ONE JIB

Investment Policy Committee

Agenda

Date: August 5 2026, 10:00 a.m.

Location: Zoom Virtual Meeting

		Pages
1.	Land Acknowledgement	
2.	Disclosures of Pecuniary Interest	
3.	Regional Municipality of Durham's Sinking Fund Solutions	
3.1	PH&N Institutional Presentation	1
3.2	Staff Report	13
4.	Other Business	
5.	Adjournment	
6.	Next Meeting	

RBC Global Asset Management
PH&N Institutional

Durham Sinking Fund Analysis

July 2026

Introduction

- We have prepared a projection of the Durham sinking fund ("SF") with $6.055M contributions/yr over the 9 years from the first contribution

- We analyzed the following range of investment strategies for the SF:

	A	B	C	D	E
Money market fund	100%	75%	50%	25%	0%
Short-term bonds	0%	25%	50%	75%	100%

- Two key points regarding these investment strategies:
  - These investment strategies have been informed by discussions with Durham regarding their low risk tolerance and are not intended to be model portfolios for sinking funds more generally.
  - The appropriate investment strategy can evolve over time. For Durham, it may be appropriate to move into a higher risk strategy in year 2 and beyond with the emergence of a surplus and then back into a lower risk investment strategy in the final year(s).

- The analysis involves a Monte Carlo simulation of the asset accumulation across 9 years under ***2,000 capital market scenarios***

Risk/return metrics[1]

	A	B	C	D	E
Money market fund	100%	75%	50%	25%	0%
Short-term bonds	0%	25%	50%	75%	100%
Long-term Return	3.5%	3.7%	3.8%	3.9%	4.0%
Average Annual Volatility	0.4%	0.7%	1.2%	1.8%	2.3%
Average Annual Downside Risk[3]	2.6%	2.2%	1.2%	0.3%	-0.7%

[1] Refer to appendix for modelling assumptions and disclosures.
[2] CVaR95 which represents the expected loss during the worst 5% of return outcomes.
Hypothetical performance analyses are for illustrative purposes only and there is no guarantee that hypothetical returns or projections will be realized.

Market value projection[1]

