

**PROJECT AGREEMENT**  
**TORONTO SOUTH DETENTION CENTRE**  
**PROJECT**

**CONFIDENTIAL**

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Schedule 10	-	Operational Policies, Procedures and Practices Outline
Schedule 11	-	Outline Commissioning Program
Schedule 12	-	Output Specifications
Schedule 13	-	Title Encumbrances
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Schedule 26A	-	Standby Letter of Credit
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Schedule 27	-	Insurance Trust Agreement
Schedule 28	-	Benchmarking and Market Testing Procedure
Schedule 29	-	Energy Matters
Schedule 30	-	Financial Model Extracts
Schedule 31	-	Project Co Proposal Extracts
Schedule 32	-	Custody Agreement
Schedule 33	-	Electronic Security System Integration Quality Plan

- Schedule 34 - Toronto Intermittent Centre
- Schedule 35 - Term Sheet for Future Phases
- Schedule 36 - Renewable Energy

**THIS PROJECT AGREEMENT** is made as of the 26<sup>th</sup> day of October, 2009

**BETWEEN:**

**ONTARIO INFRASTRUCTURE PROJECTS CORPORATION**, a non-share capital corporation continued under the *Ontario Infrastructure Projects Corporation Act*, S.O. 2006, c.9, Schedule I, as amended, as agent for Her Majesty The Queen in Right of Ontario, as represented by the Minister of Energy and Infrastructure

**AND:**

**INTEGRATED TEAM SOLUTIONS (JUSTICE INFRASTRUCTURE) PARTNERSHIP, [REDACTED]**

(“**Project Co**”)

**WHEREAS:**

- A. MCSCS wishes to procure a new, maximum security remand, detention centre in Toronto, Ontario, that will utilize a direct supervision model of offender management.
- B. Project Co will provide the Project Operations, which Project Operations include the design, construction, financing and maintenance of the Facility and the design, construction, financing and maintenance of the TIC (the “**Project**”). [REDACTED]
- C. IO and Project Co wish to enter into this project agreement (the “**Project Agreement**”), which sets out the terms and conditions upon which Project Co shall perform the Project Operations.
- D. The Project will proceed as an alternative financing and procurement project under MEI’s *ReNew Ontario* infrastructure investment plan, and complies with the principles set out in MEI’s *Building a Better Tomorrow: An Infrastructure Planning, Financing and Procurement Framework for Ontario’s Public Sector* (the “**IPFP Framework**”).
- E. The IPFP Framework establishes five fundamental principles which guide the financing and procurement of public infrastructure projects in Ontario:
  - 1. The public interest is paramount.
  - 2. Value for money must be demonstrable.
  - 3. Appropriate public control/ownership must be preserved.



4. Accountability must be maintained.
  5. All processes must be fair, transparent and efficient.
- F. The IPFP Framework states that, consistent with the principle of appropriate public ownership/control, public ownership of assets will be preserved in the public sector.
- G. With a view to ensuring that both Parties are able to properly and effectively discharge their respective duties, functions and responsibilities under Applicable Law, it is the intent that IO and Project Co work collaboratively, responsibly and cooperatively throughout the Project Term.

**NOW THEREFORE** in consideration of the mutual covenants and agreements of the Parties hereinafter contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties covenant and agree as follows:

## **1. DEFINITIONS AND INTERPRETATION**

### **1.1 Definitions and Interpretation**

- (a) This Project Agreement shall be interpreted in accordance with Schedule 1 - Definitions and Interpretation.
- (b) This Project Agreement is comprised of this executed agreement and the following documents, all of which are hereby incorporated by reference into and form part of this Project Agreement:

<b><u>Schedule No.</u></b>	<b><u>Description</u></b>
Schedule 1	- Definitions and Interpretation
Schedule 2	- Completion Documents
Schedule 3	- Project Co Information
Schedule 4	- Lenders' Direct Agreement
Schedule 5	- Direct Agreements
Schedule 6	- Independent Certifier Agreement
Schedule 7	- Key Individuals
Schedule 8	- Review Procedure
Schedule 9	- Design Quality Plan and Construction Quality Plan
Schedule 10	- Operational Policies, Procedures and Practices Outline
Schedule 11	- Outline Commissioning Program
Schedule 12	- Output Specifications
Schedule 13	- Title Encumbrances
Schedule 14	- Equipment
Schedule 15	- Works Schedule
Schedule 16	- Communications Protocol

<u>Schedule No.</u>	<u>Description</u>
Schedule 17	- Heritage Guidelines and Protocols
Schedule 18	- Payment Mechanism
Schedule 19	- Variation Procedure
Schedule 20	- Compensation on Termination
Schedule 21	- Expiry Transition Procedure
Schedule 22	- Insurance and Performance Security Requirements
Schedule 23	- Record Provisions
Schedule 24	- Dispute Resolution Procedure
Schedule 25	- Refinancing
Schedule 26A	- Standby Letter of Credit
Schedule 26B	- Remaining Works Letter of Credit
Schedule 27	- Insurance Trust Agreement
Schedule 28	- Benchmarking and Market Testing Procedure
Schedule 29	- Energy Matters
Schedule 30	- Financial Model Extracts
Schedule 31	- Project Co Proposal Extracts
Schedule 32	- Custody Agreement
Schedule 33	- Electronic Security System Integration Quality Plan
Schedule 34	- Toronto Intermittent Centre
Schedule 35	- Term Sheet for Future Phases
Schedule 36	- Renewable Energy

- (c) The documents comprising this Project Agreement are complementary and what is called for by any one of them shall be interpreted as if called for by all, except in the event of ambiguities, conflicts or inconsistencies, in which case Section 1.2 shall apply.
- (d) Except for those parts of Project Co's proposal which are incorporated by reference into this Project Agreement by the Project Co Proposal Extracts, on Financial Close, the Request for Proposals and Project Co's proposal are superseded entirely by this Project Agreement and rendered null and void, and shall not be relied upon or used by Project Co, IO or anyone else (including anyone pursuant to Schedule 24 - Dispute Resolution Procedure or any arbitral body or any court) in any way to interpret or qualify the scope of the Project Operations, any obligations or liabilities of Project Co, or anything else contained in this Project Agreement.
- (e) Unless it is specifically provided that a consent, approval or satisfaction is in the sole discretion of IO, no consent, approval or satisfaction of IO or the IO Representative shall be unreasonably withheld or delayed.
- (f) Unless it is specifically provided that a consent, approval or satisfaction is in the sole discretion of Project Co, no consent, approval or satisfaction of Project Co or the Project Co Representative shall be unreasonably withheld or delayed.

(g) [REDACTED]

## 1.2 Conflict of Terms

(a) In the event of ambiguities, conflicts or inconsistencies between or among any of the provisions of this Project Agreement, the provisions shall govern in the following order of precedence with each taking precedence over those listed subsequently:

- (i) the provisions of amendments in writing to this Project Agreement signed by the Parties and Variation Confirmations shall govern and take precedence only over those specific provisions of this Project Agreement expressly amended thereby;
- (ii) any provision establishing a higher standard of safety, reliability, durability, performance or service shall take precedence over a provision establishing a lower standard of safety, reliability, durability, performance or service;
- (iii) the body of this Project Agreement;
- (iv) Schedule 1 Definitions and Interpretation;
- (v) Schedule 24 Dispute Resolution Procedure;
- (vi) Schedule 18 Payment Mechanism;
- (vii) Schedule 14 Equipment;
- (viii) Schedule 12 Output Specifications;
- (ix) Schedule 22 Insurance and Performance Security Requirements;
- (x) Schedule 19 Variation Procedure;
- (xi) Schedule 8 Review Procedure;
- (xii) Schedule 11 Outline Commissioning Program;
- (xiii) Schedule 9 Design Quality Plan and Construction Quality Plan;
- (xiv) Schedule 25 Refinancing;
- (xv) Schedule 20 Compensation on Termination;
- (xvi) Schedule 23 Record Provisions;
- (xvii) Schedule 21 Expiry Transition Procedure;

- (xviii) Schedule 28            Benchmarking and Market Testing Procedure;
  - (xix) Schedule 31            Project Co Proposal Extracts; and
  - (xx) the other Schedules in the order in which they are listed in Section 1.1(b).
- (b) Subject to Section 1.2(a), if the ambiguity, conflict or inconsistency is between a provision of general application and a provision that applies only to a specific part of the Project Operations, the provision that applies to the specific part of the Project Operations shall govern for that specific part of the Project Operations.
- (c) If any ambiguity, conflict or inconsistency is not readily resolved by the foregoing provisions of this Section 1.2, then Project Co or IO, upon discovery of same, shall immediately give notice to the IO Representative. The IO Representative shall, within ten Business Days after such notice, make a determination of which provision governs and give notice of such determination, in writing, to Project Co.
- (d) IO and Project Co shall comply with the determination of the IO Representative pursuant to this Section 1.2 unless IO or Project Co disputes the decision of the IO Representative in which event such Dispute may be referred for resolution in accordance with Schedule 24 - Dispute Resolution Procedure.

### **1.3 Conflict of Documents**

- (a) In the event of any ambiguity, conflict or inconsistency between the provisions of this Project Agreement and the Lenders' Direct Agreement, the provisions of the Lenders' Direct Agreement shall prevail and govern to the extent of such ambiguity, conflict or inconsistency.

