

2.0 Term

2.1 The term (“Term”) of this Agreement will commence on the Disbursement Date and end on March 31, 2015 unless terminated earlier in accordance with this Agreement.

3.0 Representations and Warranties

3.1 HRM represents and warrants that it is a validly existing regional municipality created under the *Municipal Government Act* of the Province of Nova Scotia.

3.2 FCM represents and warrants that it is a corporation incorporated under the provisions of Part II of the *Canada Corporations Act* and that it is the trustee of GMIF and has entered into a valid trust agreement with the GoC in relation to GMIF.

4.0 Reserve

4.1 On or before July 31, 2004 HRM will establish a separate reserve known as the *Sustainable Community Reserve* (the "Reserve") into which HRM will credit the following:

(i) an initial amount of no less than \$200,000 by no later than 30 days after the Disbursement Date; plus

(ii) on the 1st day of each month during the Term, commencing on the 1st day of November, 2004, an amount equal to the Annual Reserve Contribution for the applicable year **divided** by 12, plus interest earned on the balance on deposit in the Reserve for the immediately preceding month.

5.0 Reinvestment Activities

5.1 By no later than *** days following the end of each of the first three (3) years of the Term, HRM will expend the balance accumulated in the Reserve on approved Eligible Expenditures related to the Eligible Investments and/or on Eligible Expenditures in relation to other Eligible Investments of which HRM has notified FCM in writing, unless FCM, acting reasonably, notifies HRM in writing within 14 days of receipt of such notice that such other Eligible Investments are unacceptable to FCM.

5.2.1 Every two (2) years thereafter, by the anniversary of the Disbursement Date, HRM shall have committed at least 75% of that portion of the balance of the Reserve on Eligible Expenditures in relation to approved Eligible Investments.

5.2.2 HRM shall follow the process set out in Appendix "D" for selecting Eligible Investments.

5.2.3 An Eligible Investment shall be considered approved if it has been included in a Proposed New Activities Report unless FCM, acting reasonably, notifies HRM in writing, within 14 days of receipt of such Proposed New Activities Report, that such Eligible Investments are unacceptable to FCM.

6.0 Reporting

- 6.1 On or before June 30, 2006, HRM will prepare and present an Evaluation Report to FCM covering the period from the Disbursement Date to March 31, 2006.
- 6.2 Thereafter, on or before June 30 of each year, commencing in 2007, HRM will prepare and present an Evaluation Report to FCM covering the immediately previous calendar year.
- 6.3 On or before October 1st in each of the years 2006 to 2013, inclusive, HRM will prepare and present a Proposed New Activities Report to FCM.

7.0 Termination and Default

- 7.1 This Agreement will terminate upon the earlier of:
- (i) March 31, 2015,
 - (ii) termination of the Loan Agreement, or
 - (iii) termination of this Agreement pursuant to s. 7.2.
- 7.2 If either party, acting reasonably, alleges the other party to be in default hereunder and gives written notice thereof stipulating the event of default, and if such default continues for more than 90 days after the delivery of such written notice, and the defaulting party has not cured the default or resolved the allegation, the non-defaulting party may elect to terminate this agreement effective forthwith on the giving of further written notice to the defaulting party.
- 7.3 Without restricting the generality of s.7.2, there shall be deemed to be an event of default if Evaluation Reports establishes that, during any two consecutive years, less than 75% (or such lower percentage as may be mutually agreed to in writing by the parties) of the Reserve have become Committed Funds, and where committed, the funds have not been expended within the fiscal year immediately following their commitment for expenditure by HRM Council.
- 7.4 No party will be deemed to be in default by reason of failure to perform in accordance with this Agreement if such failure arises out of any cause beyond the reasonable control and without the fault of that party (an "Event of Force Majeure"). Such causes may include, but are not in any way restricted to, contractor defaults on an Eligible Expenditures contract, acts of God or of the public enemy or terrorists, acts of any government or any governmental agency, authority or body of whatsoever kind or nature (excluding acts by one of the parties where such party, as a government agency, authority or body directs the action that the party is relying on to excuse performance), fires, floods, earthquakes, hurricanes, epidemics, quarantine, labour disputes or other labour action or inaction, freight embargoes, unusually severe weather conditions and a

change in the law. If a party is affected by an Event of Force Majeure, it must promptly give written notice to the other party and must promptly undertake all reasonable actions reasonably necessary to respond to and minimize the effect of the Event of Force Majeure.

- 7.5 Upon termination of this Agreement, HRM will pay to FCM, within 30 days of termination, an amount equal to:

[the Termination Reserve Balance] minus [Committed Funds that have also been contractually committed for payment by HRM as of the date of termination].

8.0 Disbursement Date Deadline

- 8.1 The parties anticipate the Disbursement Date will occur on October 1, 2004. If the Disbursement Date does not occur prior to December 31, 2004 or such later date as mutually agreed to in writing by the parties, this Agreement will thereupon become null and void.

9.0 General

- 9.1 Any notice, demand, request or other communication to be given or made under this Agreement to FCM or to HRM will be in writing and may be made or given by personal delivery, by ordinary mail, by facsimile or by electronic mail addressed as follows:

For HRM:

Halifax Regional Municipality
 Attention: Municipal Clerk
 Halifax Regional Municipality
 P.O. Box 1749
 Halifax, Nova Scotia
 B3J 3A5

telephone: (902) 490-4210
 by facsimile: (902) 490-4208
 by electronic mail: clerks@halifax.ca

For FCM:

Federation of Canadian Municipalities
 24 Clarence Street
 Ottawa, Ontario K1N 5P3

Attention: Mr. Doug Salloum

Manager, Development and Portfolio Risk

telephone: 613-241-5221, ext. 372
by facsimile: 613-244-1515
by electronic mail: dsalloum@fcm.ca

Any notice, demand, request or other communications made or given by personal delivery will be deemed to have been made or given on the day of actual delivery thereof, and if made or given by mail, on the 10th day (excluding Saturday, Sunday and Statutory Holidays) following the deposit thereof in the mail, and if made or given by facsimile transmission or by electronic mail, on the 1st day (excluding Saturday, Sunday and Statutory Holidays) following the transmittal thereof. If the party giving any notice, demand, request or other communications knows or reasonably ought to know of any difficulties with the postal system that might affect the delivery of mail, such notice, demand, request or other communications will not be mailed, but will be given by personal delivery, facsimile transmission or electronic mail.