Year-over-year details

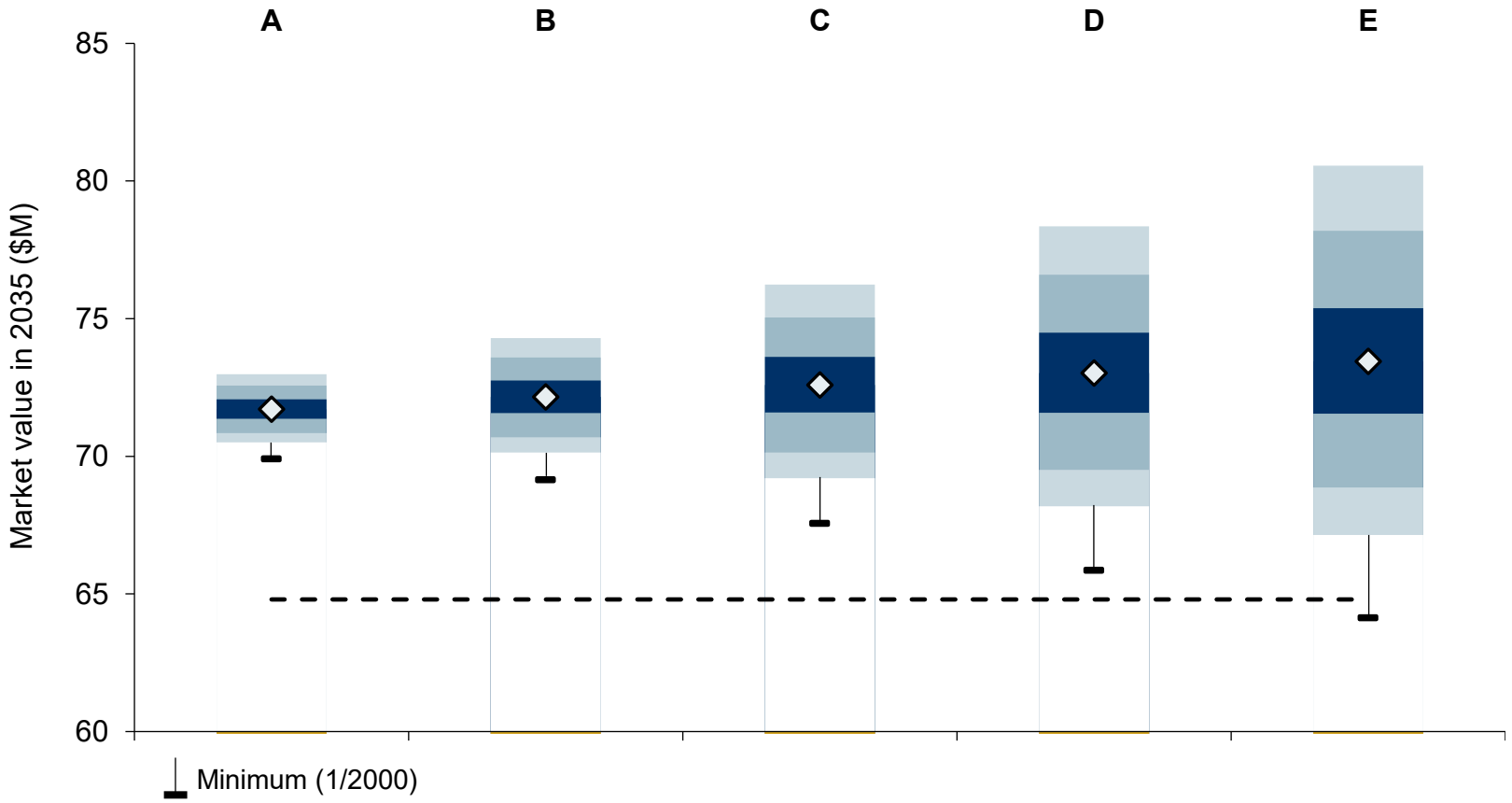
	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Median market value ($M)										
A	6.1	12.3	18.7	25.3	32.2	39.4	46.9	54.8	63.0	71.7
B	6.1	12.3	18.7	25.3	32.3	39.5	47.1	55.0	63.4	72.2
C	6.1	12.3	18.7	25.4	32.3	39.6	47.2	55.2	63.7	72.6
D	6.1	12.3	18.7	25.4	32.4	39.7	47.4	55.4	64.0	73.0
E	6.1	12.3	18.7	25.4	32.4	39.7	47.5	55.6	64.3	73.4
Annual minimum target ($M)[1]	6.1	12.2	18.4	24.8	31.2	37.7	44.3	51.1	57.9	64.8
Probability of a deficit										
A		-	-	-	-	-	-	-	-	-
B		7.5%	1.2%	0.1%	-	-	-	-	-	-
C		18.8%	8.0%	2.0%	0.6%	0.1%	0.1%	-	-	-
D		26.5%	15.2%	7.6%	2.9%	0.9%	0.3%	0.1%	0.1%	-
E		31.3%	21.1%	13.0%	7.1%	3.6%	1.5%	0.9%	0.2%	0.1%
Average shortfall given a deficit (%)										
A		-	-	-	-	-	-	-	-	-
B		0.2%	0.2%	0.1%	-	-	-	-	-	-
C		0.3%	0.4%	0.5%	0.4%	0.2%	0.2%	-	-	-
D		0.5%	0.7%	0.7%	0.8%	0.8%	1.3%	0.2%	0.1%	-
E		0.7%	1.0%	1.1%	1.1%	0.9%	1.2%	0.9%	1.7%	1.0%

[1] Refer to appendix for modelling assumptions and disclosures.
Hypothetical performance analyses are for illustrative purposes only and there is no guarantee that hypothetical returns or projections will be realized.

Market value projection[1]

Distribution of outcomes in 2035

	A	B	C	D	E
Average MV ($M)	71.7	72.2	72.6	73.1	73.5
Probability MV < $64.8M	-	-	-	-	0.1%



[1] Refer to appendix for modelling assumptions and disclosures.
Hypothetical performance analyses are for illustrative purposes only and there is no guarantee that hypothetical returns or projections will be realized.

Market value projection[1]

