

THE CORPORATION OF THE TOWNSHIP OF MCGARRY

BY-LAW 2007-01

Being a By-law to authorize certain Capital Works of the Corporation of the Township of McGarry (The 'Municipality'); to authorize a temporary Demand Operating Loan of \$1,500,000.00 from the Royal Bank to meet expenditures in connection with such works; being the new Sanitary Sewer System Upgrades Project

WHEREAS the *Municipal Act*, 2001 (Ontario), as amended, (the "Act") provides that a municipal power shall be exercised by by-law unless the municipality is specifically authorized to do otherwise;

AND WHEREAS it is now deemed to be expedient to authorize for the municipal purposes of the Municipality the new capital works described on Schedule "A" (individually a "Project", collectively the "Projects", attached hereto and forming part of this By-law (Schedule "A") in the amount of the estimated expenditure set out in Schedule "A".

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

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

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

AND WHEREAS the Municipality has submitted to The Royal Bank a request for A Temporary Demand Operating Loan for \$1,500,000.00.

AND WHEREAS The Royal Bank has accepted and approved the municipality's submission;

NOW THEREFORE THE COUNCIL OF THE CORPORATION OF THE TOWNSHIP OF MCGARRY HEREBY ENACTS AS FOLLOWS:

1. The Council of the Municipality hereby confirms, ratifies and approves the completion by the Treasurer of an Application and the submission by such authorized official of an Application, duly executed by such authorized official, to The Royal Bank for the short term financing of the Projects in the Maximum aggregate principal amount of \$ 1,500,000.00 substantially in the form of Schedule "A" hereto and forming part of this By-law, with such changes thereon as such authorize official approved.
2. (a) Construction of each Project in the amount of the respective estimated Authorized Expenditure set out in Schedule "A" is hereby approved and authorized;
- b) The Reeve and the Treasurer are hereby authorized to conclude contracts on

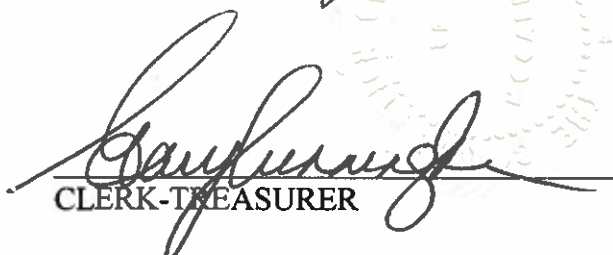
behalf of the Municipality for the construction of the Projects in accordance with the Municipality's usual protocol;

- c) Where applicable, the Engineer of the Municipality will forth with make such plans, profiles and specifications and furnish such information as in the opinion of the Engineer is necessary for the construction of the Projects; and
 - d) Where applicable, the construction of the Projects shall be carried on and executed under the superintendence and according to the direction and orders of such Engineer.
3. The Reeve and the Treasurer are hereby authorized to negotiate and enter into, execute and deliver for and on behalf of the Municipality a financing agreement (a "Financing Agreement") with the Royal Bank that provides the temporary borrowing from The Royal Bank in respect of the Projects on such terms and conditions as such authorized officials may approve, such execution and delivery to be conclusive evidence of such approval.
4. That By-law 2005-33 be repealed;
5. This By-law takes effect on the day of Passing;

By-law read a first and second time on this 9th day of January , 2007

By-law read a third time and finally passed on January 9th, 2007


REEVE


CLERK-TREASURER

CERTIFIED TRUE COPY.
OF BY-LAW 2007-01.
ENACTED ON JANUARY 9, 2007.

GARY CUNNINGTON
CLERK-TREASURER

BREAKDOWN OF LUMP SUM TENDERED PRICE INCLUDING ALL PST
CONSTRUCTION OF NEW SEWAGE TREATMENT PLANT
AND LIFT STATION UPGRADES

Item No.	Description	Amount (\$)
1.	Mobilization and demobilization at the job site of offices, stores, conveniences, other temporary facilities, construction plant and other items not required to form part of the permanent works and not covered by other items in Breakdown of Lump Sum Tendered Price	Lump Sum \$ 25,000.00
2.	Construction of the New Sewage Treatment Plant and Lift Station Upgrades (Refer to FT-17 to FT-21)	Lump Sum \$ 5,600,000.00
3.	Cost of 100% Performance Bond and 100% Labour and Material Payment Bond on the forms bound herein.	Lump Sum \$ 60,000.00
4.	Cash Allowance for the Electrical Supply Authority and Telephone Connection to the Site	Provisional Sum \$ 80,000.00
5.	Provision of Field Office as Specified	Lump Sum \$ 3,000.00
6.	Supply of 4,000 litres of 48.5% liquid alum for the New Sewage Treatment Plant (see Section 01660)	Lump Sum \$ 4,000.00
7.	Supply of 3,000 litres of diesel fuel for the standby power diesel generators (see Section 01660)	Lump Sum \$ 2,700.00
8.	Other Requirements of the Contract Not Specifically Covered by or Related to the Preceding Items	Lump Sum \$ 14,300.00
9.	Contingency Allowance	Provisional \$ 50,000.00
LUMP SUM TENDER PRICE (EXCLUDING GST)		\$ 5,839,000.00

