

THE CORPORATION OF THE CITY OF NORTH BAY

BY-LAW NO. 9-77

A BY-LAW TO APPROVE A PURCHASE AGREEMENT AND TO AUTHORIZE THE TREASURER TO SIGN SAME.

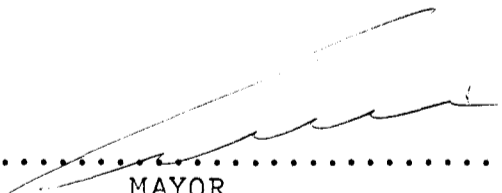
WHEREAS Council has authorized the issue of U.S. \$4,500,000 in debentures by By-law 8-77 and under the terms hereof wishes to authorize the Treasurer to enter into Purchase Agreements with the various purchasers of such debentures.

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

1. The draft form of Purchase Agreement to be signed by The Corporation of the City of North Bay and the several purchasers, annexed hereto as Schedule "A" (being the draft of January 7, 1977) is approved, and the Treasurer is authorized on behalf of the Corporation to enter into with the purchasers and deliver Purchase Agreements in, or substantially in, the form annexed hereto as Schedule "A" providing for the sale of debentures aggregating U.S. \$4,500,000 to the several purchasers to be named therein, with such changes, if any, in the Purchase Agreements as the Treasurer may in his sole discretion deem necessary or desirable, the fact of his signing the Purchase Agreements to be conclusive evidence of his approval of any changes contained therein.

2. The debentures shall be substantially in the form of Exhibit A and B attached to the draft Purchase Agreement (being the draft of January 7, 1977) attached hereto as Schedule "A" with such modifications and completions to either document as may be agreed by the Treasurer as conclusively evidenced by his execution thereof.

READ A FIRST, SECOND AND THIRD TIME IN OPEN COUNCIL AND FINALLY ENACTED AND PASSED THIS 10TH DAY OF JANUARY, 1977.

.....

 MAYOR

.....

 CITY CLERK

Draft of January 7, 1977.

THE CORPORATION OF THE CITY OF NORTH BAY

(Province of Ontario, Canada)

\$4,500,000 (U.S.)

9-1/8% Non-Callable Serial Debentures dated January 18, 1977, due
January 15, 1978 - 1997

PURCHASE AGREEMENT

January 18, 1977

TO Each of the Several Purchasers
Named in the Schedule Annexed Hereto.

Dear Sirs:

The Corporation of the City of North Bay (the "City")
agrees with you as follows:

1. Authorization of Debentures.

The City proposes to issue \$4,500,000 (U.S.) principal
amount of its 9-1/8% Non-callable Serial Debentures due January 15,
1978 - 1997 (the "Debentures") as follows:

Maturity Dates

Aggregate Principal Amount

The Debentures will be payable as to principal and interest in lawful money of the United States of America. The Debentures are not redeemable prior to respective dates of maturity, and they shall be substantially in the forms of either or both of Exhibits A or B annexed hereto.

The creation and issuance of the Debentures are authorized by By-law Number 8-77 of the Council of the City.

The City is entering into agreements similar hereto with the other Purchasers listed in the Schedule annexed hereto, under the terms of which the City proposes to issue and sell to you and such other Purchasers, severally, an aggregate of U.S. \$4,500,000 principal amount of the Debentures.

2. Representations and Warranties of the City.

The City represents and warrants that:

(a) You have been furnished with a copy of an Offering Memorandum, dated December 21, 1976 (the "Memorandum"), which has been reviewed and approved by an official of the City. The Memorandum as it relates to the City is true and correct in all material respects, and does not omit to state any material fact in respect of the City or necessary to make the statements therein not misleading. The financial statements of the City contained in the Memorandum fairly present the revenues and expenditures of the City for the periods covered thereby and the other financial information with respect to the City purported to be shown.