Year-over-year details

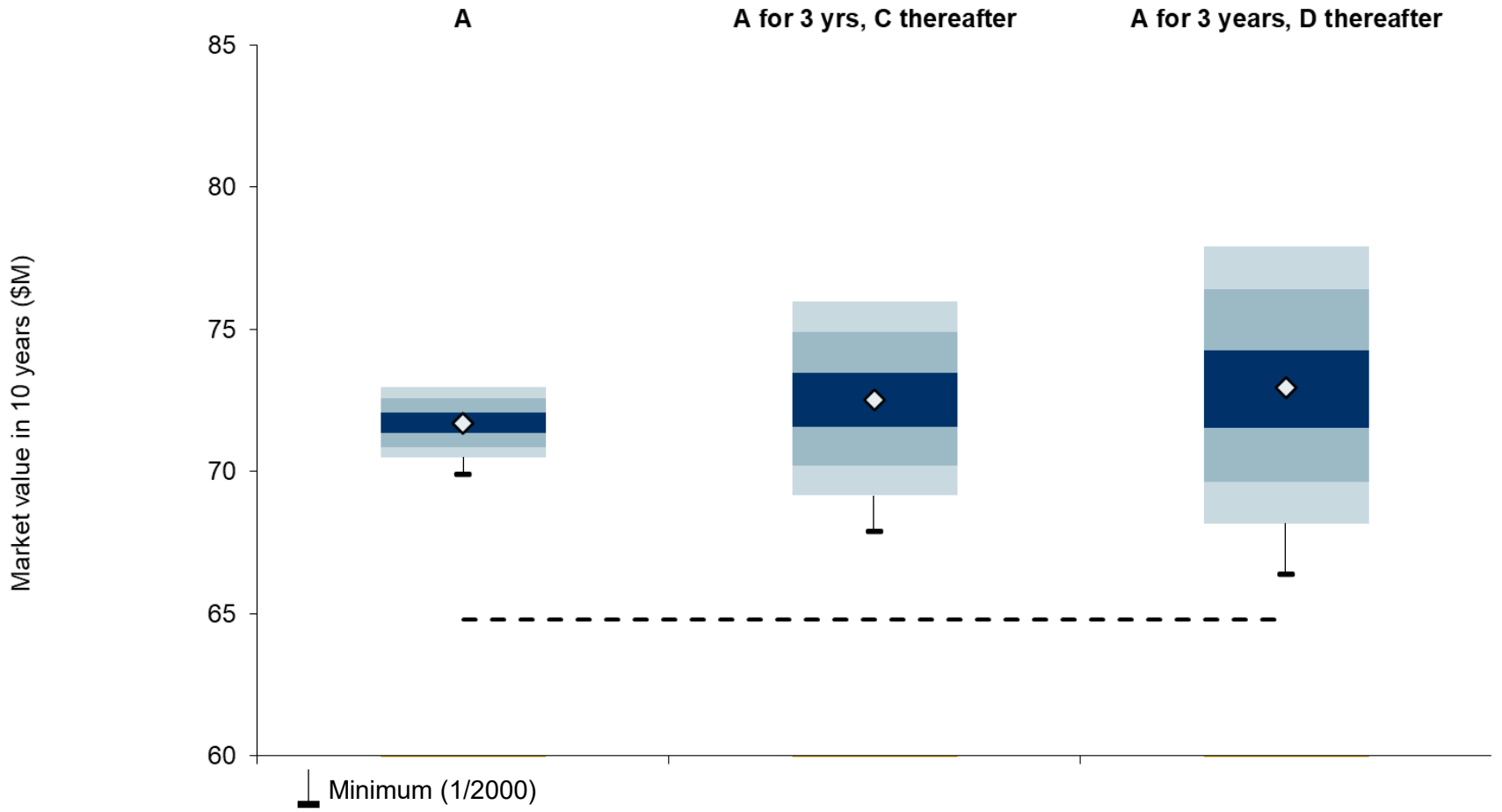
	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Median market value ($M)										
A	6.1	12.3	18.7	25.3	32.2	39.4	46.9	54.8	63.0	71.7
A for 3 years, C thereafter	6.1	12.3	18.7	25.3	32.3	39.5	47.2	55.2	63.6	72.5
A for 3 years, D thereafter	6.1	12.3	18.7	25.3	32.3	39.6	47.3	55.4	63.9	73.0
Annual minimum target ($M)[1]	6.1	12.2	18.4	24.8	31.2	37.7	44.3	51.1	57.9	64.8
Probability of a deficit										
A		-	-	-	-	-	-	-	-	-
A for 3 years, C thereafter		-	-	-	-	-	-	-	-	-
A for 3 years, D thereafter		-	-	-	-	-	-	-	-	-

[1] Refer to appendix for modelling assumptions and disclosures.
Hypothetical performance analyses are for illustrative purposes only and there is no guarantee that hypothetical returns or projections will be realized.

Market value projection[1]