Contingency Allowance – The Contractor is not entitled to payment of any or all of the Contingency Allowance except for additional work carried out by him in accordance with the Contract as directed by the Engineer. All such additional work must be covered by an approved Change Order.

The Owner reserves the right to suspend or omit any part of the work as itemized in Schedule B (Page FT-5). The prices entered by the Tenderer will be used in determining the amount of deduction from the Lump Sum Tendered Price. Such an adjustment can be up to 30% of the Lump Sum Tendered Price and the Contractor shall not be entitled to any compensation or adjustments to the other tendered items as a result of such suspension or omission.

TENDER FOR
THE CORPORATION OF THE TOWNSHIP OF MCGARRY

OCWA PROJECT NO. 00-0019

CONTRACT NO. 2

NEW SEWAGE TREATMENT PLANT AND LIFT STATION UPGRADES

SUMMARY OF TOTAL LUMP SUM TENDERED PRICE

The Tenderer shall submit this form filled in.

Total Tender Price for (excluding GST)
Construction of a New Sewage Treatment Plant and Lift Station
Upgrades, Including all PST

\$ 5,839,000.00 (1)

Total GST Payable

\$ 408,730.00 (2)

Total Tender Sum
(Line 1 and Line 2)

\$ 6,247,730.00

Tenderer's GST Registration Number 88973 2384 RT001



Royal Bank of Canada
 North Bay Business Banking Centre
 925 Stockdale Road, 2nd Floor
 North Bay, Ontario.
 Tel.: 705-647-5451
 Fax: 705-647-5822

December 20, 2006

Private and Confidential

THE CORPORATION OF THE TOWNSHIP OF MCGARRY
 P.O Box 99
 Virginiatown, Ontario
 P0K 1X0

ROYAL BANK OF CANADA (the “Bank”) hereby confirms the credit facilities described below (the “Credit Facilities”) subject to the terms and conditions set forth below and in the attached Terms & Conditions and Schedules (collectively the “Agreement”). This Agreement supersedes and cancels the existing agreement dated October 6, 2005 and any amendments thereto. Any amount owing by the Borrower to the Bank under such previous agreement is deemed to be a Borrowing under this Agreement. Any and all security that has been delivered to the Bank and is set forth as Security below, shall remain in full force and effect, is expressly reserved by the Bank and shall apply in respect of all obligations of the Borrower under the Credit Facilities. Unless otherwise provided, all dollar amounts are in Canadian currency.

BORROWER: THE CORPORATION OF THE TOWNSHIP OF MCGARRY (the “Borrower”)

CREDIT FACILITIES

Facility #1 \$ 250,000.00 revolving demand facility by way of:

a) RBP based loans (“RBP Loans”)

Revolve in increments of:	\$ 0.00	Minimum retained balance:	\$0.00
Revolved by:	Bank	Interest rate (per annum):	RBP + 0.00%

AVAILABILITY

The Borrower may borrow, repay and reborrow up to the amount of this facility provided this facility is made available at the sole discretion of the Bank and the Bank may cancel or restrict the availability of any unutilized portion at any time and from time to time.

Borrowings outstanding under this facility must not exceed at any time the aggregate of the following, less Potential Prior-Ranking Claims (the “Borrowing Limit”):

REPAYMENT

Borrowings under this facility are repayable on demand.

^o Registered Trademark of Royal Bank of Canada

^l Insert the Borrower SRF number in footer

GENERAL ACCOUNT

The Borrower shall establish a current account with the Bank (the "General Account") for the conduct of the Borrower's day-to-day banking business. The Borrower authorizes the Bank daily or otherwise as and when determined by the Bank, to ascertain the balance of the General Account and:

- a) if such position is a debit balance the Bank may, subject to the revolving increment amount and minimum retained balance specified in this Agreement, make available a Borrowing by way of RBP Loans, under this facility;
- b) if such position is a credit balance, where the facility is indicated to be Bank revolved, the Bank may, subject to the revolving increment amount and minimum retained balance specified in this Agreement, apply the amount of such credit balance or any part as a repayment of any Borrowings outstanding by way of RBP Loans, under this facility;

Facility #2 \$ 1,500,000.00 revolving demand facility by way of:

- b) RBP based loans ("RBP Loans")

Revolve in increments of:	\$ 0.00	Minimum retained balance:	\$0.00
Revolved by:	Bank	Interest rate (per annum):	RBP minus 0.25%

AVAILABILITY

The Borrower may borrow, repay and reborrow up to the amount of this facility provided this facility is made available at the sole discretion of the Bank and the Bank may cancel or restrict the availability of any unutilized portion at any time and from time to time.