- 9.2 Any amendment of any provision of this Agreement, including the Appendices, must be in writing and signed by both parties.
- 9.3 It is the express wish of the parties that this Agreement and any related documents be drawn up and executed in English.
- 9.4 This Agreement will be governed by and construed in accordance with the laws of the Province of Nova Scotia and the laws of Canada applicable therein.
- 9.5 The parties hereto agree and intend that the proper and exclusive forum for any litigation of any disputes or controversies arising out of or related to this Agreement will be a Court of competent jurisdiction located in the Province of Nova Scotia, City of Halifax.
- 9.6 This Agreement will be binding upon and enure to the benefit of the parties hereto and their respective successors and assigns, except that HRM may not assign or otherwise transfer all or any part of its rights or obligations under this Agreement without the prior written consent of FCM.
- 9.7 This Agreement may be executed in two counterparts and, in such case, each such counterpart will be deemed an original, but both of which together will constitute one and the same agreement.
- 9.8 If any provision of this Agreement is held to be unenforceable, then such provision will be deleted from this Agreement and the remaining provisions will continue in full force and effect. The parties will in good faith negotiate a mutually acceptable and enforceable substitute for the unenforceable provision,

which substitute will be as consistent as possible with the original intent of the parties.

- 9.9 With respect to the subject matter of this Agreement, this Agreement, the Loan Agreement and the Debentures (as defined in the Loan Agreement) constitute the entire agreement between the parties and supersede all prior understandings and communications between the parties, oral or written.

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed and the respective corporate seals applied as of the date first above written.

FEDERATION OF CANADIAN MUNICIPALITIES

per: _____
Jean-François Trépanier, Chief Financial Officer

HALIFAX REGIONAL MUNICIPALITY

per: _____
Mayor Peter Kelly

per: _____
Municipal Clerk

APPENDIX "A"

Approved Projects from the Sustainable Community Reserve Fund

Pollution Prevention (P₂ at source)

HRM will focus on a source control program targeted at both residential and commercial sources of liquid waste discharge, which may impact the fresh and marine water resources within HRM. The approach is supported by the recently approved by-law W-101, which regulates at-source, the discharge of wastewater to both storm and sanitary sewer systems. The program will consist of inspections, audits, monitoring and enforcement for the Industrial, institutional, and commercial sectors. The pollution prevention initiative (intended to minimize strain on the new STP system) constitutes the largest single proposal among the reinvestment projects.

(Total estimated cost over 3 years: **\$540,000**)

Alternate Transportation and Connections

The MacDonald bridge is the only on-road connection between Dartmouth and Halifax. Although the bridge was designed to accommodate cyclists, the bicycle facilities at either end of the bridge do not allow cyclists to easily access the bridge or to safely re-enter traffic after crossing. This project is designed to improve cycling access to the bridge and encourage more use of active transportation.

(Total estimated cost: **\$400,000**)

Bio-diesel and Recycled Fuel

This project involves the use of bio-diesel fuel in HRM's corporate and public transit fleets, and a corresponding waste oil recovery and reuse program for hot water and space heating in some of HRM's major facilities. Biodiesel will be manufactured locally using waste oils from fish processing plants to provide fuel for a 20 per cent biofuel content in diesel vehicles. An initial study would be conducted to confirm process and implementation strategy for the reuse of waste vehicle oil in existing oil-powered boilers, as well as modifying boilers for hot water and space heating to accept an 80 per cent biodiesel mix.

(Total estimated cost: **\$125,000**)

Emission Reduction - Public Transit Buses

HRM's public transit fleet includes a series of vehicles built in the early 1990's that have 6-10 years of useful life remaining but which emit high levels of particulate matter and other pollutants. HRM is currently testing 5 vehicles with a new catalytic muffler to verify the actual emissions reductions resulting from their use but funding is not available to install the catalysis units on the rest of the fleet. It is proposed to install the units on 20 vehicles in 2004-2005 and an additional 30 vehicles in 2005-2006, at a cost of \$2500 per unit.

(Total estimated cost over 2 years: **\$125,000**)

Commuter Trip Reduction Program

New development, particularly in rural areas of HRM, has resulted in a significant increase in traffic volumes. Due to the rural/sub-urban/urban mix of HRM's development, it will be necessary to employ a variety of transportation demand management techniques to reduce single occupancy vehicle use. This program will work with major employers in the Region (including HRM) to reduce private vehicle use through public transit, cycling and walking, car and vanpooling, telecommuting, condensed work weeks, flexible work hours, more efficient land use planning, maximum parking requirements, preferential parking for multi-occupant vehicles, park and ride facilities for transit, etc.

(Total estimated cost: **\$100,000** over 2 years)

District Energy Concept

This project builds on a concept study conducted in 2000 for a district energy system in HRM, and on further feasibility studies currently being undertaken by Heritage Gas. HRM intends to pursue a detailed strategic plan for the development of natural-gas based, combined heat and power district energy system. Construction of the system may be partially funded by the Sustainable Community Reserve in future. More specific details will be articulated upon receipt and review of the geo-technical and feasibility studies on the Harbour crossing presently being completed by Heritage Gas.