Distribution of outcomes in 2035

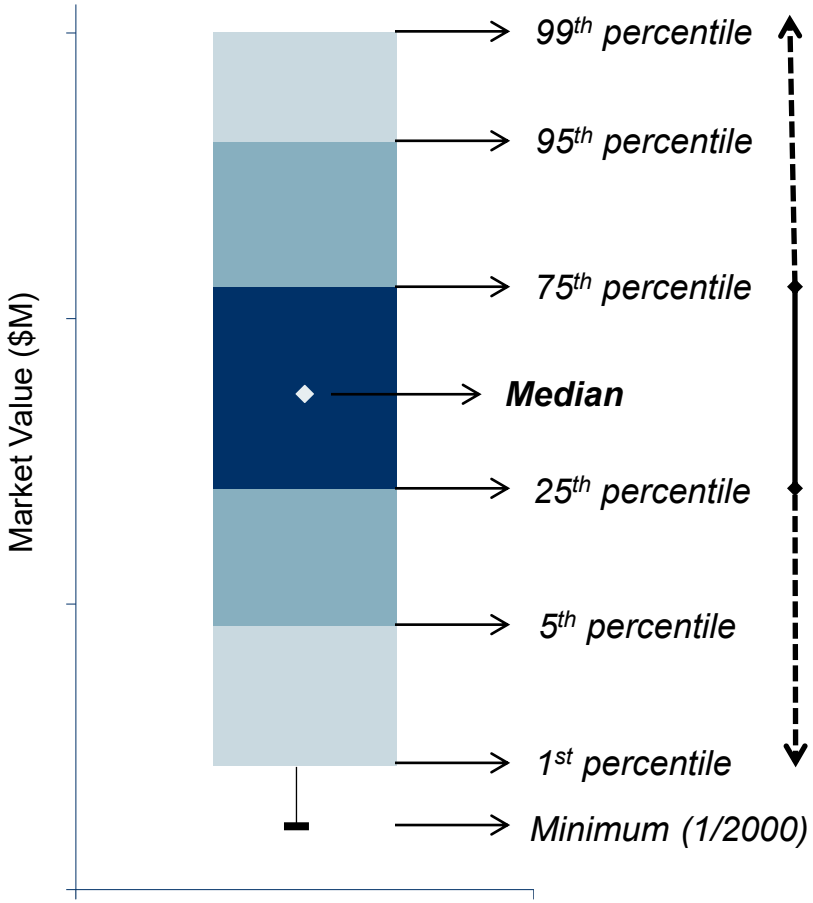
	A	A for 3 yrs, C thereafter	A for 3 years, D thereafter
Average MV ($M)	71.7	72.5	73.0
Probability MV < $64.8M	-	-	-



[1] Refer to appendix for modelling assumptions and disclosures.
Hypothetical performance analyses are for illustrative purposes only and there is no guarantee that hypothetical returns or projections will be realized.

Market value projection

Interpreting the simulation output



Top 25% of outcomes above the 75th percentile
*Values in this zone considered **optimistic***

Bulk of the distribution around the median
Equal chance of being above or below that point

Bottom 25% of outcomes below the 25th percentile
*Values in this zone considered **pessimistic***

Appendix

Capital market assumptions

Q1 2026

Asset Classes	Representative Data Series	Expected Long-Term Return	Expected Active Management	Expected Annual Volatility	Expected Annual Downside Risk	Correlation	
Money Market	FTSE Canada 30 Day TBill Index	3.5%	-	0.4%	2.6%	1.0	
Short term Bonds	FTSE Canada Short Term Bond Index	3.7%	0.35%	2.3%	-1.3%	0.3	1.0

Capital market assumptions represent the views of PH&N Institutional for the purposes of illustrating and understanding the potential risk-reward trade-off of different portfolio decisions and are established by considering a variety of qualitative and quantitative sources of information including: different forecasting models; internal and external research; existing and implied future conditions as priced by capital markets; and internal views of our fund managers. Expected long term annualized returns are for a 10-year forecast time horizon. Volatilities, downside risk and correlations are estimated from historical data and adjusted as required to reflect future market conditions. Investors should be aware of the limitations using forward-looking assumptions in that there is absolutely no guarantee that future performance will occur according to any ex-ante expectation.

Calculation of the annual minimum target

	From the by-law				Calculation
	Interest Rate	Interest Pmt 30-Apr	Interest Pmt 31-Oct	SF Deposit 31-Oct	Annual MinimumTarget (Accumulation @ 1.5%)
2025	3.75%				
2026	3.75%	2,625,000.00	2,625,000.00	6,055,471.08	6,055,471.08
2027	3.75%	2,625,000.00	2,625,000.00	6,055,471.08	12,201,774.23
2028	3.75%	2,625,000.00	2,625,000.00	6,055,471.08	18,440,271.92
2029	3.75%	2,625,000.00	2,625,000.00	6,055,471.08	24,772,347.08
2030	3.75%	2,625,000.00	2,625,000.00	6,055,471.08	31,199,403.36
2031	3.75%	2,625,000.00	2,625,000.00	6,055,471.08	37,722,865.50
2032	3.75%	2,625,000.00	2,625,000.00	6,055,471.08	44,344,179.56
2033	3.75%	2,625,000.00	2,625,000.00	6,055,471.08	51,064,813.33
2034	3.75%	2,625,000.00	2,625,000.00	6,055,471.08	57,886,256.61
2035	3.75%	2,625,000.00	2,625,000.00	6,055,471.08	64,810,021.54
				Face Amount	140,000,000.00
				Shortfall	75,189,978.46

From the by-law: *"Of the principal amount of $140,000,000.00 that matures in respect of the Debentures on October 31, 2035, an aggregate principal amount not exceeding the amount of $75,189,978.47 payable thereunder may be raised by the issue of refinancing sinking fund debentures over further term(s) of years up to but not exceeding 10 years "*

Disclaimer

This presentation is intended for institutional investors only.