## **2. COMMERCIAL CLOSE AND FINANCIAL CLOSE**

### **2.1 Effective Date**

- (a) The provisions of Sections 1 to 11, 13, 15 to 23, 27, 28, 33, 35, 36, 37 and 49 to 60, of this Project Agreement as well as Schedules 1, 2, 7, 8, 9, 13, 14, 16, 17, 19, 22, 23, 24, 26, 31 and 32 to this Project Agreement, will come into effect on the date of this Project Agreement. All other provisions of this Project Agreement will come into effect only on Financial Close. The provisions of this Project Agreement will terminate on the Termination Date.

### **2.2 Standby Letter of Credit**

- (a) On Commercial Close, Project Co shall deliver, or cause to be delivered, to IO an irrevocable standby letter of credit (the "**Standby Letter of Credit**") in an amount equal to [REDACTED], substantially in the form of Schedule 26A– Standby Letter of Credit.

- (b) Unless the Standby Letter of Credit is drawn by IO in accordance with the provisions of this Project Agreement, IO shall release and deliver the Standby Letter of Credit to Project Co on Financial Close.
- (c) Project Co shall ensure that the Standby Letter of Credit (and any replacement thereof) is renewed prior to its expiry date if, as at such date, Financial Close will not, or may reasonably be expected not to, have occurred.

### 2.3 Financial Close

- (a) No later than 30 days prior to the Financial Close Target Date, Project Co will deliver to IO drafts of all documents referred to in Section 1 of Schedule 2 - Completion Documents.
- (b) On or before the Financial Close Target Date:
  - (i) Project Co shall deliver to IO the documents referred to in Section 1 of Schedule 2 - Completion Documents; and
  - (ii) IO shall deliver to Project Co the documents referred to in Section 2 of Schedule 2 - Completion Documents.
- (c) If Project Co fails to deliver to IO any of the documents referred to in Section 1 of Schedule 2 - Completion Documents by the Financial Close Target Date (other than as a direct result of a breach by IO of its obligations under Section 2.3(b)(ii)) and IO does not waive such requirement, IO will be entitled to draw on the Standby Letter of Credit, in full or in part, to retain the proceeds thereof as liquidated damages and may terminate this Project Agreement in its entirety by written notice having immediate effect. The Parties agree that such liquidated damages are not a penalty but represent a genuine and reasonable pre-estimate of the damages that IO will suffer as a result of the happening of the specified event and it would be difficult or impossible to quantify such damages upon the happening of the specified event. Such payment shall constitute full and final settlement of any and all damages that may be claimed by IO as a result of Project Co not achieving Financial Close. The Parties agree that such liquidated damages shall be payable whether or not IO incurs or mitigates its damages, and that IO shall not have any obligation to mitigate any such damages.
- (d) If IO fails to deliver to Project Co any of the documents referred to in Section 2 of Schedule 2 - Completion Documents by the Financial Close Target Date (other than as a direct result of a breach by Project Co of its obligations under Section 2.3(b)(i)) and Project Co does not waive such requirement, Project Co will be entitled to the return of the Standby Letter of Credit and to terminate this Project Agreement in its entirety by written notice having immediate effect.

## 2.4 Disruption in Financial Markets

- (a) If Financial Close cannot be achieved by the Financial Close Target Date by reason solely of a Severe Market Disruption, subject to Project Co's obligation to renew the Standby Letter of Credit, pursuant to Section 2.2, the Financial Close Target Date will be extended until the date falling ten Business Days (or such other period as the Parties agree, acting reasonably) after the date on which such Severe Market Disruption ceases.
- (b) If a Severe Market Disruption exists, then, at any time before such Severe Market Disruption ceases and prior to Financial Close, IO may in its sole discretion either:
  - (i) terminate this Project Agreement in its entirety by written notice having immediate effect; or
  - (ii) direct Project Co to assign to IO:
    - (A) the Project Agreement, and all of Project Co's right, title and interest in the Project Data, the Intellectual Property Rights and the Permits, Licences and Approvals; and
    - (B) those contracts between Project Co and any Project Co Party which IO elects to be assigned.
- (c) If IO exercises its rights pursuant to Section 2.4(b), and, provided Project Co has, if directed, delivered the assignments provided for in (ii) (A) and (B) above, Project Co will be entitled to the return of its Standby Letter of Credit and to payment of an amount equal to the "Design and Bid Fee", if applicable, pursuant to Section 10.3.2 of the Request for Proposals [REDACTED]. IO's obligation to return the Standby Letter of Credit and to pay such fee shall be contingent on the receipt of a waiver, in form and substance satisfactory to IO, that such fee represents full and final satisfaction of any obligation or liability of IO and any other Government Entity to Project Co and any Project Co Parties in connection with the Project Agreement and the Request for Proposals.

## 3. SCOPE OF AGREEMENT

### 3.1 Scope of Agreement

- (a) Project Co shall undertake the Project and perform the Project Operations in accordance with and subject to the provisions of this Project Agreement.
- (b) Project Co shall exercise its rights and perform its obligations at its own cost and risk without recourse to IO, except as otherwise provided in this Project Agreement, in which case Project Co's sole recourse with respect to the subject matter of this Project Agreement shall be to IO as agent of the Province.

- (c) If IO determines, in its sole discretion to proceed with a Future Phase, Project Co shall perform the services set out in Schedule 35 – Term Sheet for Future Phases in accordance with the terms and conditions set out therein.

#### **4. BUSINESS OPPORTUNITIES**

##### **4.1 Business Opportunities**

- (a) Project Co acknowledges that IO reserves the right to all commercial and other opportunities (including, for greater certainty, all retail and parking operations) in the Facility and at the Site ("**Business Opportunities**"). IO may, as set out in this Project Agreement, grant rights in the Business Opportunities to Project Co.
- (b) To encourage the development of Business Opportunities, Project Co may, from time to time, propose Business Opportunities for IO's consideration. All such proposals shall describe the Business Opportunity in full with the expected financial and other advantages to both Parties. IO may accept any such proposal in its sole discretion and subject to such terms and conditions as IO may require.
- (c) Notwithstanding that Project Co has proposed a Business Opportunity to IO for its consideration, Project Co acknowledges that IO reserves the right to proceed with such Business Opportunity or any similar Business Opportunity with Project Co or with any third party, and may initiate a separate procurement process for the development of any Business Opportunity.
- (d) In determining whether to accept any proposal in respect of a Business Opportunity, IO shall consult with and take into account the views of MCSCS, and shall, if so required by MCSCS, submit the relevant proposal to MCSCS for consideration.

#### **5. REPRESENTATIONS AND WARRANTIES**

##### **5.1 Project Co Representations and Warranties**

- (a) Project Co represents and warrants to IO that as of Commercial Close:
- (i) Project Co is [REDACTED] and validly existing under the laws of the [REDACTED] and has all the requisite power and authority to own its properties and assets, to carry on its business as it is currently being conducted, and to enter into this Project Agreement and to perform its obligations hereunder;
  - (ii) [REDACTED]
  - (iii) [REDACTED]
  - (iv) [REDACTED]

- (v) Project Co and the Project Co Parties, collectively, have extensive experience and are knowledgeable in the design, construction and maintenance of detention centres and have the required ability, experience, skill and capacity to perform the Project Operations in a timely and professional manner as set out in this Project Agreement;
- (vi) [REDACTED] Project Co, [REDACTED] has the requisite power, authority and capacity to execute and deliver and perform this Project Agreement, and to do all acts and things, and execute, deliver and perform all other agreements, instruments, undertakings and documents as are required by this Project Agreement to be done, executed, delivered or performed by Project Co;
- (vii) no steps or proceedings have been taken or are pending to supersede or amend,
  - (A) the constating or formation documents of Project Co [REDACTED]; or
  - (B) the articles or by-laws of [REDACTED],in each case, in a manner that would impair or limit Project Co's ability to perform its obligations under this Project Agreement;
- (viii) this Project Agreement has been duly authorized, executed, and delivered by Project Co, [REDACTED] and constitutes a legal, valid, and binding obligation of each of Project Co, [REDACTED] enforceable against each of them in accordance with its terms, subject only to:
  - (A) limitations with respect to the enforcement of remedies by bankruptcy, insolvency, moratorium, winding-up, arrangement, reorganization, fraudulent preference and conveyance and other laws of general application affecting the enforcement of creditors' rights generally; and
  - (B) general equitable principles and the fact that the availability of equitable remedies is in the discretion of a court and that a court may stay proceedings or the execution of judgments;
- (ix) the execution, delivery, and performance by Project Co, [REDACTED] of this Project Agreement does not and will not violate or conflict with, or constitute a default under:
  - (A) its constating, formation or organizational documents, including any by-laws;
  - (B) any Applicable Law; or
  - (C) any covenant, contract, agreement, or understanding to which it is a party or by which it or any of its properties or assets is bound or affected;



- (x) no Project Co Event of Default has occurred and is continuing;
- (xi) all of the information regarding Project Co, [REDACTED] set out in Schedule 3 - Project Co Information is true and correct in all material respects;
- (xii) there are no actions, suits, proceedings, or investigations pending or threatened against Project Co, [REDACTED] or, to Project Co's knowledge, any Project Co Party at law or in equity before any Governmental Authority or arbitral body (whether or not covered by insurance) that individually or in the aggregate could result in any material adverse effect on the business, properties, or assets, or the condition, financial or otherwise, of any of Project Co, [REDACTED] or in any impairment of Project Co's ability to perform its obligations under this Project Agreement, and Project Co has no knowledge of any violation or default with respect to any order, writ, injunction, or decree of any Governmental Authority or arbitral body that could result in any such material adverse effect or impairment;
- (xiii) Project Co has carefully reviewed the whole of this Project Agreement, and all other documents made available to Project Co by or on behalf of IO, and, to Project Co's knowledge, nothing contained herein or therein inhibits or prevents Project Co from completing the Works or performing the Project Operations in accordance with this Project Agreement in a good and safe manner so as to achieve and satisfy the requirements of this Project Agreement;
- (xiv) [REDACTED] Project Co, [REDACTED] is able to meet its obligations as they generally become due;
- (xv) Project Co is registered under Division V of Part IX of the *Excise Tax Act* (Canada) and its GST registration number is [REDACTED];
- (xvi) [REDACTED] Project Co, [REDACTED] is not a Non-Resident and has no obligation to file income tax returns in any jurisdiction outside Canada;
- (xvii) if Project Co is a non-resident contractor as defined in section 1 of the *Retail Sales Tax Act* (Ontario) Regulation 1013, Project Co has complied with the requirements of subsection 39(3) of the *Retail Sales Tax Act* (Ontario) in respect of any tangible personal property consumed or used in the construction of the Facility;
- (xviii) the Scheduled Substantial Completion Date is a realistic date and is achievable by Project Co performing the Works in accordance with this Project Agreement; and
- (xix) the TIC Scheduled Completion Date is a realistic date and is achievable by Project Co performing the TIC Work in accordance with this Project Agreement.