(Total estimated cost: **\$80,000** for studies and strategic plan)

Whole Systems Methodology (TNS)

HRM is currently engaged in staff training and the completion of a preliminary Sustainability Analysis using The Natural Step (TNS) framework, with the support of TNS Canada staff. Using funds from the Sustainable Community Reserve, HRM will move forward with the opportunities identified in the corporate wide sustainability analysis to further incorporate the framework into decision making and long-term strategic planning. Activities will include: identification of risks, priorities, sustainability gaps; continuation of corporate training and awareness; development of a corporate mind-set regarding sustainability; and developing a whole-systems approach strategy for community planning.

(Total estimated cost: **\$50,000** with potential to allocate additional funds in future years to further stages of TNS based planning)

Anti-idling Program

This proposal would develop an anti-idling program for HRM, using a community-based social marketing approach. Consultants will be engaged to identify local areas of significant idling behaviour, conduct a survey to determine attitudes, knowledge, and awareness, develop an anti-idling communications strategy and materials, implement a public awareness campaign, engage corporate fleet managers (including HRM staff), and measure the effectiveness of the program in reducing idling incidents and idling time.

(Total estimated contribution from Reserve fund: **\$40,000** with additional contributions from other sources)

Pollution Prevention (Flush-less Project)

Building on the success of a phase I project (already completed), the flush-less project will deliver a program of home visits to 150 residents of Fall River/Lake Fletcher/Wellington area of HRM to educate homeowners on the proper use and maintenance of septic systems and wells. Targeted information will be distributed to an additional 150 homes to cover all residences utilizing septic systems. The objective is to reduce the incidence of septic system failures, which threaten drinking water sources, public health, and environmental quality.

(Total estimated contribution from Reserve Fund: **\$20,000**; total estimated cost: \$65,000 including in-kind and cash contributions from provincial and federal sources)

APPENDIX “B”

REPORTS

HRM will provide the following reports to FCM on an annual basis:

A. Evaluation Report

1. Title Page (HRM/FCM Environmental Reinvestment Program; date)
2. Table of Contents
3. Sustainable Community Reserve Fund Financial Statement
4. Executive Summary (one-page, concise overview of findings and recommendations for continuation of existing projects, evaluation of the results of completed projects)
5. Program Description
 - a) Description of each existing/completed project within the Program
 - b) Overall Goal(s) of the Program and each project
 - c) Financial Statement for each project budget vs. expenditure
 - d) Outcomes (or client/customer impacts) and Performance Measures (that can be measured as indicators toward the outcomes) for each Project
 - e) Activities/Technologies of the Program (general description of how the program is developed and delivered)
 - f) Staffing (description of the number of personnel and roles in the organization that are relevant to developing and delivering the program)
6. Interpretations and Conclusions (from analysis of the data/information)
7. Recommendations (regarding the decisions that must be made about the program, e.g. whether or not to continue existing projects)
8. Appendices - for example:
 - a) Instruments used to collect data/information
 - b) Data, eg, in tabular format, etc.
 - c) Testimonials, comments made by users of the program
 - d) Case studies of users of the product/service/program
 - e) Any related literature

B. Proposed New Activities Report

1. Title Page (HRM/FCM Environmental Reinvestment Program; date)
2. Table of Contents
3. Executive Summary (one-page, concise overview of the proposed new projects)

4. Purpose of the Report (to outline what new projects are being proposed, ensuring they fall within the guidelines approved for reinvestment, who is making the decision, etc.)
5. Program Description
 - a. Description of each proposed new project within the Program
 - b. Overall Goal(s) of Program and each project – description of how each proposed project meets the reinvestment criteria
 - c. Intended Outcomes (or client/customer impacts) and Performance Measures (that can be measured as indicators toward the outcomes)
 - d. Budget of each Proposed Project and projected impact on the Reserve
6. Recommendations
7. Appendices – for example: any related literature

APPENDIX “C”

ELIGIBLE EXPENDITURES

A. Eligible Expenditures will include:

- Professional fees, e.g. professional and technical consultants and contractors directly involved in the technical, engineering, environmental, and/or financial feasibility study and not employed by the lead applicant.
- Travel fees, e.g. travel to a manufacturer, dealer, or supplier to select installation or material necessary for the execution of the project.
- Community consultation costs, public education, surveys, web site development and/or other communication tools, directly related to the project study.
- Capital costs (as defined in the Canadian Institute of Chartered Accountants Handbook) of acquiring, developing, constructing, modernizing, or leasing energy, energy services, public transit, water, wastewater treatment and wasted diversion systems for eligible projects.
- Construction, renovation, or modernization of facilities and structures essential for the installation of the eligible project.
- Non rebate able portion of Provincial Sales Tax, Federal Goods and Services Tax, and Harmonized Sales Tax for which the lead applicant and project partner is eligible for a tax rebate.

B. The following expenditures will be excluded from the definition of Eligible Expenditures:

- The construction of off-road bicycle paths, on-road bicycle lanes, and signage associated with such paths are not eligible. This does not apply to the Alternate Transportation and Connections initiative approved in Appendix A which is an eligible expenditure.
- General overhead costs of the lead applicant and project partners, including operating costs related to general maintenance and repair.
- All costs related to full-time, part-time or contract personnel unless they were specifically hired to work on a project funded by the Sustainable Community Reserve (Q127).
- All in-kind commitments.

- The cost to purchase or lease real property.
- Office space, supplies, or furniture for lead applicant and project partner staff.
- Administrative costs not specifically listed in paragraph A above.
- All costs related to education, training, outreach or promotion not directly related to the study or project.
- Conference, mission, and conference travel costs.
- All other expenditures not listed or included in paragraph A above.
- Rebate able portion of any other costs eligible for rebates.

APPENDIX “D”

Criteria for Candidate Projects

Project Selection Process (Project Review Panel)

Environmental Management Services will put in place a project review and approval process and will establish project application requirements, procedures and time lines.