This document has been provided by PH&N Institutional for information purposes only and may not be reproduced, distributed or published without the written consent of PH&N Institutional. It is not intended to provide professional advice and should not be relied upon in that regard. Any securities information provided in this presentation is confidential and for illustration purposes only to demonstrate the investment management process of the investment team(s), and is not a recommendation to buy or sell any specific security.

PH&N Institutional takes reasonable steps to provide up-to-date, accurate and reliable information, and believes the information to be so when printed. PH&N Institutional reserves the right at any time and without notice to change, amend or cease publication of the information.

Information obtained from third parties is believed to be reliable, but no representation or warranty, express or implied, is made by PH&N Institutional, its affiliates or any other person as to its accuracy, completeness or correctness. We assume no responsibility for any errors or omissions in such information.

This information is not intended to be an offer or solicitation to buy or sell securities or to participate in or subscribe for any service. No securities are being offered, except pursuant and subject to the respective offering documents and subscription materials, which shall be provided to qualified investors. This document is for general information only and is not, nor does it purport to be, a complete description of an investment in any RBC, PH&N or BlueBay funds. If there is an inconsistency between this document and the respective offering documents, the provisions of the respective offering documents shall prevail.

Commissions, trailing commissions, management fees and expenses all may be associated with the funds mentioned in this presentation. Please read the offering materials for a particular fund before investing. The performance data provided are historical returns, they are not intended to reflect future values of any of the funds or returns on investment in these funds mentioned in this presentation. Further, the performance data provided assumes reinvestment of distributions only and does not take into account sales, redemption, distribution or optional charges or income taxes payable by any unitholder that would have reduced returns. The unit values of non-money market funds change frequently. For money market funds, there can be no assurances that the fund will be able to maintain its net asset value per unit at a constant amount or that the full amount of your investment in the fund will be returned to you. Mutual fund securities are not guaranteed by the Canada Deposit Insurance Corporation or by any other government deposit insurer. Past performance may not be repeated.

The amount of risk associated with any particular investment depends largely on the investor's own circumstances. Investors should consult their professional advisors/consultants regarding the suitability of the investment solutions mentioned in this presentation.

This document may contain forward-looking statements about general economic factors which are not guarantees of future performance. Forward-looking statements involve inherent risk and uncertainties, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution you not to place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those expressed or implied in any forward-looking statement. All opinions in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.

PH&N Institutional is the institutional business division of RBC Global Asset Management Inc. (RBC GAM Inc.). RBC GAM Inc. is the manager and principal portfolio adviser of the Phillips, Hager & North (PH&N) investment funds and RBC investment funds.

RBC GAM is the asset management division of Royal Bank of Canada (RBC) which includes RBC Global Asset Management Inc., RBC Global Asset Management (U.S.) Inc., RBC Global Asset Management (UK) Limited and RBC Global Asset Management (Asia) Limited, which are separate, but affiliated subsidiaries of RBC.

REPORT

To: ONE Joint Investment Board
From: Keith Taylor, Chief Investment Officer, ONE Investment
Date: August 5, 2026
Re: Regional Municipality of Durham's Sinking Fund Solutions
Report: ONE JIB 2026-032

1. RECOMMENDATIONS

It is recommended that the Committee:

1. Recommend an investment allocation for Durham Region's sinking funds of 100% Money Market for years 1 and 2, with the ability to move to a 75% Money Market / 25% Short-term Bond, or 50/50 allocation in subsequent years as investment returns grow:

	Year 1, 2, and beyond as needed	Future Year options (as appropriate)	
Money market fund	100%	75%	50%
Short-term bond fund	0%	25%	50%

2. Staff continue to work with the External Investment Manager to consider custom options for sinking fund investments, as appropriate, for other Participating Municipalities, based on their unique circumstances.

2. SUMMARY

Some municipalities use sinking funds to improve the financing terms of debenture issuance and to establish an orderly plan for the retirement of debentures. Each year, the municipality deposits money into the sinking fund so the debt can be repaid on a set date in the future. Sinking fund investments are considered MNRI under the *Municipal Act*.

A solution for sinking fund investments for Durham Region (a ONE JIB Participating Municipality) is required immediately, as the municipality needs to start contributing to their sinking fund in October 2026.