## 5.2 IO Representations and Warranties

- (a) IO represents and warrants to Project Co that as of Commercial Close:
- (i) IO is a non-share capital corporation continued under the *Ontario Infrastructure Projects Corporation Act, 2006*, S.O. 2006, c. 9, Schedule I, as amended, and has all the requisite corporate power and authority to own its properties and assets, to carry on its business as it is currently being conducted, and to enter into this Project Agreement and to perform its obligations hereunder;
  - (ii) IO is entering into this Agreement as agent for the Province and has the requisite power, authority and capacity to execute, deliver and perform this Project Agreement and to bind the Province, and to do all acts and things, and execute, deliver and perform all other agreements, instruments, undertakings and documents as are required by this Project Agreement to be done, executed, delivered or performed;
  - (iii) IO has obtained all necessary approvals to enter into and perform its obligations under this Project Agreement;
  - (iv) this Project Agreement has been duly authorized, executed, and delivered by IO and constitutes a legal, valid, and binding obligation of IO, enforceable against IO in accordance with its terms, subject only to:
    - (A) limitations with respect to the enforcement of remedies by bankruptcy, insolvency, moratorium, winding-up, arrangement, reorganization, fraudulent preference and conveyance and other laws of general application affecting the enforcement of creditors' rights generally;
    - (B) general equitable principles and the fact that the availability of equitable remedies is in the discretion of a court and that a court may stay proceedings or the execution of judgments; and
    - (C) Section 11.3 of the *Financial Administration Act*;
  - (v) the execution, delivery, and performance by IO of this Project Agreement does not and will not violate or conflict with, or constitute a default under:
    - (A) the *Ontario Infrastructure Projects Corporation Act, 2006*, S.O. 2006, c. 9, Schedule I, as amended, or any regulations made in respect thereof;
    - (B) the *Executive Council Act* (Ontario);
    - (C) any Applicable Law; or

- (D) any covenant, contract, agreement, or understanding to which it is a party or by which it or any of its properties or assets is bound or affected;
- (vi) no IO Event of Default has occurred and is continuing;
- (vii) to the knowledge of IO, there are no actions, suits, proceedings, or investigations pending, or threatened (in writing) against IO at law or in equity before any Governmental Authority or arbitral body (whether or not covered by insurance) of which IO has received written notice and that individually or in the aggregate could result in any material adverse effect on the business, properties, or assets, or the condition, financial or otherwise, of IO or in any impairment of its ability to perform its obligations under this Project Agreement, and IO is not aware of any violation or default with respect to any order, writ, injunction, or decree of any Governmental Authority or arbitral body that could result in any such material adverse effect or impairment;
- (viii) IO is able to meet its obligations as they generally become due;
- (ix) IO has rights of use and access to, on and over the Site and the Facility or has the requisite power to obtain such rights that are sufficient to enable IO to grant or to cause to be granted to Project Co the licence rights contemplated in Section 14.1; and
- (x) the Province is the registered owner of, and has good title in fee simple to, the Site, subject only to the Title Encumbrances.

## **6. BACKGROUND INFORMATION**

### **6.1 No Liability**

- (a) Except as expressly provided in Sections 6.4, 16.2 and 16.3, neither IO nor any other Government Entity shall be liable to Project Co for, and Project Co shall not seek to recover from IO, any IO Party or any other Government Entity, any damages, losses, costs, liabilities or expenses which may arise (whether in contract, tort or otherwise) from the adoption, use or application of the Background Information by, or on behalf of, Project Co or any Project Co Party.

### **6.2 No Warranty**

- (a) Except as expressly provided in Sections 6.4, 16.2 and 16.3:
  - (i) neither IO nor any other Government Entity gives any warranty or undertaking of whatever nature in respect of the Background Information and, specifically (but without limitation), neither IO nor any Government Entity warrants that the Background Information represents all of the information in its possession or power (either during the conduct of the procurement process for the Project or at

the time of execution and delivery of this Project Agreement) relevant or material to or in connection with the Project or the obligations of Project Co under this Project Agreement or under any of the Project Documents; and

- (ii) neither IO nor any other Government Entity shall be liable to Project Co in respect of any failure, whether before, on or after the execution and delivery of this Project Agreement:
  - (A) to disclose or make available to Project Co any information, documents or data;
  - (B) to review or update the Background Information; or
  - (C) to inform Project Co of any inaccuracy, error, omission, defect or inadequacy in the Background Information.

### 6.3 No Claims

- (a) Project Co acknowledges and confirms that:
    - (i) it has conducted its own analysis and review of the Background Information and has, before the execution and delivery of this Project Agreement, satisfied itself as to the accuracy, completeness and fitness for purpose of any such Background Information upon which it places reliance; and
    - (ii) except as expressly provided in Sections 6.4, 16.2 and 16.3, it shall not be entitled to and shall not, and shall ensure that no Project Co Party shall, make any claim against IO, any IO Party or any Government Entity (whether in contract, tort or otherwise), including, without limitation, any claim in damages, for extensions of time or for additional payments under this Project Agreement on the grounds:
      - (A) of any misunderstanding or misapprehension in respect of the Background Information; or
      - (B) that the Background Information was incorrect or insufficient,
- nor shall Project Co be relieved from any of its obligations under this Project Agreement on any such ground.

### 6.4 Technical Reports

- (a) IO agrees that, if at Commercial Close, except as disclosed in any Background Information or as otherwise disclosed by IO, any IO Party or any Government Entity or known by Project Co or any Project Co Party, any of the information in the Technical Reports is, to the actual knowledge of IO, incorrect or there is relevant information in the possession or control of IO that would make any of the information in the Technical

Reports incorrect, then, to the extent that such incorrect information materially adversely interferes with Project Co's ability to perform the Project Operations or materially adversely affects Project Co's cost of performing the Project Operations, such incorrect information shall, subject to and in accordance with Schedule 19 - Variation Procedure, result in a Variation.

- (b) For purposes of Section 6.4(a), "to the actual knowledge of IO" means to the actual knowledge of the president and chief executive officer of IO or the Project Manager - Project Delivery for the Project.

## **7. PROJECT DOCUMENTS**

### **7.1 Project Documents**

- (a) Project Co shall perform its obligations under, and observe all of the provisions of, each of the Project Documents to which it is a party, and shall ensure that each Project Co Party shall perform its obligations under, and observe all of the provisions of, each of the Project Documents to which such Project Co Party is a party, so as to ensure that other parties to such Project Documents shall not be entitled to terminate same. In the event that Project Co receives a notice of default under any of the Project Documents, it shall promptly, and, in any event, no later than 2 Business Days after receipt thereof, deliver a copy of such notice of default to IO.

### **7.2 Ancillary Documents**

- (a) Project Co shall not:
- (i) terminate or agree to the termination of all or part of any Ancillary Document, except pursuant to Sections 30.3, 43.5, 57.3 and 58.2 or otherwise to prevent or cure a Project Co Event of Default (provided that commercially reasonable alternative measures would not prevent or cure such Project Co Event of Default);
  - (ii) make or agree to any amendment, restatement or other modification of any Ancillary Document that materially adversely affects Project Co's ability to perform its obligations under this Project Agreement or that has the effect of increasing any liability of IO, whether actual or potential;
  - (iii) breach its obligations (or waive or allow to lapse any rights it may have) or permit others to breach their obligations (or waive or allow to lapse any rights they may have) under any Ancillary Document, that materially adversely affect Project Co's ability to perform its obligations under this Project Agreement or that have the effect of increasing any liability of IO, whether actual or potential; or
  - (iv) enter into, or permit the entry into by any other person of, any agreement replacing all or part of any Ancillary Document, except in the circumstances referenced in Section 7.2(a)(i),

without the prior written consent of IO, not to be unreasonably withheld or delayed; provided that, where consent is requested pursuant to Section 7.2(a)(i) or 7.2(a)(iv), such consent shall not be withheld, and shall be provided within a reasonable time, where the relevant matter referred to in Section 7.2(a)(i) or 7.2(a)(iv) will not materially adversely affect Project Co's ability to perform its obligations under this Project Agreement or have the effect of increasing any liability of IO, whether actual or potential. In the event of termination or agreement to the termination of all or part of any Ancillary Document as described in Section 7.2(a)(i) or any agreement replacing all or part of any Ancillary Document as described in Section 7.2(a)(iv), Project Co shall, to the extent applicable, comply with all provisions herein applicable to changes in Project Co Parties, including Section 57.3.