Borrowings outstanding under this facility must not exceed at any time the aggregate of the following, less Potential Prior-Ranking Claims (the "Borrowing Limit"):

REPAYMENT

Borrowings under this facility are repayable on demand.

GENERAL ACCOUNT

The Borrower shall establish a current account with the Bank (the "General Account") for the conduct of the Borrower's day-to-day banking business. The Borrower authorizes the Bank daily or otherwise as and when determined by the Bank, to ascertain the balance of the General Account and:

- c) if such position is a debit balance the Bank may, subject to the revolving increment amount and minimum retained balance specified in this Agreement, make available a Borrowing by way of RBP Loans, under this facility;
- d) if such position is a credit balance, where the facility is indicated to be Bank revolved, the Bank may, subject to the revolving increment amount and minimum retained balance specified in this Agreement, apply the amount of such credit balance or any part as a repayment of any Borrowings outstanding by way of RBP Loans, under this facility;

Facility #3 \$ 93,932.14 non-revolving term facility fully drawn by way of:

- a) Fixed Rate Term Loans ("FRT Loans") 5.90% per annum

AVAILABILITY

The Borrower may borrow up to the amount of this term facility provided this facility is made available at the sole discretion of the Bank and the Bank may cancel or restrict availability of any unutilized portion of this facility at any time from time to time.

REPAYMENT

Payment Amount:	\$ 2,653.00	Payment Frequency:	Monthly
Payment Type:	Blended	Payment date:	30 th of each month
Repayable in full on:	February 28, 2010	Remaining Amortization (months):	39
Amount eligible for prepayment of FRT Loans: [0%]			

OTHER FACILITIES:

The Credit Facilities are in addition to the following facilities (the "Other Facilities"). The Other Facilities will be governed by this Agreement and separate agreements between the Borrower and the Bank. In the event of a conflict between this Agreement and any such separate agreement, the terms of the separate agreement will govern.

- a) VISA Business to a maximum amount of \$14,000.00;

FEES:**One Time Fee[s]:**

Payable upon acceptance of this Agreement.

Arrangement Fee: \$0.00

Monthly Fee[s]:

Payable in arrears on the same day of each month.

Revolverment Fee: \$0.00

SECURITY

Security for the Borrowings and all other obligations of the Borrower to the Bank (collectively, the "Security"), shall include:

- Form 348, Municipal Borrowing By-Law, signed by the Borrower;
- Form 349, Statement of Treasurer regarding borrowings, signed by the Borrower;
- By-Law supporting loader purchase; and
- Updated borrowing By-Law authorising borrowings from the Bank for Sewer Project.

FINANCIAL COVENANTS

Not Applicable

REPORTING REQUIREMENTS

The Borrower will provide the following to the Bank:

- Quarterly Form 349 statement by the Treasurer when borrowing under facility # 1, within 45 days of each fiscal quarter end;
- annual audited financial statements for the Borrower (including borrowing by-laws), within 120 days of each fiscal year end;

CONDITIONS PRECEDENT

In no event will the Credit Facilities or any part thereof be available unless the Bank has received:

- a duly executed copy of this Agreement;
- updated by-law regarding Sewer Construction Project;
- the Security provided for herein, registered, as required, to the satisfaction of the Bank;
- such financial and other information or documents relating to the Borrower or any Guarantor if applicable as the Bank may reasonably require; and
- such other authorizations, approvals, opinions and documentation as the Bank may reasonably require.

Additionally;

- all documentation to be received by the Bank shall be in form and substance satisfactory to the Bank;

GOVERNING LAW JURISDICTION

Province of Ontario.

OTHER INFORMATION/REQUIREMENTS

Not Applicable

ACCEPTANCE

This Agreement is open for acceptance until January 20, 2007, after which date it will be null and void, unless extended in writing by the Bank.

ROYAL BANK OF CANADA

Per: _____
Name: Darryl Van Leer
Title: Account Manager

/zh

We acknowledge and accept the terms and conditions of this Agreement on this 9th day of JANUARY, 2007.