This report recommends how to manage Durham Region's sinking fund investments in 2026. The approach focuses on reducing the chance that Durham will need to make extra top-up payments. The proposed allocations are a starting point. Because this is Durham's

first sinking fund, the approach may need to change as staff gain more experience with it.

The report explains the main factors that affect Durham's investment options. It compares two broad approaches: pooled fund allocations with varying sensitivity to changes in prevailing interest rates, and a custom approach that holds individual bonds. Each option has benefits and limitations.

3. BACKGROUND

Sinking funds are a feature of the municipal borrowing programs for a small number of large regional municipalities and single-tier municipalities. Eligible municipalities may leverage sinking funds to help finance large capital projects over an extended period, and in some cases across generations, or to finance capital projects when there are insufficient reserve balances or senior government funding.

For a municipality, a sinking fund is effectively a "reserve" fund which is utilized to repay the principal amount of a sinking fund debenture at maturity. The money in a sinking fund cannot typically be used for any purpose other than repayment of the principal at maturity.

A municipality is required by the *Municipal Act* to establish a sinking fund for each such debenture and to make annual contributions to the fund to ensure that the fund, together with anticipated interest earned, will be sufficient to repay the entire principal amount of the debenture upon maturity. The annual payment contributions are determined by the municipality when the financial details of a sinking fund debenture issue are finalized and is set out in the debenture by-law.

Durham Region's Sinking Fund

In October 2025, Durham Region issued sinking fund debentures for its own purposes as well as the purposes of two lower tier municipalities within Durham Region ("Durham") - the Municipality of Clarington and City of Pickering. The annual deposit into Durham's sinking fund will commence on October 31, 2026. The sinking fund debenture matures on October 31, 2035, with certain refinancing options. The annual total contribution amount is $6,055,471.

The investment objectives for a sinking fund are different than other types of MNRI

General municipal MNRI investments usually aim to grow over time while taking an appropriate level of risk. A common goal is to earn returns above inflation. This goal can be summarized as follows:

The investment goal for MNRI is to maximize returns given a specified level of risk.

The primary investment objective for sinking fund investments is different, as they are designed to help the municipality save money to meet a predetermined financial target in the future. This target is known in advance and is not affected by inflation. Since the

investment target is fixed, maximizing returns is less relevant than meeting the specified sinking fund balance at the terminal date.

Discussions with Durham staff have indicated that there is a strong preference for annual sinking fund contributions to be stable and predictable. If the value of sinking fund balances falls below the annual targets predetermined in its sinking fund by-law, the municipality would need to make a "top‑up" payment. As a result, the goals for their sinking fund can be summarized as follows:

> *The investment goal for the sinking fund is* to meet the funding goal as defined in the municipal by-laws while minimizing the need for unanticipated annual top‑up payments.

The value of municipal sinking fund investments is evaluated annually, and as needed, incremental fund contributions may be required.

Annually, a municipality is required to contribute a fixed amount to the sinking fund, as set out in its sinking fund by-law. Each year, the municipality shall also review the sinking fund's funded status, and if the value of the sinking fund investments is determined to be insufficient, the municipality may be required to make an additional contribution to the sinking fund.

The valuation method used for sinking fund investments can have a direct impact on this annual review. Some municipalities hold a portfolio of individual bonds, and typically, the valuations used for this annual appraisal are based on amortized cost. This tends to limit changes in valuations and may defer the recognition of losses, which significantly reduces the possibility of an annual top‑up being required. A buy‑and‑hold strategy that involves holding individual bonds can mitigate the need for unplanned incremental contributions.

However, if investments are valued at market value, and interest rates rise significantly, the value of bonds may fall, which could lead to a top-up payment being required. Likewise, crystallization of gains and losses could have a similar effect. For this reason, both the accounting treatment and the investment approach are relevant factors that may influence the need to make unplanned annual top-up payments.

Table 1 below provides details on how the accounting methodology affects the potential for annual top-up. These nuances also affect how the sufficiency test is conducted and the investment strategies used for municipal sinking funds.

Table 1 – Accounting treatment and potential incremental top-up payments

Scenario	**Accounting Treatment: Amortized Cost** *Only relevant for term deposits or holdings of individual bonds when valued at amortized costs.*	**Accounting Treatment: Market Value** *Applies to investment funds or individual bonds held if valued at market*
Rising interest rates	- Does not affect the reported	- Lowers the value of bonds

	value of bonds held.	held. - Could result in required annual 'top-up
Sales of securities	- Could crystallize losses - Could result in required annual 'top-up'	- Does not affect the reported value of bonds held.