### **7.3 Changes to Lending Agreements and Refinancing**

- (a) Subject to the terms of the Lenders' Direct Agreement, Project Co shall not terminate, amend or otherwise modify the Lending Agreements, or waive or exercise any of its rights under the Lending Agreements, if, at the time such action is contemplated and effected, it would materially adversely affect Project Co's ability to perform its obligations under this Project Agreement or the Project Documents or have the effect of increasing any liability of IO, whether actual or potential, unless:
  - (i) such action is a Permitted Borrowing; or
  - (ii) such action is a Refinancing effected in accordance with the provisions of Schedule 25 - Refinancing.

### **7.4 Compliance with Lending Agreements**

- (a) Project Co shall keep the Lending Agreements in good standing to the extent necessary to perform its obligations under this Project Agreement and the Project Documents, and shall ensure that none of the terms and conditions of the Lending Agreements shall prevent Project Co from performing its obligations under this Project Agreement or the Project Documents.

## **8. IO RESPONSIBILITIES**

### **8.1 General**

- (a) IO shall, at its own cost and risk:
  - (i) perform all of its obligations under, and observe all provisions of, this Project Agreement in compliance with Applicable Law;
  - (ii) comply with all Permits, Licences and Approvals in accordance with their terms;

- (iii) cooperate with Project Co in the fulfillment of the purposes and intent of this Project Agreement, provided, however, that IO shall not be under any obligation to perform any of Project Co's obligations under this Project Agreement; and
  - (iv) perform or cause to be performed the MCSCS FM Services in accordance with Good Industry Practice and the performance standards to be established by the Facilities Management Committee pursuant to this Project Agreement.
- (b) During the Operational Term and, with respect to the TIC only, during the TIC Interim Period, IO shall permit the use of the Facility by MCSCS for the predominant purpose of a detention centre or any other related purpose, and for ancillary uses compatible with the foregoing.
- (c) IO shall, and shall cause all IO Parties and all other Government Entities to, take reasonable steps to minimize undue interference with the provision of the Project Operations by Project Co or any Project Co Party.
- (d) Nothing in this Project Agreement shall in any way fetter the right, authority and discretion of any IO Party or any other Government Entity in fulfilling its statutory or other functions under Applicable Law, and Project Co understands and agrees that nothing in this Project Agreement shall preclude IO's board of directors from performing, discharging or exercising its duties, responsibilities and powers under Applicable Law. Project Co further agrees that it shall comply, and shall cause all relevant Project Co Parties to comply, with all written directions issued by or on behalf of IO's board of directors from time to time, subject to Section 37.1(b).

## **9. PROJECT CO RESPONSIBILITIES**

### **9.1 Other Business**

- (a) Project Co shall not engage in any activities which are not specifically related to, required by and conducted for the purpose of the Project without the prior written consent of IO, in its sole discretion.

### **9.2 General**

- (a) Project Co shall, at its own cost and risk:
- (i) perform all of its obligations under, and observe all provisions of, this Project Agreement in compliance with Applicable Law;
  - (ii) perform all Project Operations:
    - (A) in compliance with Applicable Law;

- (B) in compliance with all Permits, Licences and Approvals and so as to preserve the existence and continued effectiveness of any such Permits, Licences and Approvals;
  - (C) so as to satisfy the Output Specifications;
  - (D) in accordance with Good Industry Practice;
  - (E) in a manner consistent with the Project Co Proposal Extracts;
  - (F) in a timely and professional manner;
  - (G) with due regard to the health and safety of persons and property;
  - (H) subject to the other provisions of this Project Agreement, in a manner which will not impair the ability of IO, any of the IO Parties or any other Government Entity to comply with Applicable Law;
  - (I) subject to the other provisions of this Project Agreement, in a manner which will not impair the performance of the MCSCS Services;
  - (J) with respect to the TIC, so as to satisfy the terms and conditions of Schedule 34 - Toronto Intermittent Centre; and
  - (K) in accordance with all other terms of this Project Agreement; and
- (iii) cooperate with IO in the fulfillment of the purposes and intent of this Project Agreement, provided however that Project Co shall not be under any obligation to perform any of IO's obligations under this Project Agreement.

### **9.3 Project Co Parties**

- (a) Project Co shall not be relieved of any liability or obligation under this Project Agreement by the appointment of any Project Co Party, and Project Co shall cause each Project Co Party, to the extent such Project Co Party performs or is specified hereunder to perform the Project Operations, to comply with the obligations of Project Co hereunder in the same manner and to the same extent as Project Co.

### **9.4 Permits, Licences and Approvals**

- (a) Project Co shall, at its own cost and risk:
- (i) obtain, maintain, and, as applicable, renew all Permits, Licences and Approvals which may be required for the performance of the Project Operations; and
  - (ii) comply with all Permits, Licences and Approvals in accordance with their terms.



- (b) Where Permits, Licences and Approvals have requirements that may impose any conditions, liabilities or obligations on IO or any IO Party, Project Co shall not obtain such Permits, Licences and Approvals without the prior written consent of IO not to be unreasonably withheld or delayed, provided that neither IO nor any IO Party shall be responsible for obtaining or for the failure of Project Co to obtain any Permit, Licence or Approval. IO shall comply, or shall require compliance, with any conditions, liabilities or obligations as are imposed on IO or any IO Party by the requirements of any Permit, Licence or Approval obtained with IO consent under this Section 9.4(b).
- (c) IO shall provide Project Co with such information and administrative assistance as Project Co may reasonably require in relation to the Permits, Licences and Approvals.
- (d) Without limiting the generality of Section 9.4(a), Project Co shall perform all Project Operations in compliance with the Approved Site Plan and any agreement between IO and the City of Toronto or between Project Co and the City of Toronto relating to the Approved Site Plan.

## 9.5 Safety During the Works Phase

- (a) From Financial Close until the Final Completion Date, Project Co shall:
  - (i) comply with the Safety Plan;
  - (ii) keep the Site, the Works and the Facility in a safe and orderly state, as appropriate in accordance with Good Industry Practice, to avoid danger to persons on the Site, in the Facility and in the immediate vicinity of the Site;
  - (iii) take such measures as are reasonable in accordance with Good Industry Practice to prevent access to the Site and the Facility of any persons or creatures not entitled to be there;
  - (iv) comply with all Applicable Law relating to health and safety, including without limitation the *Occupational Health and Safety Act* (Ontario) and all regulations thereto;
  - (v) perform, or cause a Project Co Party to perform, all of the obligations of the “constructor”, and indemnify IO, each IO Party and each Government Entity against any and all of the liabilities of the “constructor”, under the *Occupational Health and Safety Act* (Ontario) and all regulations thereto; and
  - (vi) provide IO with a certificate of good standing from WSIB or any successor thereto once every 90 days.

## 9.6 Security Procedures and Compliance

- (a) Project Co shall, at its sole cost and expense (except as otherwise specifically provided in Section 9.7), comply with the requirements of Section 9.7 and ensure that all Designated Project Co Employees comply with the requirements of Section 9.7.

## 9.7 Security Clearance Check

- (a) Except as otherwise agreed by the Parties, Project Co shall, and shall cause each Project Co Party that is not an individual to, submit to a Security Clearance Check on or prior to each Security Clearance Check Date.
- (b) Except as otherwise agreed by the Parties, Project Co shall cause each Designated Project Co Employee to submit to a Security Clearance Check on or prior to each Security Clearance Check Date and in any event, prior to such Designated Project Co Employee performing any Project Operations.
- (c) In its sole discretion, IO may prescribe additional or alternative security or other background checks that are to be conducted with respect to any one or more Designated Project Co Employees. Without limiting the generality of the foregoing, IO may require a check under the Security Screening Program operated by CSIS for any Designated Project Co Employee. The cost of such CSIS check and any other security or background checks (other than the Security Clearance Check) will be borne by IO. Notwithstanding Section 9.7(a) and (b), IO may in its sole discretion,
  - (i) direct Project Co to submit the information relating to the Designated Project Co Employees required in order for MCSCS or MGS to carry out the Security Clearance Check on the Designated Project Co Employees itself and not require Project Co to carry out the Security Clearance Check; or
  - (ii) carry out a Security Clearance Check on any Project Co Party or Designated Project Co Employee.

If MCSCS or MGS elects to carry out a Security Clearance Check pursuant to this Section 9.7(c), Project Co shall, and shall cause all Project Co Parties and Designated Project Co Employees to, cooperate with MCSCS or MGS for the purpose of carrying out the Security Clearance Check and to obtain all consents as may be required by Applicable Law or otherwise authorizing the disclosure of such information to IO, MCSCS and MGS.

- (d) Notwithstanding Sections 9.7(b), 9.7(c) and 9.7(l), in an Emergency situation only (as determined by IO, in its sole discretion), a Designated Project Co Employee who has not submitted to a Security Clearance Check in accordance with Sections 9.7(b), 9.7(c) and/or 9.7(l) may be permitted access to the Site and/or in the Facility provided that such person, while on the Site or in the Facility, is accompanied at all times by a Designated

Project Co Employee who has submitted a Security Clearance Check in accordance with Section 9.7(b) or 9.7(l) and has submitted to the additional or alternative security or other background checks set forth in Section 9.7(c), if such checks were required by IO.