Proposed projects for fiscal years 04/05, 05/06 and 06/07 are listed on Appendix “A” and each has an individual business case prepared.

General Criteria for Project Consideration:

1. The HRM Sustainable Community Reserve is not intended to support ongoing HRM operating and capital infrastructure programs.
2. Projects must support the corporate theme of healthy, sustainable vibrant communities.
3. Project applications are encouraged that benefit all of HRM and representative (wherever possible) of all districts, rural, urban, suburban.
4. Proposed projects must clearly demonstrate the direct environmental benefits to HRM. This includes specific deliverables, targets and measurable results.
5. In any one fiscal year no single project shall access more than 50% of the total available funding from the Reserve for that fiscal year (April 1 - March 31).
6. Recognizing the importance of proper planning and actual implementation of projects, every effort will be made to maintain a balance between planning and implementation projects. The Project Review Panel will establish some general guidelines and parameters around this matter.
7. A Project Review Panel will be established to review and select project proposals that meet the criteria for funding from the Sustainable Community Reserve.

Based on the Environmental Issues Statement of Principles in the Federation of Canadian Municipalities’ Ten Point Action Plan for Sustainable Communities, projects will be selected that to the maximum extent possible:

1. Encourage long-term sustainable community planning,
2. Take a pollution prevention approach to use resources more efficiently and minimize polluting emissions,
3. Promote the principles of user-pay and full cost accounting,
4. Integrate planning between municipal departments to achieve maximum benefits,
5. Include strong consultation with relevant stakeholder groups and the public at large, and
6. Achieve measurable reductions in the use of non-renewable resources or the production of greenhouse gases and other priority pollutants to air, water, and soil.

APPENDIX "E"

Table No. 1

| Year | Principal Outstanding | Actual interest on FCM loan* | Interest on FCM loan calculated using NSMFC rates | Annual Reserve Contribution |
|------|-----------------------|------------------------------|---|-----------------------------|
| 1 | \$20,000,000 | \$600,700.00 | \$995,350.00 | \$394,650.00 |
| 2 | \$19,000,000 | \$588,800.00 | \$966,950.00 | \$378,150.00 |
| 3 | \$18,000,000 | \$571,500.00 | \$931,700.00 | \$360,200.00 |
| 4 | \$17,000,000 | \$550,000.00 | \$891,850.00 | \$341,850.00 |
| 5 | \$16,000,000 | \$525,100.00 | \$848,500.00 | \$323,400.00 |
| 6 | \$15,000,000 | \$497,700.00 | \$802,250.00 | \$304,550.00 |
| 7 | \$14,000,000 | \$468,300.00 | \$753,800.00 | \$285,500.00 |
| 8 | \$13,000,000 | \$437,200.00 | \$703,250.00 | \$266,050.00 |
| 9 | \$12,000,000 | \$404,900.00 | \$651,200.00 | \$246,300.00 |
| 10 | \$11,000,000 | \$371,800.00 | \$597,850.00 | \$226,050.00 |
| | | | | \$3,126,700.00 |

Table No 1. (Alternative Calculation using weighted average interest rate on outstanding debt each year)

| Year | Principal | FCM Effective Interest Rate | NSMFC Effective Interest Rate | Reserve Contribution % | Annual Reserve Contribution |
|------|--------------|-----------------------------|-------------------------------|------------------------|-----------------------------|
| 1 | \$20,000,000 | 3.004% | 4.977% | 1.973% | \$394,650.00 |
| 2 | \$19,000,000 | 3.099% | 5.089% | 1.990% | \$378,150.00 |
| 3 | \$18,000,000 | 3.175% | 5.176% | 2.001% | \$360,200.00 |
| 4 | \$17,000,000 | 3.235% | 5.246% | 2.011% | \$341,850.00 |
| 5 | \$16,000,000 | 3.282% | 5.303% | 2.021% | \$323,400.00 |
| 6 | \$15,000,000 | 3.318% | 5.348% | 2.030% | \$304,550.00 |
| 7 | \$14,000,000 | 3.345% | 5.384% | 2.039% | \$285,500.00 |
| 8 | \$13,000,000 | 3.363% | 5.410% | 2.047% | \$266,050.00 |
| 9 | \$12,000,000 | 3.374% | 5.427% | 2.053% | \$246,300.00 |
| 10 | \$11,000,000 | 3.380% | 5.435% | 2.055% | \$226,050.00 |
| | | | | | \$3,126,700.00 |

Table No. 2
Interest rates on FCM loan (July 29, 2004 pricing)

| Debenture | Amount | Due Date | Interest Rate |
|------------------|---------------|-----------------|----------------------|
| 1 | \$1,000,000 | October 1, 2005 | 1.19% |
| 2 | \$1,000,000 | October 1, 2006 | 1.73% |
| 3 | \$1,000,000 | October 1, 2007 | 2.15% |
| 4 | \$1,000,000 | October 1, 2008 | 2.49% |
| 5 | \$1,000,000 | October 1, 2009 | 2.74% |
| 6 | \$1,000,000 | October 1, 2010 | 2.94% |
| 7 | \$1,000,000 | October 1, 2011 | 3.11% |
| 8 | \$1,000,000 | October 1, 2012 | 3.23% |
| 9 | \$1,000,000 | October 1, 2013 | 3.31% |
| 10 | \$11,000,000 | October 1, 2014 | 3.38% |

Note: These figures are all based on Government of Canada bond yields as of July 29, 2004. Should the Reinvestment and Loan Agreements be repriced as of September 15, 2004, these amounts will be recalculated and a replacement schedule appended to this agreement.