Durham is sensitive about making unplanned annual contributions to the sinking fund

If annual "top-up" payments are required, each municipality would be obligated to make these contributions, and the payment schedule would become less predictable. Durham staff feel that a solution that provides a predictable annual payment schedule would simplify discussions with the participating lower tier municipalities. Durham has indicated a strong preference to minimize any top-up payments. This feedback by the municipality has helped to frame the approach proposed by this report.

Durham has also noted that they are comfortable slightly increasing the risk appetite of these funds as the portfolio matures, assuming positive returns are achieved in the early years to ensure repayment requirements are met.

A refinancing feature of Durham's municipal debentures adds complexity

Some municipal debentures are designed with a refinancing option. In Durham's case, the debenture's amortization schedule is based on a 20-year term, but the bond issued is a 10-year debenture. Before maturity, there is the option to issue another 10-year debenture to extend the ultimate maturity to 20 years in total. As the sinking fund investments at year 10 would be insufficient to retire the existing debentures, the proceeds of the second 10-year term would be used to retire the existing debentures, unless the municipality chose to pay the remaining balance in year 10. The second issuance would require a new by-law, and the terms of the issuance would change. As it is a new issuance, the upper and lower tiers involved in the issuance could change, and the balance of investments in the sinking fund would reset to zero.

4. ANALYSIS

A sinking fund solution for Durham should prioritize minimizing risk rather than maximizing returns. The approach should be designed to tailor the amount of risk assumed by the sinking fund.

The risks can be defined as two separate objectives:

1. To grow assets over time to maximize the probability that the sinking fund will be sufficiently funded to retire the debt when due.
2. To limit the potential for unplanned top-up payments during the life of the sinking fund.

While equity exposure and foreign investments may be considered for other municipalities with sinking funds, they have been omitted from this modelling exercise for Durham's sinking fund. While these investment types may increase the potential returns, they would increase the volatility of returns, which could potentially increase the probability of unplanned top-ups being required, which is a stated limitation for Durham.

The recommended investment approach should aim to minimize (but not eliminate) potential annual top-ups, without limiting the ability of the investment solution to add value

A key goal is to reduce the chance and size of annual top-up payments while still allowing the external investment manager to add value. Staff and the investment manager reviewed two main options: 1) a custom solution using individual bonds, and 2) a solution using one or more pooled funds. The following discussion considers how each option supports stable contributions and outlines the main benefits, limitations, and practical issues.

It is important to note that for other municipalities that may require a sinking fund solution from ONE JIB in the future, their sensitivity to making annual top-ups may differ, and municipalities with existing sinking funds may have accumulated gains that reduce concerns about future top-ups. This implies that the design of a broader municipal sinking fund investment solution must offer sufficient flexibility to address a wide range of circumstances and objectives across municipal clients. It is unlikely that a single, one-size-fits-all approach would be appropriate.

The custom bond solution and pooled fund solution are compared below. The comparison focuses on Durham's immediate needs, while also considering how each option could work for other municipalities with different objectives and constraints. Tables 2 and 3 summarize the main strengths and weaknesses of each approach.

Table 2 - Custom Bond Solution

Strength/advantage	Weaknesses/limitations
- Can mitigate the need for annual top-up payments	- Less diversification than pooled funds.
- Allows better planning of sinking fund contributions	- The external investment manager and ONE JIB approach is better suited to operate and add value through pooled fund offerings.
- Can be tailored to the specific circumstances of the municipality	- Holding individual bonds adds operational complexity

Table 3 - Portfolio Solution (Using PH&N funds)

Strength/advantage	Weaknesses/limitations
- Greater diversification of investments should provide higher return-for-risk.	- Municipality / JIB has limited control over annual top-ups and increased risk compared to custom bond approach.

	This can be limited through lower volatility funds.
- PH&N and ONE JIB approach is better suited to add value through this type of offering, which is operationally efficient and consistent with existing processes	

ONE JIB does not decide how a municipality funds any shortfall in its sinking fund. ONE JIB's role is to recommend and implement an investment strategy that fits the municipality's objectives and risk tolerance. Decisions about how to address funding gaps are municipal policy and governance matters that fall outside the scope of the ONE JIB's mandate.

Potential investment allocations using pooled funds have been developed by the External Investment Manager to address Durham's sinking fund needs

The potential investment allocations are included in the PH&N presentation attached to this report. They were developed for Durham's current situation and reflect Durham's concern about investment losses and possible top-up payments. Durham's objectives may change over time, so the allocations may need to be updated in the future.

The proposed investment allocations are designed to offer different levels of interest rate risk through pooled fund investments. Two pooled funds are used in different proportions to achieve varying levels of sensitivity to interest rates in each of the allocations presented. If the sinking fund cannot assume additional risk and the municipality is unwilling to make annual top‑up payments given its circumstances, the investments would be allocated to a money market fund, which is effectively insensitive to interest rate changes.