- (e) IO may require the renewal of the security or background checks provided for under Sections 9.7(a), 9.7(b) and 9.7(c) with respect to Project Co, a Project Co Party that is not an individual, any Designated Project Co Employee, any class of Designated Project Co Employee or all Designated Project Co Employees, at such intervals as IO may reasonably direct. The cost of renewed security and background checks provided for under Sections 9.7(a) or 9.7(b) shall be borne by Project Co. The cost of renewed security and background checks provided for under Section 9.7(c) shall be borne by IO.
- (f) Except as required under Sections 9.7(a), 9.7(b), 9.7(c), 9.7(e) or 9.7(l), no security or background check shall be required with respect to any person employed or engaged in the construction or commissioning of the Facility, unless such construction and/or commissioning occurs after the Substantial Completion Date.
- (g) Project Co shall obtain, maintain and renew, as applicable, written consent, on a prescribed Government of Ontario or Ontario Provincial Police form, from each Designated Project Co Employee, authorizing the conduct of a security or background check pursuant to Sections 9.7(a), 9.7(b), 9.7(c), 9.7(e) or 9.7(l).
- (h) Every person who is employed or engaged by Project Co or a Project Co Party with respect to:
  - (i) the movement of staff or equipment into, out of, or within the Facility;
  - (ii) the installation, testing or repair of computer, phone or other communications or information technology wiring, cables or equipment; or
  - (iii) the installation, testing or repair of security features of the Facility, including all security related equipment or devices, locks, monitors, listening mechanisms, motion detectors, cameras, or alarms,

shall be bonded.

- (i) Subject to Applicable Law, IO may, in its sole discretion, direct that any person shall not be:
  - (i) employed or engaged by Project Co or any Project Co Party with respect to the performance of any of Project Co's responsibilities under this Agreement; or
  - (ii) otherwise have access to the Site, the Existing Facilities or the Facility,

where such person,

- (iii) refuses to submit to a security or background check under Sections 9.7(b), 9.7(c), or 9.7(e), or fails to provide the required consent to permit such a check to be conducted;
- (iv) has been refused a Level I security clearance from CSIS, in the event that IO has directed that such a security clearance is required;
- (v) has been charged with or convicted, at any time within the previous six years, of a Relevant Conviction; or
- (vi) is otherwise considered to constitute a security risk in the opinion of IO, acting reasonably, including with respect to the proper and impartial performance of the Project Co Services, the safety and well-being of persons located in or at the Site and/or at or in the Facility, the reputation of, and public confidence in, the Province, the security of revenue, equipment or any other property of the Province, and the confidentiality and integrity of the Confidential Information and/or the Personal Information.

For greater certainty, IO's discretion under Section 9.7(i) shall be interpreted to be absolute and unrestricted, subject to Applicable Law.

- (j) Where IO has exercised its rights under Section 9.7(i), the affected person may request,
  - (i) that a further inquiry be made to determine whether a subsequent pardon or acquittal on appeal has not been properly recorded in the records maintained by CPIC; or
  - (ii) that the alleged record be verified by way of a fingerprint search through CPIC,

and IO shall withdraw its objection with respect to any such person who is exonerated or vindicated as a result of that inquiry or verification.

- (k) Where a person liable to a security or background check under Sections 9.7(a), 9.7(c) or 9.7(e) is not an individual, a Security Clearance Check may be required of each of such person's partners, trustees, members, officers, or directors (the "**Individual Representatives**") provided that IO will only require a security or background check if,
  - (i) the Individual Representative has or will have access to the Site; or
  - (ii) the Individual Representative has or will have access to Confidential Information of IO or an IO Party.

No later than 30 days following Financial Close, Project Co shall provide IO with a list of Individual Representatives that are liable to a security or background check pursuant to

this Section 9.7(k), which list shall include a description of the Individual Representative's role on the Project and, if the individual has, or will have, access to Confidential Information of IO or an IO Party, a brief description of such Confidential Information, and shall update such list from time to time as Individual Representatives become liable to a security or background check.

- (l) Except as otherwise agreed by the Parties, Project Co shall cause each Designated Project Co Employee that will carry out responsibilities of Project Co related to the TIC to submit a Security Clearance Check on or prior to each TIC Security Clearance Check Date and in any event, prior to such Designated Project Co Employee performing any Project Operations.

## **9.8 Change in Security Clearance Check Requirements**

- (a) IO shall notify Project Co of any proposed change to the Security Clearance Check requirements as soon as practicable (and in any event prior to such change taking effect). IO shall consult with Project Co about such changes, but the final decision shall be IO's.
- (b) Any change in Security Clearance Check requirements from those in existence on the RFP Submission Deadline shall, to the extent such change materially adversely interferes with Project Co's ability to perform the Project Operations or materially adversely affects Project Co's cost of performing the Project Operations, subject to and in accordance with Schedule 19 – Variation Procedure, result in a Variation.
- (c) IO may, in its sole discretion, notify Project Co that Project Co shall not be obliged, for the period of time specified in such notice, to comply with any change to any of the Security Clearance Check requirements and that Project Co should continue to comply with Security Clearance Check requirements in effect prior to any change.

## **9.9 Effect of Convictions**

- (a) Project Co (to the extent permitted by Applicable Law) shall, and shall cause each Project Co Party to, ensure that no person who:
  - (i) discloses that he or she has been arrested during the Project Term;
  - (ii) discloses that he or she has been detained for immigration purposes during the Project Term;
  - (iii) discloses any Relevant Convictions, or who is found to have any Relevant Convictions following the completion of a Security Clearance Check; or

- (iv) discloses that he or she has been charged with an offence that could lead to a Relevant Conviction (in all cases, of which Project Co or a Project Co Party is aware or ought to be aware),

is allowed access to the Site and/or the Facility or is allowed to perform any of the Project Co Services, without the prior written consent of IO, in its sole discretion.

### **9.10 Notification of Detention, Incarceration or Convictions**

- (a) To the extent permitted by Applicable Law, Project Co shall ensure that IO is kept advised at all times of any person employed or engaged by Project Co, or any Project Co Party, who, subsequent to the commencement of employment or engagement,
  - (i) has been arrested;
  - (ii) has been detained for immigration purposes;
  - (iii) receives a Relevant Conviction; or
  - (iv) is charged with an offence that could lead to a Relevant Conviction (of which Project Co or a Project Co Party becomes aware or whose previous Relevant Convictions become known to Project Co or a Project Co Party).

Project Co shall use commercially reasonable efforts to obtain, or to cause all Project Co Parties to obtain, all consents as may be required by Applicable Law or otherwise authorizing the disclosure of such information to IO.

### **9.11 Additional Works**

- (a) IO reserves the right to carry out Additional Works. IO may assign the coordination and scheduling of the Additional Works and the safety training in respect of the Additional Works to Project Co.
- (b) In connection with Additional Works, IO shall:
  - (i) cause Additional Contractors to comply with the instructions of Project Co relating to coordination and scheduling of the Additional Works with the Works and the Project Co Services to be performed under this Project Agreement;
  - (ii) enter into separate contracts with Additional Contractors under conditions of contract which are compatible with the conditions of this Project Agreement and provide for compliance by such other contractors with Section 9.11(c) and all directions of Project Co in respect of any matter regarding site safety;
  - (iii) ensure that insurance coverage is provided as would be required by a prudent owner similarly situated and coordinate such insurance with the insurance

coverage of Project Co as it affects the Works and Project Co Services and in any event, such insurance shall provide for liability insurance of not less than [REDACTED]; and

- (iv) take all necessary steps to avoid labour disputes or other disputes on the Project arising from Additional Works.
- (c) In connection with Additional Works, Project Co shall:
- (i) subject to the performance by IO of its obligations under Sections 9.11(b)(i) and 9.11(b)(ii), provide for the coordination and scheduling of the Additional Works with the Works and the Project Co Services to be performed under this Project Agreement;
  - (ii) afford Additional Contractors reasonable opportunity to introduce and store their products and use their construction machinery and equipment to execute the Additional Works;
  - (iii) participate with Additional Contractors and IO in reviewing their construction schedules when directed to do so by IO or IO agents, contractors or subcontractors;
  - (iv) where part of the Works or Services is affected by or depends upon, for its proper execution, the Additional Works, promptly report to IO in writing and prior to proceeding with that part of the Works or applicable Services, any readily apparent deficiencies in the Additional Works. Failure by Project Co to so report shall invalidate any claims against IO by reason of such readily apparent deficiencies; and
  - (v) subject to Section 9.5, assume overall responsibility for compliance with all aspects of Applicable Law relating to health and safety, including all the responsibilities of the 'constructor' under the *Occupational Health and Safety Act* (Ontario) prior to Substantial Completion and at any time that Project Co is acting as a 'constructor' on the Site following Substantial Completion.
- (d) In the case of Additional Works carried out prior to Substantial Completion, if:
- (i) any Additional Contractors cause any damage to the Works;
  - (ii) Project Co incurs any additional costs or there is any delay in the Works Schedule as a result of any Additional Contractors not complying with the coordination, scheduling and safety instructions of Project Co; or
  - (iii) subject to the performance by Project Co of its obligations under Sections 9.11(c)(i), (ii), (iii) and (v), if Project Co incurs any additional costs or there is any delay in the Works Schedule as a result of any Additional Works (other than

work described in the Project Agreement or the Output Specifications and performed by such Additional Contractors in accordance with Good Industry Practice and in accordance with the terms of their respective contracts or engagements with IO),

then, any such delay in the Works Schedule or additional costs in respect of the Works shall, subject to and in accordance with Section 38, be treated as a Delay Event and, subject to and in accordance with Section 39, be treated as a Compensation Event.