GREEN MUNICIPAL INVESTMENT FUND (GMIF)

Project no.: 1599

Project Title: Halifax Harbour Solutions Project

**Project Performance Reporting
Grant Agreement**

**For All Projects Receiving Funding through
the Federation of Canadian Municipalities**

Between
THE CORPORATION OF THE HALIFAX REGIONAL MUNICIPALITY
- and -
FEDERATION OF CANADIAN MUNICIPALITIES,
as Trustee of the Green Municipal Investment Fund

This draft document is not a contract or an offer to enter into a contract. Only the document as executed by the parties will contain the terms that bind them. Until the document is executed by both parties, neither party intends to be bound.

**PROJECT PERFORMANCE REPORTING
GRANT AGREEMENT**

**For All Projects Receiving Funding through the Federation of Canadian
Municipalities**

THIS AGREEMENT is made as of the 26th day of April, 2004

BETWEEN:

THE CORPORATION OF HALIFAX REGIONAL MUNICIPALITY a
municipal corporation organized and existing under the laws of the
Province of Nova Scotia and of Canada

(herein called "Recipient")

-and-

FEDERATION OF CANADIAN MUNICIPALITIES, as Trustee of the
Green Municipal Investment Fund

(herein called "FCM")

WHEREAS:

- (a) the Government of Canada ("GoC") and FCM have established the Green Municipal Investment Fund ("GMIF") to assist municipalities in Canada with respect to municipal environmental projects;
- (b) the GoC has funded the GMIF, which is being administered by FCM as Trustee thereof;
- (c) FCM has provided a loan to the Recipient (the "Project Loan") in order to develop a municipal environmental project owned and operated by the Recipient (the "Project");
- (d) in accordance with the Project Loan Agreement, the Recipient has agreed to report on the environmental benefits and impacts of the Project and, where possible, measure, quantify, monitor and report on all emission impacts that result from the Project in compliance with the *Federation of Canadian Municipalities Project Performance Reporting System User's Guide* (the "PPRS");

- (e) the Recipient will incur costs in establishing the required environmental and emissions reporting system (the "System") and complying with the PPRS;
- (f) FCM, in its capacity as Trustee of the GMIF has agreed to provide the Recipient with a grant of up to thirty thousand (\$30,000) dollars for use by the Recipient solely for the purpose of establishing the System and complying with the PPRS; and
- (g) the parties hereto need to provide arrangements for the administration and disbursement of this grant to, and its use by, the Recipient;

NOW THEREFORE, the parties hereby agree as follows:

ARTICLE I **Definitions**

Section 1.01. Definitions. Whenever used in this Agreement and unless the context otherwise requires, the following terms have the following meanings:

"Actual Environmental Results Report" has the meaning ascribed thereto in the PPRS;

"Agreement" means this agreement including all appended schedules;

"Contribution" means the advancement of the Grant Amount by FCM to the Recipient under the terms and conditions of this Agreement;

"Eligible Costs" means those permitted expenditures for the Environmental and Emissions Reporting Project described in Schedule B, and for which the Recipient may use the Contributions;

"Expected Environmental Results Report" has the meaning ascribed thereto in the PPRS;

"Environmental and Emissions Reporting Grant" means the grant set forth in Article II;

"Environmental and Emissions Reporting Project" means the collection of actions required of the Recipient in order to establish the System, and comply with the PPRS and any environmental and emissions reporting obligations in the Project Loan Agreement, and does not include the installation and operation of any equipment to monitor environmental and

emission impacts or ongoing activities to collect environmental and emissions data;

"GAAP" means the generally accepted accounting principles which are in effect in Canada, including those published in the Handbook of the Canadian Institute of Chartered Accountants, as the same are generally applied to persons carrying on a type of business or activity similar to that of the Environmental and Emissions Reporting Project;

"Grant Amount" means the total of the Contributions to be advanced by FCM on account of the Environmental and Emissions Reporting Grant up to the maximum amount set forth in Section 2.02 of this Agreement;

"PPRS" means the *Federation of Canadian Municipalities Project Performance Reporting System User's Guide* as amended from time to time and attached at Schedule A to this Agreement;

"Project" means the Recipient's project for Halifax Harbour Solutions Project as described in the Project Loan Agreement;

"Project Environmental Description Report" has the meaning ascribed thereto in the PPRS;

"Project Loan Agreement" means the loan agreement between the Recipient and FCM in relation to the Project dated April 26;

"Project Verification Officer" means the individual(s) directed by FCM to ensure compliance with all environmental and emissions reporting requirements related to FCM and CMRF projects;

"Request for Contribution" means a written request for a Contribution under the Environmental and Emissions Reporting Grant in the form set out at Schedule D of this Agreement;

"Sources of Funding" means those entities described in Schedule C;

"System" means the environmental and emissions monitoring system that the Recipient must create and follow in order to ensure initial and ongoing compliance with the PPRS, excluding any aspects that involve the installation and operation of any equipment to monitor environmental and emission impacts or ongoing activities to collect environmental and emissions data;

"Verifiable Emission Reduction Project" means a project so designated by FCM prior to funding through FCM.

ARTICLE II
The Grant

Section 2.01. Grant Purpose. FCM is providing the Environmental and Emissions Reporting Grant to the Recipient for the purpose of assisting the Recipient in the Environmental and Emissions Reporting Project.

Section 2.02. Grant Amount. Subject to and in accordance with the terms and conditions of this Agreement and in reliance upon the representations, warranties and covenants of the Recipient hereinafter set forth, FCM agrees to contribute towards the Eligible Costs, a maximum grant of thirty thousand dollars of lawful money of Canada (\$30,000) (the "Grant Amount").

Section 2.03. Contributions. FCM shall advance the Grant Amount in two (2) Contributions, as outlined in Sections 3.01 and 3.02. No Contribution will be made by FCM without it first receiving from the Recipient a completed Request for Contribution in the form of Schedule D and unless the relevant conditions are met as set forth in Article III.