(b) All necessary action by or on behalf of the City and all necessary approvals or consents required under the laws of the City for the authorization, execution and delivery by the City of this Agreement have been duly taken or obtained; there are no laws of Canada or of the Province of Ontario (the "Province") specifically applicable thereto; and the Purchase Agreement is a valid, binding and enforceable agreement.

(c) All necessary action by or on behalf of the City and all necessary approvals or consents required under the laws of the Province and the City for the authorization, execution and delivery by the City of the Debentures in accordance with the Purchase Agreement have been duly taken or obtained, or will have been duly taken or obtained prior to the Closing Date hereinafter described; there are no laws of Canada applicable thereto; and, when executed and delivered in accordance with the Purchase Agreement and with the By-laws of the Council of the City applicable thereto, the Debentures and all of the covenants therein contained will constitute valid, binding, direct and unconditional general obligations of the City in accordance with their terms (provided that the Ontario Municipal Board possesses the power to modify and limit the rights of creditors of municipalities, including the City, in certain circumstances involving a default). The Debentures will rank concurrently and pari passu in respect of payment of principal and interest thereon with all other debentures of the City, except as to the availability of sinking funds applicable to any particular issue of debentures. The full faith and credit of the City will be pledged for the payment and performance of the Debentures.

(d) The City is not in default under the provisions of any agreement or of any instrument evidencing or relating to any outstanding debentures or any guarantee thereof; and neither the execution and performance by the City of the Purchase Agreements nor the compliance with the terms and provisions of the Debentures will conflict with, or result in any breach of, any terms, conditions or provisions of, or constitute a default under, any law, administrative regulation or court judgment or decree applicable to the Province or the City, or any agreement or instrument to which the Province or the City is a party or is bound.

(e) The execution and delivery of the Purchase Agreements, the issuance and sales of the Debentures to, and the purchases of the Debentures by you, and compliance with the terms of the Purchase Agreements, will not by the mere fact of their occurrence result in the incurrance of or liability for (either directly or by way of deduction, withholding or otherwise) any present tax, levy, impost, charge or withholding imposed, assessed, levied or collected by or for the account of Canada, the Province or the City.

(f) There are no withholding or other income taxes or capital gains taxes payable under the laws of Canada, the Province or the City in respect of the Debentures or the interest thereon by an owner who is a non-resident of Canada and who does not use or hold the Debentures in carrying on business in Canada, except in certain situations where the owner is a non-resident insurer carrying on an insurance business in Canada and elsewhere; in the case of Debentures held by an individual person or persons, there are no estate taxes or succession duties imposed by Canada or the City in respect of the Debentures or the interest thereon; in the case of Debentures held by an individual person or persons, under the present laws of the Province, no succession duty is payable to the Province in respect of the Debentures if, at the time of death, the holder is not domiciled, the beneficiary is not a resident of or domiciled, and the Debentures are not situate, in the Province.

3. Sale, Purchase and Delivery of Debentures.

Subject to the terms and conditions herein set forth, the City hereby agrees to issue and sell to you (or one or more substitute purchasers, each of which substitute purchasers shall have been approved by the City), and you by your acceptance hereof agree that you (or one or more such substitute purchasers) will purchase from the City the aggregate of the principal amounts of the Debentures set forth opposite your name in the Schedule annexed hereto, on January 18, 1977 at 10:00 a.m. New York City Time ("The Closing Date") for investment at the total purchase price set forth opposite your name on the Schedule annexed hereto. The City will make delivery to you (or such substitute purchaser or purchasers) at the offices of The Royal Bank of Canada Trust Company of New York, 8th Floor, 76 William Street, New York, New York, or at such other place as may be mutually agreed upon, against payment therefor on such Closing Date in United States dollars in Federal funds, in definitive form in such authorized denominations as you may have requested, registered in your name or in such other name as you may designate. Notwithstanding the foregoing, the City may postpone the Closing Date for a period of not more than eight business days by notice given by mail, telephone or telegraph and received by you not later than three business days before the Closing Date. If the Closing Date does not take place on or

before such eight business days, your obligation hereunder shall terminate.