- (e) Claims, disputes, and other matters in question between Project Co and Additional Contractors shall be dealt with in substantially the same manner as contemplated in Schedule 24 – Dispute Resolution Procedure, provided the Additional Contractors have reciprocal obligations and IO has made commercially reasonable efforts to ensure that such provisions are included in the contracts with the Additional Contractors. Project Co shall be deemed to have consented to arbitration of any dispute with any other contractor whose contract with IO contains a similar agreement to arbitrate.
- (f) Except as set out in Section 9.11(g), placing, installing, application and connection of the Additional Works performed by Additional Contractors, on and to the Works performed by Project Co will not relieve Project Co from the responsibility to provide and maintain the specified warranties with respect to the Works, except to the extent that the placing, installing, application or connection of such Additional Works on and to the Works performed by Project Co voids the warranty or gives rise to a claim under the warranties provided by Project Co, in which case such warranties shall not apply to such claim.
- (g) Project Co shall, where it knows or reasonably ought to have known that the whole or any part of the Additional Works will void the warranty or give rise to a claim under the warranties provided by Project Co, promptly report to IO in writing prior to the applicable Additional Contractor proceeding with the Additional Works.

## **10. REPRESENTATIVES**

### **10.1 The IO Representative**

- (a) Subject to the limitations set out in Section 10.1(d), the IO Representative shall exercise the functions and powers identified in this Project Agreement as functions or powers to be performed by the IO Representative and such other functions and powers of IO under this Project Agreement as IO may notify Project Co from time to time.
- (b) IO may, from time to time by written notice to Project Co, change the IO Representative. Such change shall have effect on the later of the date of delivery of such notice and the date specified in such notice.
- (c) During any period when no IO Representative has been appointed, or when the IO Representative is unable, through illness, incapacity or any other reason whatsoever, to



perform the IO Representative's functions under this Project Agreement, IO shall perform or may, by written notice to Project Co, promptly appoint an alternative IO Representative to perform the functions which would otherwise be performed by the IO Representative. Upon receipt of such written notice, Project Co and the Project Co Representative shall be entitled to treat any act of such alternative IO Representative which is permitted by this Project Agreement as being authorized by IO, and Project Co and the Project Co Representative shall not be required to determine whether authority has in fact been given.

- (d) The IO Representative shall not, except as otherwise provided in this Project Agreement, be entitled to modify or waive any provision of this Project Agreement or to authorize a Variation.
- (e) Subject to the limitations set out in Sections 10.1(a) and 10.1(d), unless otherwise notified in writing, Project Co and the Project Co Representative shall be entitled to treat any act of the IO Representative which is authorized by this Project Agreement as being authorized by IO, and Project Co and the Project Co Representative shall not be required to determine whether authority has in fact been given.

## **10.2 The Project Co Representative**

- (a) Subject to the limitations set out in Section 10.2(d), the Project Co Representative shall have full authority to act on behalf of Project Co for all purposes of this Project Agreement.
- (b) Project Co may change the Project Co Representative with the prior written consent of IO, not to be unreasonably withheld or delayed.
- (c) During any period when the Project Co Representative is unable, through illness, incapacity or any other reason whatsoever, to perform the Project Co Representative's functions under this Project Agreement, Project Co shall perform or may, by written notice to IO, promptly appoint an alternative Project Co Representative to perform the functions which would otherwise be performed by the Project Co Representative, provided that, Project Co must seek IO's consent in accordance with Section 10.2(b) if such alternative Project Co Representative is in place for more than 180 days. Upon receipt of such written notice, IO and the IO Representative shall be entitled to treat any act of such alternative Project Co Representative which is permitted by this Project Agreement as being authorized by Project Co, and IO and the IO Representative shall not be required to determine whether authority has in fact been given.
- (d) The Project Co Representative shall not, except as otherwise provided in this Project Agreement, be entitled to modify or waive any provision of this Project Agreement.
- (e) Subject to the limitations set out in Section 10.2(d), unless otherwise notified in writing, IO and the IO Representative shall be entitled to treat any act of the Project Co

Representative which is authorized by this Project Agreement as being authorized by Project Co, and IO and the IO Representative shall not be required to determine whether authority has in fact been given.

### **10.3 Communications to Representatives**

- (a) At the time that a Party appoints or changes the appointment of the IO Representative or the Project Co Representative, as applicable, that Party shall also provide the other Party with contact information for delivery of communications to such representative. Communications to such representative shall not constitute notices to the Party appointing such representative.

### **10.4 Key Individuals**

- (a) The individuals who are critical to the performance of the Works are identified in Schedule 7 - Key Individuals. Project Co shall use commercially reasonable efforts to ensure that such persons remain involved in the Works in the capacity set out in Schedule 7 - Key Individuals and, in particular, will not, for the duration of the Works, require or request any such person to be involved in any other project on behalf of Project Co or any Project Co Party if, in the opinion of IO, acting reasonably, such involvement would have a material adverse effect on the Works.
- (b) Project Co shall identify the individuals who are critical to the performance of the Project Co Services in Schedule 7 - Key Individuals no later than 8 months prior to the TIC Scheduled Completion Date. Project Co shall use commercially reasonable efforts to ensure that such persons remain involved in the Project Co Services in the capacity set out in Schedule 7 - Key Individuals and, in particular, will not, for the duration of the Project Co Services, require or request any such person to be involved in any other project on behalf of Project Co or any Project Co Party if, in the opinion of IO, acting reasonably, such involvement would have a material adverse effect on the Project Co Services.
- (c) If Project Co considers it necessary to replace any individual identified in Schedule 7 - Key Individuals, Project Co shall provide IO with relevant information on the proposed replacement and shall consult with IO before finalizing the appointment of such replacement. Project Co shall not replace any of the individuals identified in Schedule 7 - Key Individuals without the prior written consent of IO, which consent shall not be withheld or delayed where the proposed replacement is suitably qualified and experienced.
- (d) If IO determines, acting reasonably, that it is in the best interests of IO that any individual identified in Schedule 7 - Key Individuals be replaced, IO shall notify Project Co (including a detailed explanation of the reasons for such determination), and, within 30 days of receipt by Project Co of such notice, Project Co shall provide IO with relevant information on the proposed replacement and shall consult with IO before finalizing the

appointment of such replacement. Project Co shall not replace any of the individuals identified in Schedule 7 - Key Individuals without the prior written consent of IO, which consent shall not be withheld or delayed where the proposed replacement is suitably qualified and experienced.

## 11. WORKS COMMITTEE

### 11.1 Establishment

- (a) The Parties shall, within 30 days following Financial Close, establish a committee (the “**Works Committee**”) consisting of:
- (i) three representatives appointed by MCSCS from time to time;
  - (ii) the following three representatives appointed by IO:
    - (A) the IO Representative; and
    - (B) two other representatives appointed by IO from time to time.
  - (iii) the following three representatives appointed by Project Co:
    - (A) the Project Co Representative;
    - (B) one representative of the Construction Contractor; and
    - (C) such other representative appointed by Project Co from time to time.
- (b) Each of ORC, the Independent Certifier and the Design Compliance Consultant shall be entitled to, but not required to, attend meetings as non-voting members of the Works Committee. Members of the Works Committee may invite, on prior notice to all members, such advisors and consultants as they require from time to time to attend meetings and provide briefings to the Works Committee.
- (c) The IO Representative shall be the chairperson of the Works Committee.

### 11.2 Function and Role

- (a) The Works Committee shall assist the Parties by promoting cooperative and effective communication with respect to matters related to the Works. The Works Committee shall interface with the Facilities Management Committee.
- (b) The Works Committee shall be responsible for receiving and reviewing all matters related to the Works, including:
- (i) any design, construction and commissioning issues;

- (ii) the Works Schedule;
  - (iii) any issues arising from reports or documents provided by Project Co or the Independent Certifier;
  - (iv) any quality assurance and safety issues;
  - (v) the Works Reports;
  - (vi) the recommendations of the Transition Subcommittee;
  - (vii) any special matters referred to the Works Committee by IO, MCSCS or Project Co;
  - (viii) any community and media relations issues in accordance with Schedule 16 - Communications Protocol;
  - (ix) review and approval of Development Charges;
  - (x) monitoring the Final Commissioning Program; and
  - (xi) any other issues pertaining to the Works.
- (c) Subject to Section 11.2(d), any unanimous decision of the Works Committee shall be final and binding on the Parties. If the Works Committee is unable to reach a unanimous decision, either Party may refer the matter for resolution in accordance with Schedule 24 - Dispute Resolution Procedure.
- (d) The Works Committee shall not have authority to make decisions with respect to or approve:
- (i) any amendment to or waiver of any provision of this Project Agreement;
  - (ii) any change to a major milestone date set out in the Works Schedule, the TIC Scheduled Completion Date, the Scheduled Substantial Completion Date, the TIC Scheduled Final Completion Date or the Scheduled Final Completion Date;
  - (iii) any Variation;
  - (iv) any change that may materially adversely affect Project Co's ability to achieve TIC Completion by the TIC Scheduled Completion Date, Substantial Completion by the Scheduled Substantial Completion Date, TIC Final Completion by the TIC Scheduled Final Completion Date or Final Completion by the Scheduled Final Completion Date; or

- (v) any matter with respect to which IO has a right of consent or in respect of which IO may exercise discretion pursuant to this Project Agreement.