THE CORPORATION OF THE TOWNSHIP OF MCGARRY

Per: Clermont Lapointe
Name: CLERMONT LAPOINTE
Title: REVEUE

Per: Gary Cunningham
Name: GARY CUNNINGHAM
Title: CLERK - TREASURER

I/We have the authority to bind the Borrower

Attachments:

Terms and Conditions

Schedules:

- Definitions
- Calculation and Payment of Interest and Fees
- Notice Requirements
- Additional Borrowing Conditions

TERMS AND CONDITIONS

The Bank is requested by the Borrower to make the Credit Facilities available to the Borrower in the manner and at the rates and times specified in this Agreement. Terms defined elsewhere in this Agreement and not otherwise defined in the Terms and Conditions below or the Schedules attached hereto have the meaning given to such terms as so defined. In consideration of the Bank making the Credit Facilities available, the Borrower agrees, with the Bank as follows:

REPAYMENT

Amounts outstanding under the Credit Facilities, together with interest, shall become due in the manner and at the rates and times specified in this Agreement and shall be paid in the currency of the Borrowing. Unless the Bank otherwise agrees, any payment hereunder must be made in money which is legal tender at the time of payment. In the case of a demand facility of any kind, the Borrower shall repay all principal sums outstanding under such facility upon demand. Where any Borrowings are repayable by scheduled blended payments, such payments shall be applied, firstly, to interest due, and the balance, if any, shall be applied to principal outstanding. If any such payment is insufficient to pay all interest then due, the unpaid balance of such interest will be added to such Borrowing, will bear interest at the same rate, and will be payable on demand or on the date specified herein, as the case may be. Borrowings repayable by way of scheduled payments of principal and interest shall be so repaid with any balance of such Borrowings being due and payable as and when specified in this Agreement. The Borrower shall ensure that the maturities of instruments or contracts selected by the Borrower when making Borrowings will be such so as to enable the Borrower to meet its repayment obligations.

PREPAYMENT

Where Borrowings are by way of RBP Loans, the Borrower may prepay such Borrowings in whole or in part without fee or premium.

Where Borrowings are by way of FRT Loans, provided an Event of Default shall not have occurred and be continuing, the Borrower may prepay such Borrowings on a non-cumulative basis up to the percentage, as selected by the Borrower for each FRT Loan, of the outstanding principal balance on the day of prepayment, without fee or premium, once per year during the 12 month period from each anniversary date of the Borrowing. Prepayments greater than the amounts provided for herein may be made only with the prior written consent of the Bank and will be subject to a prepayment fee determined by the Bank, in its sole discretion.

The prepayment of any Borrowings under a term facility and/or any term loan will be made in the reverse order of maturity.

EVIDENCE OF INDEBTEDNESS

The Bank shall maintain accounts and records (the "Accounts") evidencing the Borrowings made available to the Borrower by the Bank under this Agreement. The Bank shall record the principal amount of such Borrowings, the payment of principal and interest on account of the Borrowings, and all other amounts becoming due to the Bank under this Agreement. The Accounts constitute, in the absence of manifest error, conclusive evidence of the indebtedness of the Borrower to the Bank pursuant to this Agreement. The Borrower authorizes and directs the Bank to automatically debit, by mechanical, electronic or manual means, any bank account of the Borrower for all amounts payable under this Agreement, including, but not limited to, the repayment of principal and the payment of interest, fees and all charges for the keeping of such bank accounts.

GENERAL COVENANTS

Without affecting or limiting the right of the Bank to terminate or demand payment of, or cancel or restrict availability of any unutilized portion of, any demand or other discretionary facility, the Borrower covenants and agrees with the Bank that the Borrower:

- a) will pay all sums of money when due under the terms of this Agreement;
- b) will immediately advise the Bank of any event which constitutes or which, with notice, lapse of time or both, would constitute a breach of any covenant or other term or condition of this Agreement or any Security, or in the case of any term facility, an Event of Default;
- c) will file all material tax returns which are or will be required to be filed by it, pay or make provision for payment of all material taxes (including interest and penalties) and Potential Prior-Ranking

TERMS AND CONDITIONS

The Bank is requested by the Borrower to make the Credit Facilities available to the Borrower in the manner and at the rates and times specified in this Agreement. Terms defined elsewhere in this Agreement and not otherwise defined in the Terms and Conditions below or the Schedules attached hereto have the meaning given to such terms as so defined. In consideration of the Bank making the Credit Facilities available, the Borrower agrees with the Bank as follows:

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PREPAYMENT

Where Borrowings are by way of RBP Loans, the Borrower may prepay such Borrowings in whole or in part without fee or premium.

Where Borrowings are by way of FRT Loans, provided an Event of Default shall not have occurred and be continuing, the Borrower may prepay such Borrowings on a non-cumulative basis up to the percentage, as selected by the Borrower for each FRT Loan, of the outstanding principal balance on the day of prepayment, without fee or premium, once per year during the 12 month period from each anniversary date of the Borrowing. Prepayments greater than the amounts provided for herein may be made only with the prior written consent of the Bank and will be subject to a prepayment fee determined by the Bank, in its sole discretion.