As the sinking fund can assume slightly more risk, the allocation to the money market fund would decrease, and the allocation to a bond fund would correspondingly increase. The analysis uses the Short‑Term Bond and Mortgage Fund, which has a duration of 2.6 years, to introduce additional risk to the sinking fund. While more complicated models are possible, this simplified approach allows sufficient flexibility to fine‑tune the interest rate risk level for Durham's sinking fund situation.

The specific investment allocations selected in year 1, 2, and beyond will reflect Durham's tolerance for making annual top-ups and will also consider the current funded status, which in turn will influence the likelihood that an annual top-up will be required. These proposed allocations provide an adequate range of options for Durham for the coming years, based on the objectives staff have identified.

The analysis employs PH&N investment assumptions and Monte Carlo techniques to estimate the probability that annual top‑up payments will be required and to assess the average size of any shortfalls. This analysis provides both ONE JIB and the municipalities with guidance on how effective each allocation would be in meeting the funding target at the terminal date and in indicating the potential need for annual top‑ups.

Why pooled funds instead of individual bonds

For individual bonds, bond values fall when bond yields rise. If market value accounting applies, this could require a top-up payment. This is especially important for Durham because it does not yet have accumulated gains to act as a buffer.

By comparison, a money market fund is unlikely to have losses. In the early years, if returns are above the required level, Durham can build a buffer. This may allow Durham to take on more risk in later years by adding a bond fund.

	Year 1, 2, and beyond as needed	Future Year options (as appropriate)	
Money market fund	100%	75%	50%
Short-term bond fund	0%	25%	50%

5. CONCLUSION

Sinking funds are considered MNRI under the *Municipal Act*. Municipalities use them to support debenture financing and to plan for repayment of debt. The municipality makes annual deposits so the debt can be repaid at a future date. For Durham Region, risk tolerance for these investments is limited.

This report presents a proposed approach to managing sinking fund investments for Durham Region that needs to commence in October 2026. The proposed framework approach of fund portfolios with limited downside risk and low likelihood of top-up payments recognizes Durham's limited ability to manage any top-up payments.

This approach may not be right for every municipality. Future sinking fund solutions should be considered based on each municipality's circumstances when ONE JIB reviews them.

ATTACHMENTS

Attachment 1: Excerpt from Durham Region's Sinking Fund By-law
Attachment 2: Sinking Fund analysis Presentation, by PH&N Institutional.

Drafted by: Keith Taylor, Chief Investment Officer, ONE Investment
Approved by: Donna Herridge and Afshin Majidi (interim), Co-Presidents/CEOs

Attachment 1

SCHEDULE "A" TO BY-LAW Number 2025-042

OF

THE REGIONAL MUNICIPALITY OF DURHAM

Year	Interest Rate %	Interest		Annual Sinking Fund Deposit	Total Annual Payment	Principal Balance Outstanding
		April 30	October 31	October 31		October 31
		$	$	$	$	$
2025	3.75	-	-	-	-	140,000,000.00
2026	3.75	2,625,000.00	2,625,000.00	6,055,471.08	11,305,471.08	140,000,000.00
2027	3.75	2,625,000.00	2,625,000.00	6,055,471.08	11,305,471.08	140,000,000.00
2028	3.75	2,625,000.00	2,625,000.00	6,055,471.08	11,305,471.08	140,000,000.00
2029	3.75	2,625,000.00	2,625,000.00	6,055,471.08	11,305,471.08	140,000,000.00
2030	3.75	2,625,000.00	2,625,000.00	6,055,471.08	11,305,471.08	140,000,000.00
2031	3.75	2,625,000.00	2,625,000.00	6,055,471.08	11,305,471.08	140,000,000.00
2032	3.75	2,625,000.00	2,625,000.00	6,055,471.08	11,305,471.08	140,000,000.00
2033	3.75	2,625,000.00	2,625,000.00	6,055,471.08	11,305,471.08	140,000,000.00
2034	3.75	2,625,000.00	2,625,000.00	6,055,471.08	11,305,471.08	140,000,000.00
2035	3.75	2,625,000.00	2,625,000.00	6,055,471.08	11,305,471.08	-
		26,250,000.00	26,250,000.00	60,554,710.80	113,054,710.80	

Note: Of the principal amount of $140,000,000.00 that matures in respect of the Debentures on October 31, 2035, an aggregate principal amount not exceeding the amount of $75,189,978.47 payable thereunder may be raised by the issue of refinancing sinking fund debentures over further term(s) of years up to but not exceeding 10 years