4. Private Offering.

The City has been furnished with a statement by Wood Gundy Incorporated, Walwyn, Stodgell & Gairdner Limited (the only persons authorized or employed by the City as agent, broker, dealer or otherwise in connection with the offering of the Debentures or any similar security of the City) that on behalf of the City they have not offered any of the Debentures or any similar security of the City for sale to, or solicited offers to buy any thereof from, or otherwise approached or negotiated with respect thereto with, any prospective purchaser, other than prospective purchasers who (a) in the belief of such agent after reasonable investigation, have such knowledge and experience in financial and business matters that each of them is capable of evaluating the merits and risks of the prospective investment, (b) in the belief of such agent, after reasonable investigation by such agent, are able to bear the economic risk of the investment, and (c) you have received the Memorandum and have been informed of the availability of the appropriate officers of the City for the purpose of verifying the accuracy of the information contained in the Memorandum and answering questions relating to the City and the Debentures. The City represents that it has not, directly or indirectly, sold or offered, or attempted to offer or dispose of, any of the Debentures or any substantially similar security of the City to, or solicited offers to buy any thereof from, or otherwise approached or negotiated in respect thereof with, any offeree other than as aforesaid; and the City represents that it does not presently contemplate the issue of any additional Debentures or substantially similar securities payable in lawful money of the United States in the United States or its territories or possessions, although it may from time to time in the future desire to raise funds by the sale of securities in the United States or its territories or possessions.

The City agrees that it will not directly or indirectly sell or offer, or attempt or offer to dispose of, any Debentures or substantially similar securities to, or solicit any offer to buy any of the Debentures or substantially similar securities from or otherwise approach or negotiate in respect thereof with, any person within six months after the Closing Date hereunder or otherwise in such manner as to bring the issue and sales of the Debentures within the provisions of Section 5 of the United States Securities Act of 1933, as amended (the "Securities Act").

5. Purchase for Investment.

This Agreement is made with you in reliance upon your representation to the City, which by your acceptance hereof you confirm, that you are purchasing the Debentures to be purchased by you hereunder for your own account for investment and not with a view to, or for resale in connection with, the distribution thereof, and that you have no present intention of distributing or reselling any of the same. You further represent and warrant that your agreeing to purchase Debentures pursuant to this Agreement is permitted by the laws to which you are now subject.

By your acceptance hereof, you hereby agree that you will not resell any of the Debentures, unless such Debentures shall have been registered under the Securities Act, or an exemption from such registration requirement shall be available under said Act or available otherwise under law.

6. Furnishing of Financial and Other Information.

The City agrees that upon the signing of this Agreement, and continuing so long as you hold any of the Debentures, it will deliver to you, upon receiving your request, any information as to the finances of the City which is publicly available including copies of the annual financial statements of the City as audited by a licensed municipal auditor; and further agrees that you or your representatives may consult with the proper officials of the City at such times and as often as you may reasonably request as to the finances of the City.

7. Conditions of Your Obligation.

Your obligation to purchase and pay for the principal amount of Debentures to be purchased by you on the Closing Date, as set forth in the Schedule annexed hereto, shall be subject to (i) the performance by the City of all its agreements to be performed hereunder on or prior to the Closing Date, (ii) the accuracy of all the representations and warranties of the City herein contained and (iii) the satisfaction, prior to or concurrently with the Closing Date, of the following further conditions:

(a) You shall have received from Messrs. Manning, Bruce, Macdonald & Macintosh, your Canadian counsel, a favourable opinion, dated the Closing Date as to the matters specified in subdivisions (b), (c), (e) and (f) of Section 2 of this Purchase Agreement and to the further effect that:

The Council of the City has authority and power to borrow money by the issue and sale of the Debentures for the purposes mentioned in the By-laws of the Council of the City applicable thereto; the evidence submitted to such counsel respecting the proceedings taken in the passing of such By-laws shows compliance with the requirements of the applicable statutes in that behalf; and the said By-laws are within the jurisdiction of the Council of the City and are valid in law and binding upon the City.