### **11.3 Term of Works Committee**

- (a) Unless otherwise agreed, the Works Committee shall operate only until the Final Completion Date.

### **11.4 Replacement of Committee Members**

- (a) MCSCS and IO shall be entitled to replace any of their respective representatives on the Works Committee by written notice to Project Co. IO will use commercially reasonable efforts to deliver prior written notice of any such replacement to Project Co. Project Co may replace any of its representatives on the Works Committee with the prior written consent of IO, not to be unreasonably withheld or delayed.

### **11.5 Procedures and Practices**

- (a) The members of the Works Committee may:
  - (i) adopt such procedures and practices for the conduct of the activities of the Works Committee as they consider appropriate from time to time;
  - (ii) invite to any meeting of the Works Committee such other persons as the members of the Works Committee may agree;
  - (iii) exclude from any meeting of the Works Committee such persons (other than members of the Works Committee) as the members of the Works Committee may agree; and
  - (iv) receive and review reports from any person or organization agreed to by the members of the Works Committee.
- (b) Once established, the Works Committee shall meet at least once each month from Financial Close until the Final Completion Date, unless otherwise agreed by the members of the Works Committee or the Parties.
- (c) Any one of the Project Co Representative, the IO Representative and any of MCSCS' representatives on the Works Committee may convene a special meeting of the Works Committee at any time. Special meetings of the Works Committee may be convened on not less than five Business Days notice to all members of the Works Committee identifying the agenda items to be discussed at the special meeting, provided that, in an Emergency, a meeting may be called at any time on such notice as may be reasonable in the circumstances.

- (d) Unless otherwise agreed by the members of the Works Committee, the Works Committee shall meet at the Site, the Facility, in the City of Toronto, Ontario or in any other location in Ontario. Meetings of the Works Committee may be held by means of such telephonic, electronic or other communication facilities as permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously. A person participating in a meeting by such means will be deemed to be present at such meeting, provided that each member of the Works Committee must attend in person at least once each calendar quarter.
- (e) Two representatives of IO (one of whom shall be the IO Representative), two representatives of Project Co (one of whom shall be the Project Co Representative) and two representatives of MCSCS shall constitute a quorum at any meeting of the Works Committee. A quorum of members may exercise all the powers of the Works Committee. The members shall not transact business at a meeting of the Works Committee unless a quorum is present.
- (f) Minutes of all meetings, recommendations and decisions of the Works Committee, including those made by telephone or other form of communication, shall be recorded and maintained by IO. IO shall circulate copies of such minutes within five Business Days of the holding of the meeting or the making of the recommendation or decision. Unless Project Co notifies IO within five Business Days of receipt of the minutes that Project Co disagrees with the contents of the minutes, Project Co, IO and MCSCS shall be deemed to have approved such minutes. IO shall maintain a complete set of all minutes of the meetings of the Works Committee and shall make such minutes available for inspection by Project Co during regular business hours.

## 12. FACILITIES MANAGEMENT COMMITTEE

### 12.1 Establishment

- (a) The Parties shall, not later than the earlier of (i) 6 months prior to the TIC Scheduled Completion Date, or (ii) such earlier date as requested by IO, acting reasonably, establish a committee (the “**Facilities Management Committee**”) consisting of:
- (i) for the period from the establishment of the Facilities Management Committee until the Substantial Completion Date, one representative appointed by IO from time to time;
  - (ii) two representatives of MCSCS appointed by MCSCS from time to time;
  - (iii) two representatives of Project Co, one of whom shall be the Project Co Representative and the other shall be appointed by Project Co from time to time; and
  - (iv) two representatives of ORC appointed by ORC from time to time.

- (b) Members of the Facilities Management Committee may invite, on prior notice to all members, such advisors and consultants as they require from time to time to attend meetings and provide briefings to the Facilities Management Committee.
- (c) One of the representatives of ORC shall be the chairperson of the Facilities Management Committee.

## 12.2 Function and Role

- (a) The Facilities Management Committee shall assist the Parties by promoting cooperative and effective communication with respect to matters related to the Project Operations, both prior to and during the Operational Term and the TIC Interim Period. The Facilities Management Committee shall interface with the Works Committee as and when required, shall form the utilities management subcommittee (the “**Utilities Management Subcommittee**”) to receive and review all matters related to the utilities management services and shall form the electronic security system integration subcommittee (the “**System Integration Subcommittee**”) to receive and review all matters related to Electronic Security System Integration Services.
- (b) The Facilities Management Committee shall be responsible for receiving and reviewing all matters related to the Project Operations (excluding the Works), both prior to and during the Operational Term and the TIC Interim Period, including:
  - (i) the transition from the Existing Facilities to the Facility;
  - (ii) any joint review of the Project Co Services and the Output Specifications;
  - (iii) the recommendations of the Utilities Management Subcommittee;
  - (iv) the recommendations of the System Integration Subcommittee;
  - (v) any changes to Operational Policies, Procedures and Practices;
  - (vi) any performance issues;
  - (vii) the development and modification of performance standards for the MCSCS FM Services, which performance standards shall be based on the Project Co Proposal Extracts and Good Industry Practice;
  - (viii) any interface issues between the Project Co Services and the MCSCS Services;
  - (ix) any special matter referred to the Facilities Management Committee by IO, MCSCS, ORC or Project Co;
  - (x) any community and media relations issues in accordance with Schedule 16 - Communications Protocol; and

- (xi) any other issues pertaining to the Project Operations (excluding the Works).
- (c) Subject to Section 12.2(d), any unanimous decision of the Facilities Management Committee shall be final and binding on the Parties. If the Facilities Management Committee is unable to reach a unanimous decision, either Party may refer the matter for resolution in accordance with Schedule 24 - Dispute Resolution Procedure.
- (d) The Facilities Management Committee shall not have authority to make decisions with respect to or approve:
  - (i) any amendment to or waiver of any provision of this Project Agreement;
  - (ii) any Variation;
  - (iii) any change that may materially adversely affect Project Co's ability to perform the Project Co Services or MCSCS' ability to perform the MCSCS Services; or
  - (iv) any matter with respect to which IO has a right of consent or in respect of which IO may have discretion pursuant to this Project Agreement.

### 12.3 Replacement of Committee Members

- (a) Each of IO, ORC and MCSCS shall be entitled to replace any of its respective representatives on the Facilities Management Committee by written notice to Project Co. IO will use commercially reasonable efforts to deliver and to cause ORC and MCSCS to deliver prior written notice of any such replacement to Project Co. Project Co may replace any of its representatives on the Facilities Management Committee with the prior written consent of IO, not to be unreasonably withheld or delayed.

### 12.4 Procedures and Practices

- (a) The members of the Facilities Management Committee may:
  - (i) adopt such procedures and practices for the conduct of the activities of the Facilities Management Committee as they consider appropriate from time to time;
  - (ii) invite to any meeting of the Facilities Management Committee such other persons as the members of the Facilities Management Committee may agree;
  - (iii) exclude from any meeting of the Facilities Management Committee such persons as the members of the Facilities Management Committee may agree; and
  - (iv) receive and review reports from any person or organization agreed to by the members of the Facilities Management Committee.



- (b) Once established, the Facilities Management Committee shall meet at least once each month during the Operational Term and at least once each month during the TIC Interim Period, unless otherwise agreed by the members of the Facilities Management Committee or the Parties.
- (c) Any member of the Facilities Management Committee, may convene a special meeting of the Facilities Management Committee at any time. Special meetings of the Facilities Management Committee may be convened on not less than five Business Days notice to all members of the Facilities Management Committee identifying the agenda items to be discussed at the special meeting, provided that, in an Emergency, a meeting may be called at any time on such notice as may be reasonable in the circumstances.
- (d) Unless otherwise agreed by the members of the Facilities Management Committee, the Facilities Management Committee shall meet at the Site, the Facility, in the City of Toronto or in any other location in Ontario. Meetings of the Facilities Management Committee may be held by means of such telephonic, electronic or other communication facilities as permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously. A person participating in a meeting by such means will be deemed to be present at such meeting, provided that each member of the Facilities Management Committee must attend in person at least once each calendar quarter.
- (e) For the period from the establishment of the Facilities Management Committee until the Substantial Completion Date, one representative of IO, one representative of Project Co, one representative of ORC and one representative of MCSCS shall constitute a quorum at any meeting of the Facilities Management Committee. For the period from the day after the Substantial Completion Date until the Termination Date, one representative of MCSCS, one representative of ORC and one representative of Project Co shall constitute a quorum at any meeting of the Facilities Management Committee. A quorum of members may exercise all the powers of the Facilities Management Committee. The members shall not transact business at a meeting of the Facilities Management Committee unless a quorum is present.
- (f) Minutes of all meetings, recommendations and decisions of the Facilities Management Committee, including those made by telephone or other form of communication, shall be recorded and maintained by ORC. IO shall use commercially reasonable efforts to cause ORC to circulate copies of such minutes within five Business Days of the holding of the meeting or the making of the recommendation or decision. Unless Project Co notifies IO within five Business Days of receipt of the minutes that Project Co disagrees with the contents of the minutes, Project Co, IO, ORC and MCSCS shall be deemed to have approved such minutes. ORC shall maintain a complete set of all minutes of the meetings of the Facilities Management Committee and shall make such minutes available for inspection by Project Co during regular business hours.