ARTICLE III
Conditions of Contribution

Section 3.01. Conditions of Contribution. FCM shall make the first Contribution in the amount of fifteen thousand dollars (\$15,000) on the requested date of Contribution, provided that the following conditions are satisfied:

- (a) the Recipient has entered into and is in full compliance with this Agreement and the Project Loan Agreement;
- (b) the Recipient has established the System and complied with the applicable provisions of the PPRS;
- (c) the Recipient has submitted, and obtained FCM approval of the Project Environmental Description Report and the Expected Environmental Results Report;
- (d) the Recipient has delivered to FCM a copy of the Request for Contribution in the form of Schedule D;
- (f) the Recipient has delivered to FCM a copy of the Certificate of Incumbency and Authority in the form of Schedule E; and
- (g) the Recipient has delivered to FCM a summary of expenses, supported by invoices/receipts, evidencing, in a manner

satisfactory to FCM, that the Recipient has incurred Eligible Costs for the Environmental and Emissions Reporting Project that are equal to or greater than the requested Contribution.

Section 3.02. Conditions of Second Contribution. FCM shall make a second Contribution in the amount of fifteen thousand dollars (\$15,000) on the requested date of the second Contribution (which date shall be no later than two years after the Project starts operating), provided that the following conditions are satisfied:

- (a) the first Contribution has taken place;
- (b) the Recipient is in full compliance with this Agreement and the Project Loan Agreement;
- (c) the Recipient has submitted, and obtained FCM approval of the Actual Environmental Results Report;
- (d) the Recipient has delivered to FCM a copy of the Request for Contribution in the form of Schedule D; and
- (e) the Recipient has delivered to FCM a summary of expenses, supported by invoices/receipts, evidencing in a manner satisfactory to FCM, that the Recipient has incurred further Eligible Costs for the Environmental and Emissions Reporting Project equal to or greater than the requested Contribution.

Section 3.03. Conditions of any Contribution. The obligation of FCM to make any Contribution shall also be subject to the condition that the representations and warranties confirmed or made in Article IV shall be true on and as of the date of the relevant Contribution with the same effect as though such representations and warranties have been made on and as of the date of such Contribution.

ARTICLE IV

Representations and Warranties

Section 4.01. Representations and Warranties. The Recipient represents and warrants that:

- (a) it is a duly established municipal corporation under the laws of the Province of Nova Scotia and has the legal power and authority to enter into, and perform its obligations under, this Agreement and the Environmental and Emissions Reporting Project;

- (b) this Agreement shall have been duly authorized and executed by it and constitutes its valid and binding obligations, enforceable in accordance with its terms;
- (c) neither the making of this Agreement nor the compliance with its terms and terms of the Environmental and Emissions Reporting Project will conflict with or result in breach of any of the terms, conditions or provisions of, or constitute a default under any indenture, debenture, agreement or other instrument or arrangement to which the Recipient is a party or by which it is bound, or violate any of the terms or provisions of the Recipient's constitutional documents or any license, approval, consent, judgment, decree or order or any statute, rule or regulation applicable to the Recipient; and
- (d) no litigation, arbitration or administrative proceedings are current or pending or have been threatened, and so far as the Recipient is aware no claim has been made, which is likely to have an adverse effect on the Environmental and Emissions Reporting Project and its obligations under this Agreement.

DRAFT

ARTICLE V
Particular Covenants

Section 5.01. Affirmative Covenants. The Recipient shall:

- (a) use the Environmental and Emissions Reporting Grant only for the purposes described in Section 2.01;
- (b) carry out the Environmental and Emissions Reporting Project and conduct the activities thereof in compliance with the PPRS, all applicable laws and regulations and, without restricting the generality of the foregoing, in compliance with all applicable environmental, health and safety laws of the Province of Nova Scotia and of Canada; and

Section 5.02. Negative Covenants. Unless FCM shall otherwise agree in writing, the Recipient shall not:

- (a) use the Contributions for expenditures that are not Eligible Costs;
- (b) make any material change to the Environmental and Emissions Reporting Project; and

Section 5.03. Continuing Information Requirements. The Recipient shall, at its cost, provide to FCM the following information, in form and substance satisfactory to FCM:

- (a) prompt notice of any proposed change in the nature or scope of the legal status of the Recipient and of any event or condition which might materially and adversely affect the carrying out of the Environmental and Emissions Reporting Project by the Recipient or the performance of its obligations under this Agreement;
- (b) prompt notice of any litigation or administrative proceedings, together with any written legal documents as FCM may request, before any court or arbitral body or other authority which might materially and adversely affect the Environmental and Emissions Reporting Project or the ability of the Recipient to perform its obligations under this Agreement and the Environmental and Emissions Reporting Project; and
- (c) such other information as FCM, or its agents, may from time to time reasonably request by notice to the Recipient.

**ARTICLE VI
Termination**

Section 6.01. Termination of Agreement by FCM. FCM may, on not less than thirty (30) days prior notice to the Recipient, terminate this Agreement if the Recipient fails to meet any of the Conditions of Contribution (Section 3.01).

If the Agreement is so terminated, the liability of FCM for any unadvanced portion of the Grant Amount shall be limited to an amount that, in the sole opinion of FCM, is a reasonable contribution for the Recipient's partial performance of the Environmental and Emissions Reporting Project to the date on which FCM gives the notice of termination to the Recipient.

Section 6.02. Termination of the Agreement by the Recipient. The Recipient may, on not less than thirty (30) days prior notice to FCM, terminate this Agreement. If the Agreement is so terminated, the Recipient shall pay back to FCM, on or before the date of termination, any portion of the Grant Amount that was advanced by FCM to the Recipient.