In rendering such opinion, Messrs. Manning, Bruce, Macdonald & Macintosh may rely upon certificate(s) and statutory declarations of the officers of the City as to any relevant matters.

(b) You shall have received from Messrs. _____, United States counsel for the Purchasers, a favorable opinion, dated the Closing Date, to the effect that:

(i) The offering, issue, sale and delivery of the Debentures to you and the other Purchasers thereof under the circumstances contemplated by the Purchase Agreements are transactions exempted from the provisions of Section 5 of the Securities Act, and from the United States Trust Indenture Act of 1939, as amended; and

(ii) If in the future you should deem it advisable to sell any of the Debentures being purchased by you (which you do not now contemplate or foresee), such sale would require the registration of such Debentures under the Securities Act unless the sale is made in accordance with an exemptive rule or regulation promulgated under, or exemptive provision of, the Securities Act as in effect at the time of such sale, or under circumstances in which such Act shall not apply.

(c) You shall have received a written certificate dated the Closing Date, of the Treasurer of the City to the effect that (i) the representations and warranties of the City contained in Section 2 hereof are true and correct as of the Closing Date with the same effect as if made on and as of the Closing Date, (ii) no litigation is pending or threatened to restrain or enjoin the issue or delivery of the Debentures or in any manner to question the proceedings and authorities under which the Debentures are issued or affecting the validity thereof, (iii) no authority or proceeding for the issue of the Debentures has been repealed, revoked, rescinded or modified in whole or in part and (iv) as of the Closing Date, except as contemplated by the Memorandum, there has been no material adverse change in the condition of the City, financial or otherwise, since December 31, 1975.

8. Termination of Agreement.

In the event that the sales of the Debentures herein contemplated to take place on the Closing Date shall not be consummated because any of the conditions set forth in Section 7 hereof shall not have been fulfilled notwithstanding the use by the City of its best efforts to have such conditions fulfilled, neither of the parties to this Agreement shall be liable to the other party hereto for damages or otherwise.

9. Survival of Covenants and Warranties.

All covenants, agreements, representations and warranties made herein and in the certificates delivered pursuant hereto shall survive the delivery of the Debentures to be purchased by you and payment therefor and, notwithstanding any investigation heretofore or hereafter made by you or on your behalf, shall continue in full force and effect so long as any of the Debentures to be purchased by you are outstanding. Whenever in this Agreement either of the parties hereto is referred to, such reference shall be deemed to include the successors and assigns of such party, and all covenants, promises and agreements in this Agreement contained by or on behalf of such party shall bind and inure to the benefit of the successors and assigns of such party hereto. The terms "successors" and "assigns" shall not include anyone who purchases any or all of the Debentures from you merely because of such purchase.

10. Governing Law.

This Agreement shall be construed in accordance with and be governed by the laws of the Province of Ontario.

11. Communications.

Except as otherwise provided in Sections 3 and 6 hereof, all communications provided for herein shall be in writing and, if to you, shall be delivered or mailed addressed to you in the manner to which your address appears in the Schedule annexed hereto (or to such other address as you shall specify in writing) or, if to the City, shall be delivered or mailed to the Treasurer, The Corporation of the City of North Bay, P.O. Box 360, North Bay, Ontario, P1B 8H8, (or such other address as shall be specified by you in writing).

If the foregoing is satisfactory to you, please sign the form of acceptance on the enclosed counterpart hereof and return the same to the City, whereupon this letter, as so accepted, shall become a binding agreement between the parties hereto.

Yours very truly,

THE CORPORATION OF THE CITY OF NORTH BAY

By _____
Treasurer

The foregoing Agreement is hereby confirmed and accepted as of the date first above written.