The prepayment of any Borrowings under a term facility and/or any term loan will be made in the reverse order of maturity.

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GENERAL COVENANTS

Without affecting or limiting the right of the Bank to terminate or demand payment of, or cancel or restrict availability of any unutilized portion of, any demand or other discretionary facility, the Borrower covenants and agrees with the Bank that the Borrower:

- a) will pay all sums of money when due under the terms of this Agreement;
- b) will immediately advise the Bank of any event which constitutes or which, with notice, lapse of time or both, would constitute a breach of any covenant or other term or condition of this Agreement or any Security, or in the case of any term facility, an Event of Default;
- c) will file all material tax returns which are or will be required to be filed by it, pay or make provision for payment of all material taxes (including interest and penalties) and Potential Prior-Ranking

- Claims, which are or will become due and payable and provide adequate reserves for the payment of any tax, the payment of which is being contested;
- d) will give the Bank 30 days prior notice in writing of any intended change in its ownership structure and it will not make or facilitate any such changes without the prior written consent of the Bank;
 - e) will comply with all Applicable Laws, including, without limitation, all Environmental Laws;
 - f) will immediately advise the Bank of any action requests or violation notices received concerning the Borrower and hold the Bank harmless from and against any losses, costs or expenses which the Bank may suffer or incur for any environment related liabilities existent now or in the future with respect to the Borrower;
 - g) will deliver to the Bank such financial and other information as the Bank may reasonably request from time to time, including, but not limited to, the reports and other information set out under Reporting Requirements;
 - h) will immediately advise the Bank of any unfavourable change in its financial position which may adversely affect its ability to pay or perform its obligations in accordance with the terms of this Agreement;
 - i) will keep its assets fully insured against such perils and in such manner as would be customarily insured by Persons carrying on a similar business or owning similar assets;
 - j) except for Permitted Encumbrances, will not, without the prior written consent of the Bank, grant, create, assume or suffer to exist any mortgage, charge, lien, pledge, security interest or other encumbrance affecting any of its properties, assets or other rights;
 - k) will not, without the prior written consent of the Bank, sell, transfer, convey, lease or otherwise dispose of any of its properties or assets other than in the ordinary course of business and on commercially reasonable terms;
 - l) will not, without the prior written consent of the Bank, guarantee or otherwise provide for, on a direct, indirect or contingent basis, the payment of any monies or performance of any obligations by any other Person, except as may be provided for herein;
 - m) will not, without the prior written consent of the Bank, merge, amalgamate, or otherwise enter into any other form of business combination with any other Person;
 - n) will permit the Bank or its representatives, from time to time, to visit and inspect the Borrower's premises, properties and assets and examine and obtain copies of the Borrower's records or other information and discuss the Borrower's affairs with the auditors, counsel and other professional advisers of the Borrower.

EXPENSES, ETC.

The Borrower agrees to pay the Bank all fees, as stipulated in this Agreement. The Borrower also agrees to pay all fees (including legal fees), costs and expenses incurred by the Bank in connection with preparation, negotiation and documentation of this Agreement and any Security and the operation, enforcement or termination of this Agreement and the Security. The Borrower shall indemnify and hold the Bank harmless against any loss, cost or expense incurred by the Bank if any facility under the Credit Facilities is repaid or prepaid other than on its Maturity Date. The determination by the Bank of such loss, cost or expense shall be conclusive and binding for all purposes and shall include, without limitation, any loss incurred by the Bank in liquidating or redeploying deposits acquired to make or maintain any facility.

GENERAL INDEMNITY

The Borrower hereby agrees to indemnify and hold the Bank and its directors, officers, employees and agents harmless from and against any and all claims, suits, actions, demands, debts, damages, costs, losses, obligations, judgements, charges, expenses and liabilities of any nature which are suffered, incurred or sustained by, imposed on or asserted against any such Person as a result of, in connection with or arising out of i) any Event of Default or breach of any term or condition of this Agreement or any Security by the Borrower or any Guarantor if applicable (whether or not constituting an Event of Default), ii) the Bank acting upon instructions given or agreements made by electronic transmission of any type, iii) the presence of Contaminants at, on or under or the discharge or likely discharge of Contaminants from, any properties now or previously used by the Borrower or any Guarantor and iv) the breach of or non compliance with any Applicable Law by the Borrower or any Guarantor.

AMENDMENTS AND WAIVERS

No amendment or waiver of any provision of this Agreement will be effective unless it is in writing, signed by the Borrower and the Bank. No failure or delay, on the part of the Bank, in exercising any right or power hereunder or under any Security shall operate as a waiver thereof. Any amendments requested by the Borrower will require review and agreement by the Bank and its counsel. Costs related to this review will be for the Borrower's account.