**ARTICLE VII
Schedules**

Section 7.01. Schedules. The following annexed Schedules form part of this Agreement:

Schedule A: *Federation of Canadian Municipalities Project Performance Reporting System User's Guide* as amended from time to time

Schedule B: Description of Eligible Costs (refer to the definition of "Eligible Costs")

Schedule C: Particulars of the Sources of Funding

Schedule D: Form of Request for Contribution (refer to Section 2.03 and subsection 3.01(c))

Schedule E: Form of Certificate of Incumbency and Authority (refer to subsection 3.01(d))

ARTICLE VIII
Miscellaneous Provisions

Section 8.01. Publications. The Recipient shall recognize and state in an appropriate manner, as approved by FCM, the support offered by GMIF concerning the Environmental and Emissions Reporting Project and the contribution of the GoC to the GMIF. Unless the Recipient has received written notice to the contrary from FCM, the following shall be incorporated into the reports and other documents produced by the Recipient in connection with the Environmental and Emissions Reporting Project:

"This project was carried out with assistance from the Green Municipal Investment Fund, a Fund financed by the Government of Canada and administered by the Federation of Canadian Municipalities. Notwithstanding this support, the views expressed are the personal views of the authors and the Federation of Canadian Municipalities and the Government of Canada accept no responsibility for them.

Section 8.02. Communication. The parties recognize the importance of having an agreed-upon communications approach to making public information on the Environmental and Emissions Reporting Project and agree to cooperate in developing a communications strategy which shall be consistent with this Section. The Recipient shall provide information relating to the Environmental and Emissions Reporting Project to the public and shall be responsible for replying to the public and media inquiries regarding the Environmental and Emissions Reporting Project. Following the execution of this Agreement, the Recipient shall contact GMIF's Community Liaison Manager at FCM to obtain guidelines for the planning of communications and the respective roles of the Recipient and of FCM in the coordination and implementation of the communications strategy. The communications strategy will give suitable visibility to the Environmental and Emissions Reporting Project and related technology and to the Recipient, and to GoC as the funder of GMIF. The Recipient also agrees to cooperate in providing reasonable information on the Environmental and Emissions Reporting Project to other interested parties. This may be most efficiently achieved through cooperation of the parties in developing fact sheets and related Environmental and Emissions Reporting Project information. The provisions contained in this Section shall remain in force after the termination of this Agreement.

Section 8.03. Notices and Requests. Any notice, demand, request or other communication to be given or made under this Agreement to FCM or to the Recipient shall be in writing and may be made or given by personal delivery, by ordinary mail, by facsimile or by electronic mail addressed to the recipient as follows:

For the Recipient:
Halifax Regional Municipality
P.O. Box 1749
Halifax, Nova Scotia
B3J 3A5

Attention: Mr. Howard Barnes
Financial Consultant

Alternative address for communications

- by telephone: (902) 490-6468
- by facsimile: (902) 490-6238
- by electronic mail: barnesh@region.halifax.ns.ca

For FCM:

Attention: Mr. Tom Johnson
Project Verification Officer

c/o Federation of Canadian Municipalities
24 Clarence Street
Ottawa, Ontario
K1N 5P3

Alternative address for communications

- by telephone: (613) 244-5221 ext. 240
- by facsimile: (613) 244-5115
- by electronic mail: tjohnson@fcm.ca

Any notice, demand, request or other communications made or given by personal delivery shall be deemed to have been made or given on the day of actual delivery thereof, and if made or given by mail, on the third (3rd) day (excluding Saturday, Sunday and Statutory Holidays) following the deposit thereof in the mail, and if made or given by facsimile transmission or by electronic mail, on the first (1st) day (excluding Saturday, Sunday and Statutory Holidays) following the transmittal thereof. If the Party giving any notice, demand, request or other communications knows or reasonably ought to know of any difficulties with the postal system that might affect the delivery of mail, such notice, demand, request or other communications shall not be mailed, but shall be given by personal delivery, facsimile transmission or electronic mail.

Section 8.04. Non-liability of FCM and Indemnification by the Recipient.

- (a) By accepting or approving anything required to be accepted or approved by FCM pursuant to this Agreement or the Environmental and Emissions Reporting Project, FCM shall not be deemed to have warranted or represented the sufficiency, legality,

effectiveness or legal effect of the same, or of any term, provision or condition thereof, and such acceptance or approval thereof shall not constitute a warranty or representation to anyone with respect thereto by FCM;

- (b) the relationship between the Recipient and FCM is, and shall at all times be and remain, essentially that of a recipient and a grantor. FCM shall not under any circumstances be construed to be a partner or joint venturer of the Recipient or any of Environmental and Emissions Reporting Project team. FCM shall under no circumstance be deemed to be in a relationship of confidence or trust or a fiduciary relationship with the Recipient or any of its Environmental and Emissions Reporting Project team. FCM does not undertake or assume any responsibility or duty to the Recipient or any of its Environmental and Emissions Reporting Project team to select, review, inspect, supervise, pass judgment upon, or inform the Recipient or any of its Environmental and Emissions Reporting Project team of any matter in connection with the Environmental and Emissions Reporting Project; the Recipient and its Environmental and Emissions Reporting Project team shall rely entirely upon their own judgment with respect to such matters; and any review, inspection, supervision, exercise of judgment or supply of information undertaken or assumed by FCM in connection with such matters is solely for the protection of FCM and GMIF and neither the Recipient nor any other person is entitled to rely thereon; and
- (c) FCM shall not be responsible or liable to any person for any loss, damage, liability or claim of any kind relating to injury or death to persons or damage to property caused by the actions, inaction or negligence of the Recipient and/or its Environmental and Emissions Reporting Project team.

Section 8.05. Further Assurances. The Recipient shall promptly execute and deliver, upon request by FCM, all such other and further documents, agreements, opinions, certificates and instruments as may be reasonably required by FCM to more fully state the obligations of either party to this Agreement or to make any recording, file any notice or obtain any consent.

Section 8.06. Amendment. Any amendment of any provision of this Agreement, including the Schedules, must be in writing and signed by both parties.

Section 8.07. Choice of Language. It is the express wish of the parties that this Agreement and any related documents be drawn up and executed in English. Les parties reconnaissent avoir exigé que la présente convention et tous les documents connexes soient rédigés en anglais.