By _____

Province of Ontario

THE CORPORATION OF THE
CITY OF NORTH BAYFULLY REGISTERED DEBENTURE

THE CORPORATION OF THE CITY OF NORTH BAY ("the Corporation") hereby promises to pay to

or registered assigns, the principal sum of

DOLLARS

by annual payments made on the 15th day of January in each of the years 19 to 19 inclusive, in the amounts set forth in the Schedule on the reverse side hereof in lawful money of the United States of America and to pay interest thereon on the 15th days of January and July in like currency in each year at the rate of nine and one-eighth percent (9-1/8%) per annum on the balance of principal remaining from time to time outstanding. The payments of principal and interest and the balance outstanding in each year are shown on the said Schedule.

The said payments of principal and interest shall be payable in lawful money of the United States of America by cheque sent through the post to the registered address of the registered owner hereof and such cheque shall be payable at par in New York funds at The Royal Bank of Canada Trust Company, in the City of New York, State of New York, United States of America. The forwarding of such cheque shall satisfy and discharge the liability of the Corporation for principal and interest upon this debenture to the extent of the sums represented thereby unless such cheque is not paid on presentation.

The Corporation will cause to be kept at the office of the Corporation in the City of North Bay, in the Province of Ontario, Canada, a register in which shall be entered the names and addresses of the holders of fully registered debentures and particulars of the debentures held by them respectively and in which transfers of fully registered debentures may be registered.

This debenture is transferable upon presentation for such purpose accompanied by a written instrument of transfer in form approved by the Corporation, executed by the registered holder hereof or by the duly authorized attorney of such registered holder.

The Corporation shall not be required to make any transfers, registrations or exchanges of any of said debentures for a period of thirty days preceding any payment date.

DATED at the City of North Bay in the Province of Ontario the 18th day of January, 1977.

IN TESTIMONY WHEREOF and under the authority of consolidating By-law No. 8-77 of the Corporation this Debenture is sealed with the corporate seal of the Corporation and signed by the Mayor and Treasurer thereof.

Date of Registration:

Mayor

Treasurer

\$

\$

Province of Ontario

THE CORPORATION OF THE CITY OF NORTH BAY

No.

No.

FULLY REGISTERED DEBENTURE

THE CORPORATION OF THE CITY OF NORTH BAY ("the Corporation") hereby promises to pay to or registered assigns, upon presentation and surrender of this debenture, the sum of DOLLARS

ON THE 15TH DAY OF JANUARY, 19

in lawful money of the United States of America at the office of The Royal Bank of Canada Trust Company in the City of New York, State of New York, U.S.A., and to pay interest thereon in like currency from the 18th day of January, 1977 to the 15th day of July, 1977 and thereafter to pay interest thereon from the 15th day of July or 15th day of January, as the case may be, next preceding the date of registration set forth hereon, or from the date of such registration if it be a 15th day of July or 15th day of January, semi-annually on the 15th day of July and 15th day of January in each year at the rate of

NINE AND ONE-EIGHTH PERCENT (9-1/8%) PER ANNUM

until payment in full of such principal sum. Payment of interest will be made by cheque payable in lawful money of the United States of America. Cheques for payment of such interest will be sent through the mail to the address of, and be payable to, the registered holder hereof.

The Corporation will cause to be kept at the office of the Corporation in the City of North Bay in the Province of Ontario, Canada, a register in which shall be entered the names and addresses of the holders of fully registered debentures and particulars of the debentures held by them respectively and in which transfers of fully registered debentures may be registered.

This debenture is transferable upon presentation for such purpose accompanied by a written instrument of transfer in form approved by the Corporation, executed by the registered holder hereof or by the duly authorized attorney of such registered holder.

The Corporation shall not be required to make any transfers, exchanges or registrations of any debentures for a period of thirty days preceding any interest payment date.

DATED at the City of North Bay in the Province of Ontario, the 18th day of January, 1977.

IN TESTIMONY WHEREOF and under the authority of consolidating By-law No. 8-77 of The Corporation of the City of North Bay this debenture is sealed with the corporate seal of the said Corporation and signed by the Mayor and Treasurer thereof.

Date of Registration:

Mayor