SUCCESSORS AND ASSIGNS

This Agreement shall extend to and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and permitted assigns. The Borrower shall not be entitled to assign or transfer any rights or obligations hereunder, without the consent in writing of the Bank. The Bank may assign or transfer all or any part of its rights and obligations under this Agreement to any Person. The Bank may disclose to potential or actual assignees or transferees confidential information regarding the Borrower and any Guarantor if applicable, (including, any such information provided by the Borrower, and any Guarantor if applicable, to the Bank) and shall not be liable for any such disclosure.

GAAP

Unless otherwise provided, all accounting terms used in this Agreement shall be interpreted in accordance with Canadian Generally Accepted Accounting Principles in effect from time to time, applied on a consistent basis from period to period. Any change in accounting principles or the application of accounting principles, including, without limitation, the use of differential reporting (or any changes to the selection of differential reporting options) is only permitted with the prior written consent of the Bank.

SEVERABILITY

The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement and such invalid provision shall be deemed to be severable.

GOVERNING LAW

This Agreement shall be construed in accordance with and governed by the laws of the Province identified in the Governing Law Jurisdiction section of this Agreement and the laws of Canada applicable therein. The Borrower irrevocably submits to the non-exclusive jurisdiction of the courts of such Province and acknowledges the competence of such courts and irrevocably agrees to be bound by a judgment of any such court.

DEFAULT BY LAPSE OF TIME

The mere lapse of time fixed for performing an obligation shall have the effect of putting the Borrower, or a Guarantor if applicable, in default thereof.

SET-OFF

The Bank is authorized (but not obligated), at any time and without notice, to apply any credit balance (whether or not then due) in any account in the name of the Borrower, or to which the Borrower is beneficially entitled (in any currency) at any branch or agency of the Bank in or towards satisfaction of the indebtedness of the Borrower due to the Bank under the Credit Facilities and the other obligations of the Borrower under this Agreement. For that purpose, the Bank is irrevocably authorized to use all or any part of any such credit balance to buy such other currencies as may be necessary to effect such application.

NOTICES

Any notice or demand to be given by the Bank shall be given in writing by way of a letter addressed to the Borrower. If the letter is sent by telecopier, it shall be deemed received on the date of transmission, provided such transmission is sent prior to 5:00 p.m. on a day on which the Borrower's business is open for normal business, and otherwise on the next such day. If the letter is sent by ordinary mail to the address of the Borrower, it shall be deemed received on the date falling five (5) days following the date of the letter, unless the letter is hand-delivered to the Borrower, in which case the letter shall be deemed to be received on the date of delivery. The Borrower must advise the Bank at once about any changes in the Borrower's address.

CONSENT OF DISCLOSURE

The Borrower hereby grants permission to any Person having information in such Person's possession relating to any Potential Prior-Ranking Claim, to release such information to the Bank (upon its written request), solely for the purpose of assisting the Bank to evaluate the financial condition of the Borrower.

NON-MERGER

The provisions of this Agreement shall not merge with any Security provided to the Bank, but shall continue in full force for the benefit of the parties hereto.

JOINT AND SEVERAL

Where more than one Person is liable as Borrower or Guarantor if applicable for any obligation under this Agreement, then the liability of each such Person for such obligation is joint and several (in Quebec, solidarily) with each other such Person.

LIFE INSURANCE

The Borrower acknowledges that the Bank has offered it insurance on the Borrowings under Business Loan Insurance Plan Policy 51000 ("Policy") issued by Sun Life Assurance Company of Canada to the Bank and the Borrower hereby waives this offer or acknowledges it is ineligible for this offer and acknowledges that Borrowings are not insured under the Policy as at the date of acceptance of this Agreement.

COUNTERPART EXECUTION

This Agreement may be executed in any number of counterparts and by different parties in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together constitute one and the same instrument.

EMAIL AND FAX TRANSMISSION

The Bank is entitled to rely on any report or certificate provided to the Bank by the Borrower or any Guarantor as applicable, by way of email or fax transmission as though it were an originally signed document. The Bank is further entitled to assume that any communication from the Borrower received by email or fax transmission is a reliable communication from the Borrower.