Section 8.08. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 8.09. Dispute Resolution and Choice of Forum. The parties to this Agreement agree to negotiate on all disputes arising under this Agreement and refer any outstanding dispute arising under this Agreement to arbitration before a single arbitrator of FCM's choice. Any such arbitration will take place in the City of Ottawa, Province of Ontario and be governed by the laws of Ontario and the laws of Canada applicable therein.

Section 8.10. Successors and Assigns. This Agreement shall bind and inure to the benefit of the respective successors and assigns of the parties hereto, except that the Recipient may not assign or otherwise transfer all or any part of its rights or obligations under this Agreement without the prior written consent of FCM.

Section 8.11. Counterparts. This Agreement may be executed in two (2) counterparts, each of which shall be deemed an original, but both of which together shall constitute one and the same agreement.

DRAFT

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed in their respective names as of the date first above written.

THE CORPORATION OF THE HALIFAX REGIONAL MUNICIPALITY

per: _____
Mr./Ms. XXXXXXXXXXXX, Title

per: _____
Mr./Ms. XXXXXXXXXXXX, Title

We have authority to bind the Recipient herein.

FEDERATION OF CANADIAN MUNICIPALITIES,
as Trustee of the Green Municipal Investment Fund

per: _____
Mr. Jean-Francois Tremblay, CA
Chief Operating Officer
I have authority to bind FCM herein

DRAFT

Schedule A

Federation of Canadian Municipalities Project Performance Reporting System User's Guide

DRAFT

Schedule C

Particulars for the Sources of Funding

Sources of Funding

The funding for this Environmental and Emissions Reporting Project is planned as:

| Sources of Funding | Amount | % of Total |
|---------------------------------|-----------------|-------------|
| GMIF Grant | \$30,000 | 100% |
| | | |
| | | |
| Total Sources of Funding | \$30,000 | 100% |

DRAFT

Schedule D

Form of Request for Contribution
(refer to Section 2.03)

[LETTERHEAD OF THE RECIPIENT]

[Address]
[Date]

Federation of Canadian Municipalities
24 Clarence Street
Ottawa, Ontario
K1N 5P3
Attention: Mr. Tom Johnson
Project Verification Officer

Ladies and Gentlemen:

Re: Green Municipal Investment Fund – Environmental and Emissions Reporting Project no. 1599 Agreement dated April 26, 2004 (“Agreement”) between the Federation of Canadian Municipalities (as Trustee) and the Corporation of the Halifax Regional Municipality (“Recipient”)

Request for Contribution

1. All terms defined in the Agreement shall have the same meanings herein and all references herein to Articles, Sections and Subsections are to those Articles, Sections and Subsections of the Agreement.
2. The Recipient hereby requests the Contribution, on or before XXX, of the following amount, in accordance with the provisions of Section 2.03:

\$ _____

The Recipient requests that such amount be paid to:

Name of Bank:
Street address of Bank:
City, Province and Postal Code:
Telephone No:
Account No:
Transit No:

The terms of the Agreement totaling \$ _____, as follows:

3. The Recipient hereby certifies as follows:

- (a) the Recipient has obtained and maintained in good standing, all required consents, authorizations and licenses, including any necessary authorization from the Government of the Province of Nova Scotia for undertaking Environmental and Emissions Reporting Project and receiving the Environmental and Emissions Reporting Grant;
- (b) each of the Sources of Funding as described in Schedule C has contractually agreed on the nature and the amount of its funding and all such funding that is due at the date of this request has been received by the Recipient;
- (c) the representations and warranties confirmed or made in Article IV shall be true on and as of the date of the relevant Contribution with the same effect as though such representations and warranties have been made on and as of the date of such Contribution;
- (d) the proceeds of the Contribution hereby requested will be applied exclusively to the Environmental and Emissions Reporting Grant purpose specified in Section 2.01 and

4. The certifications in paragraph three (3) above are effective as of the date of this Request for Contribution and will continue to be effective as of the date of Contribution. If any of these certifications is no longer valid as of or prior to the date of the Contribution hereby requested, the Recipient will immediately notify FCM and will repay the amount contributed upon demand by FCM if Contribution is made prior to the receipt of such notice.

Yours truly,

By: _____
Authorized Representative*

*As named in the Recipient's last Certificate of Incumbency and Authority

SCHEDULE E

Form of Certificate of Incumbency and Authority
(Refer to Subsection 3.01(d))

[LETTERHEAD OF THE RECIPIENT]

[Address]

[Date]

Federation of Canadian Municipalities
24 Clarence Street
Ottawa, Ontario
K1N 5P3

Attention: Mr. Tom Johnson:
Project Verification Officer

Ladies and Gentlemen:

Re: Green Municipal Investment Fund – Environmental and Emissions Reporting Project no. 1599 Agreement dated April 26, 2004 (“Agreement”) between the Federation of Canadian Municipalities (as Trustee) and The Corporation of the Halifax Regional Municipality (“Recipient”)

Certificate of Incumbency and Authority

I, the undersigned **XXX** of the Recipient, with the authority of its President, hereby certify that the following are the names, offices and true specimen signatures of the persons, any one of whom is and shall continue to be (until you receive authorized written notice from the Recipient that they, or any of them, no longer continue to be) authorized:

to sign on behalf of the Recipient the Requests for Contributions provided for in the Agreement;
to sign the certificates provided for in the Agreement; and
to take, do, sign or execute, in the name of the Recipient, any other action required or permitted to be taken, done, signed or executed under the Agreement and under any other agreement to which you and the Recipient are parties:

| <u>No.</u> | <u>Name</u> | <u>Specimen Signature</u> | <u>Title</u> |
|------------|-------------|---------------------------|--------------|
| 1. | | | |

Yours truly,

Per: _____