REPRESENTATIONS AND WARRANTIES

The Borrower, represents and warrants to the Bank that:

- a) if it is a corporation, it is duly incorporated, validly existing and duly registered or qualified to carry on business in each jurisdiction in which its business or assets are located;
- b) the execution, delivery and performance by it of this Agreement have been duly authorized by all necessary actions and do not violate its constituting documents or any Applicable Laws or agreements to which it is subject or by which it is bound;
- c) no event has occurred which constitutes, or which, with notice, lapse of time, or both, would constitute, an Event of Default or a breach of any covenant or other term or condition of this Agreement or any Security;
- d) there is no claim, action, prosecution or other proceeding of any kind pending or threatened against it or any of its assets or properties before any court or administrative agency which relates to any non-compliance with any Environmental Laws which, if adversely determined, might have a material adverse effect upon its financial condition or operations or its ability to perform its obligations under this Agreement or any Security, and there are no circumstances of which it is aware which might give rise to any such proceeding which it has not fully disclosed to the Bank; and
- e) it has good and marketable title to all of its properties and assets, free and clear of any encumbrances, other than as may be provided for herein.

Representations and warranties are deemed to be repeated as at the time of each Borrowing.

LANGUAGE

The parties hereto have expressly requested that this Agreement and all related documents, including notices, be drawn up in the English language. Les parties ont expressément demandé que la présente convention et tous les documents y afférents, y compris les avis, soient rédigés en langue anglaise.

WHOLE AGREEMENT

This Agreement and any documents or instruments referred to in, or delivered pursuant to, or in connection with, this Agreement constitute the whole and entire agreement between the Borrower and the Bank with respect to the Credit Facilities.

EVENTS OF DEFAULT

Without affecting or limiting the right of the Bank to terminate or demand payment of, or to cancel or restrict availability of any unutilized portion of, any demand or other discretionary facility, each of the following shall constitute an "Event of Default" which shall entitle the Bank, in its sole discretion, to cancel any Credit Facilities, demand immediate repayment in full of any amounts outstanding under any term facility, together with outstanding accrued interest and any other indebtedness under or with respect to any term facility, and to realize on all or any portion of any Security:

- a) failure of the Borrower to pay any principal, interest or other amount when due pursuant to this Agreement;
- b) failure of the Borrower, or any Guarantor if applicable, to observe any covenant, condition or provision contained in this Agreement or in any documentation relating hereto or to the Security;
- c) the Borrower, or any Guarantor if applicable, is unable to pay its debts as such debts become due, or is, or is adjudged or declared to be, or admits to being, bankrupt or insolvent;
- d) if any proceeding is taken to effect a compromise or arrangement with the creditors of the Borrower, or any Guarantor if applicable, or to have the Borrower, or any Guarantor if applicable, declared bankrupt or wound up, or to have a receiver appointed for any part of the assets or operations of the Borrower, or any Guarantor if applicable, or if any encumbrancer takes possession of any part thereof;
- e) if in the opinion of the Bank there is a material adverse change in the financial condition, ownership or operation of the Borrower, or any Guarantor if applicable;
- f) if any representation or warranty made by the Borrower, or any Guarantor if applicable, under this Agreement or in any other document relating hereto or under any Security shall be false in any material respect; or
- g) if the Borrower, or any Guarantor if applicable, defaults in the payment of any other indebtedness, whether owing to the Bank or to any other Person, or defaults in the performance or observance of any agreement in respect of such indebtedness where, as a result of such default, the maturity of such indebtedness is or may be accelerated.

Should the Bank demand immediate repayment in full of any amounts outstanding under any term facility due to an Event of Default, the Borrower shall immediately repay all principal sums outstanding under such facility and all other obligations in connection with any such term facility.

Schedule A

Schedule "A" to the Agreement dated December 20, 2006, between The Corporation Of The Township Of McGarry, as Borrower, and Royal Bank of Canada, as the Bank.

DEFINITIONS

For the purpose of this Agreement, the following terms and phrases shall have the following meanings:

"Applicable Laws" means, with respect to any Person, property, transaction or event, all present or future applicable laws, statutes, regulations, rules, orders, codes, treaties, conventions, judgements, awards, determinations and decrees of any governmental, regulatory, fiscal or monetary body or court of competent jurisdiction in any applicable jurisdiction;

"Borrowing" means each use of a Credit Facility and all such usages outstanding at any time are **"Borrowings"**;

"Business Day" means a day, excluding Saturday, Sunday and any other day which shall be a legal holiday or a day on which banking institutions are closed throughout Canada;

"Contaminant" includes, without limitation, any pollutant, dangerous substance, liquid waste, industrial waste, hazardous material, hazardous substance or contaminant including any of the foregoing as defined in any Environmental Law;

"Environmental Activity" means any activity, event or circumstance in respect of a Contaminant, including, without limitation, its storage, use, holding, collection, purchase, accumulation, assessment, generation, manufacture, construction, processing, treatment, stabilization, disposition, handling or transportation, or its Release into the natural environment, including movement through or in the air, soil, surface water or groundwater;

"Environmental Laws" means all Applicable Laws relating to the environment or occupational health and safety, or any Environmental Activity;

"Equivalent Amount" means, with respect to an amount of any currency, the amount of any other currency required to purchase that amount of the first mentioned currency through the Bank in Toronto, in accordance with normal banking procedures;

"Guarantor" means any Person who has guaranteed the obligations of the Borrower under this Agreement;

"Maturity Date" means the date on which a facility is due and payable in full;

"Permitted Encumbrances" means, in respect of the Borrower:

- a) liens arising by operation of law for amounts not yet due or delinquent, minor encumbrances on real property such as easements and rights of way which do not materially detract from the value of such property, and security given to municipalities and similar public authorities when required by such authorities in connection with the operations of the Borrower in the ordinary course of business; and
- b) Security granted in favour of the Bank;

"Person" includes an individual, a partnership, a joint venture, a trust, an unincorporated organization, a company, a corporation, an association, a government or any department or agency thereof including Canada Revenue Agency, and any other incorporated or unincorporated entity;

"Potential Prior-Ranking Claim" means all amounts owing or required to be paid, where the failure to pay any such amount could give rise to a claim pursuant to any law, statute, regulation or otherwise, which ranks or is capable of ranking in priority to the Security or otherwise in priority to any claim by the Bank for repayment of any amounts owing under this Agreement;

"RBP" and "Royal Bank Prime" each means the annual rate of interest announced by the Bank from time to time as being a reference rate then in effect for determining interest rates on commercial loans made in Canadian currency in Canada;

"Release" includes discharge, spray, inject, inoculate, abandon, deposit, spill, leak, seep, pour, emit, empty, throw, dump, place and exhaust, and when used as a noun has a similar meaning.

Schedule "B" to the Agreement dated December 20, 2006, between The Corporation Of The Township Of McGarry, as Borrower, and Royal Bank of Canada, as the Bank.

CALCULATION AND PAYMENT OF INTEREST AND FEES

LIMIT ON INTEREST

The Borrower shall not be obligated to pay any interest, fees or costs under or in connection with this Agreement in excess of what is permitted by Applicable Law.

OVERDUE PAYMENTS

Any amount that is not paid when due hereunder shall, unless interest is otherwise payable in respect thereof in accordance with the terms of this Agreement or the instrument or contract governing same, bear interest until paid at the rate of RBP plus 5% per annum [or, in the case of an amount in US currency if applicable, RBUSBR plus 5% per annum]². Such interest on overdue amounts shall be computed daily, compounded monthly and shall be payable both before and after any or all of default, maturity date, demand and judgement.

EQUIVALENT YEARLY RATES

The annual rates of interest or fees to which the rates calculated in accordance with this Agreement are equivalent, are the rates so calculated multiplied by the actual number of days in the calendar year in which such calculation is made and divided by 365.

TIME AND PLACE OF PAYMENT

Amounts payable by the Borrower hereunder shall be paid at such place as the Bank may advise from time to time in the applicable currency. Amounts due on a day other than a Business Day shall be deemed to be due on the Business Day next following such day. Interest and fees payable under this Agreement are payable both before and after any or all of default, maturity date, demand and judgement.

RBP LOANS

The Borrower shall pay interest on each RBP Loan, monthly in arrears, on the 26th day of each month or such other day as may be agreed to between the Borrower and the Bank. Such interest will be calculated monthly and will accrue daily on the basis of the actual number of days elapsed and a year of 365 days and shall be paid in the currency of the applicable Borrowing.

FRT LOANS

The Borrower shall pay interest on each loan in arrears at the applicable rate on such date as agreed upon between the Bank and the Borrower. Such interest will be calculated monthly and will accrue daily on the basis of the actual number of days elapsed and a year of 365 days.

² Include bracketed phrase if RBUSBR Loans are a borrowing option

Schedule C

Schedule "C" to the Agreement dated December 20, 2006, between The Corporation Of The Township Of McGarry, as Borrower, and Royal Bank of Canada, as the Bank.

ADDITIONAL BORROWING CONDITIONS**FRT Loans:**

Borrowings made by way of FRT Loans will be subject to the following terms and conditions:

- (a) the Borrower shall select an amount eligible for prepayment of 10% or 0% for each new FRT Loan prior to the advance of such FRT Loan;
- (b) each FRT Loan, where the Borrower has selected the amount eligible for prepayment of 10%, shall be in an amount not less than \$10,000;
- (c) each FRT Loan, where the Borrower has selected the amount eligible for prepayment of 0%, shall be in an amount not less than \$100,000;
- (d) each FRT Loan shall have a term as outlined in the applicable repayment section of each corresponding credit facility, provided that the maturity date of any FRT Loan issued under any term facility shall not extend beyond the Maturity Date of the term facility; and
- (e) FRT Loans may not be used to finance working capital requirements.