### 13. QUALITY ASSURANCE

#### 13.1 Quality Plans and Systems

- (a) Project Co shall cause all of the Project Operations to be the subject of quality management systems, which shall include the following:
- (i) a Design Quality Plan and a Construction Quality Plan, which may be incorporated into one document;
  - (ii) Operational Policies, Procedures and Practices for each Project Co Service, including for each Project Co TIC Service;
  - (iii) an Electronic Security System Integration Quality Plan; and
  - (iv) a TIC Design Quality Plan and a TIC Construction Quality Plan, which may be incorporated into one document,
- (collectively, the "**Quality Plans**").
- (b) All Quality Plans shall be consistent with the requirements of the Output Specifications, the Final Commissioning Program, or any equivalent standard which is generally recognized as having replaced it, but Project Co shall not require accreditation with such standard.
- (c) The Design Quality Plan is attached as part of Schedule 9 - Design Quality Plan and Construction Quality Plan. The Design Quality Plan that is attached as part of Schedule 9 – Design Quality Plan and Construction Quality Plan shall include the TIC Design Quality Plan.
- (d) The Construction Quality Plan shall, at a minimum, comply with the requirements of the outline of the Construction Quality Plan attached as part of Schedule 9 - Design Quality Plan and Construction Quality Plan. Project Co shall submit its proposed Construction Quality Plan to IO within 60 days following Financial Close. The TIC Construction Quality Plan shall, at a minimum, comply with the requirements of the outline of the TIC Construction Quality Plan attached as part of Schedule 9 - Design Quality Plan and Construction Quality Plan. Project Co shall submit its proposed TIC Construction Quality Plan to IO within 60 days following Financial Close.
- (e) The Operational Policies, Procedures and Practices for each Project Co Service shall, at a minimum, comply with the requirements of the outline of the Operational Policies, Procedures and Practices attached as Schedule 10 - Operational Policies, Procedures and Practices Outline. Project Co shall submit its proposed Operational Policies, Procedures and Practices for each Project Co Service to IO not less than 90 days prior to the Substantial Completion Date, except that proposed Operational Policies, Procedures and

Practices for each Project Co TIC Service shall be submitted to IO in accordance with Section 10 of the FM Output Specifications.

- (f) The Electronic Security System Integration Quality Plan shall, at minimum, comply with the requirements of the outline of the Electronic Security System Integration Quality Plan attached as Schedule 33 – Electronic Security System Integration Quality Plan. Project Co shall submit its proposed Electronic Security System Integration Quality Plan for each Project Co Service to IO not less than 90 days prior to the TIC Completion Date.
- (g) All Quality Plans shall be subject to review by IO pursuant to Schedule 8 - Review Procedure, and Project Co shall not be entitled to implement or cause the implementation of any Quality Plan unless and until Project Co is entitled to proceed with such implementation pursuant to Schedule 8 - Review Procedure.
- (h) Project Co shall implement the Quality Plans, shall perform and cause to be performed the Project Operations in compliance with the Quality Plans, including by causing:
  - (i) the Construction Contractor to implement the Design Quality Plan and the Construction Quality Plan;
  - (ii) the Service Provider to implement the Operational Policies, Procedures and Practices; and
  - (iii) the Construction Contractor to implement the TIC Design Quality Plan and TIC Construction Quality Plan.
- (i) Where any aspect of the Project Operations is performed by more than one Project Co Party, then this Section 13, in so far as relevant or appropriate to the activities to be performed by such Project Co Party, shall apply in respect of each of them and references in this Section 13 to such Project Co Party, including the Construction Contractor or the Service Provider, shall be construed accordingly.

### **13.2 Changes to Plans**

- (a) Project Co shall submit to IO, in accordance with Schedule 8 - Review Procedure, any changes to any of the Quality Plans required to comply with Section 13.1, and shall amend such Quality Plans as required pursuant to Schedule 8 - Review Procedure.

### **13.3 Quality Manuals and Procedures**

- (a) If any Quality Plan refers to, relies on or incorporates any quality manual or procedure, then such quality manual or procedure or the relevant parts of it shall be submitted to IO at the time that the relevant Quality Plan, or part thereof or change thereto, is submitted in accordance with Schedule 8 - Review Procedure, and the contents of such quality manual or procedure shall be taken into account in the consideration of the relevant Quality Plan, or part thereof or change thereto, in accordance with Schedule 8 - Review Procedure.

### 13.4 Quality Monitoring

- (a) Without limiting IO's other rights pursuant to this Project Agreement, including Sections 29 and 35, IO may, from time to time, directly or indirectly, perform periodic monitoring, spot checks and auditing of Project Co's quality management systems, including all relevant Quality Plans and any quality manuals and procedures. Project Co shall ensure that IO also has the right to perform periodic monitoring, spot checks and auditing of both the Construction Contractor's and the Service Provider's quality management systems.
- (b) Project Co shall cooperate, and shall cause the Construction Contractor and the Service Provider to cooperate, with IO in monitoring quality management systems and shall provide IO with all information and documentation reasonably required in connection with IO's rights under this Section 13.4.

## 14. LICENCE

### 14.1 Licence to Site

- (a) Effective from the date of Financial Close until the Termination Date and subject to this Section 14, IO hereby grants or has caused to be granted, and shall continuously until the Termination Date grant or cause to be granted, to Project Co and all Project Co Parties such non-exclusive licence rights of use and access to, on and over the Site and Facility as are required by Project Co and such Project Co Parties and sufficient to allow Project Co and such Project Co Parties to perform the Project Operations.
- (b) In consideration for the licence granted pursuant to Section 14.1(a), Project Co shall provide the Works subject to and in accordance with this Project Agreement.
- (c) Without derogating from any of IO's rights hereunder, in particular, its rights of access to the Site prior to the Substantial Completion Date, IO acknowledges that, in respect of the Project Operations, Project Co and the Project Co Parties require, and IO shall provide, access to the Site without material interference by IO, any IO Party or any other Government Entity from the date of Financial Close until the Termination Date.
- (d) None of the rights granted pursuant to this Section 14.1 shall extend beyond the boundaries of the Site, or to any lands other than the Site, other than easements and similar interests which benefit the Site, obtained after Commercial Close, to the extent the same are necessary for the Project Operations.
- (e) The licence provided in this Section 14.1 shall automatically terminate as of the Termination Date.

## 14.2 Non-exclusive Licence/Development of Site

- (a) Project Co acknowledges and agrees that the rights granted to Project Co and the Project Co Parties hereunder shall be non-exclusive and that IO and any person authorized by it, including MCSCS or any IO Party, may occupy and possess the Site and Facility, including for the purposes of the MCSCS Services. In exercising such rights Project Co shall not, and shall require that the Project Co Parties not, except as permitted under this Project Agreement, disrupt the performance of the MCSCS Services.
- (b) Without limiting Section 14.2(a), Project Co acknowledges that IO may from time to time use or develop (including by way of subdivision or expansion), or permit the use or development of, portions of the Site other than that portion of the Site contained within the building footprint of the Facility and those other portions of the Site necessary for the performance of the Project Operations. To the extent that such use or development materially adversely interferes with Project Co's licence rights hereunder or materially adversely interferes with Project Co's ability to perform the Project Operations, such use or development shall, subject to and in accordance with Schedule 19 - Variation Procedure, result in a Variation.

## 14.3 Limited Access Areas

- (a) For purposes related to security and confidentiality, effective upon Substantial Completion of the Facility, IO may limit or restrict Project Co's and each Project Co Party's access to designated portions of the Site or the Facility unless a person seeking access obtains the prior written consent of IO, which consent may be subject to such conditions as are imposed by IO, in its sole discretion.
- (b) For purposes related to security and confidentiality, effective upon TIC Completion, IO may limit or restrict Project Co's and each Project Co Party's access to the TIC and the security perimeter surrounding the TIC unless a person seeking access obtains the prior written consent of IO, which consent may be subject to such conditions as are imposed by IO, in its sole discretion.

## 14.4 Naming and Signage

- (a) Project Co acknowledges that IO reserves and retains (i) all rights to designate the name for the Facility and any part of the Facility; (ii) all rights to signage in relation to the Site and the Facility; and (iii) all rights, Trade-Marks, naming or branding regarding the Facility or any part of the Facility. It is agreed, however, that, with the prior written consent of IO, not to be unreasonably withheld or delayed, which may take into consideration any applicable governmental guidelines, Project Co and the Project Co Parties may, for the period prior to Substantial Completion, erect and maintain signage, provided that in no circumstances shall such signage be permitted to include the logos, trade names or other identifying marks of any products or equipment of any Project Co Party other than Project Co, the Construction Contractor, the Service Provider or any

lender or equity provider of Project Co. For clarity, the restrictions relating to signage set out in this Section 14.4 shall apply to any signage erected and maintained by Project Co and the Project Co Parties during the period following TIC Completion.

#### **14.5 No Interest in Land**

- (a) Project Co agrees that, in accordance with the principles of the IPFP Framework, it acquires no estate, right, title or ownership interest in the Site or the Facility or any other interest in land pursuant to this Project Agreement or otherwise.

#### **14.6 Non-Disturbance Agreement**

- (a) If IO mortgages, charges or otherwise encumbers the Site, IO shall notify Project Co and, at the request of Project Co, provide Project Co with an agreement, in form satisfactory to Project Co, acting reasonably, executed by the mortgagee of the Site permitting Project Co and the Lenders' Agent to access and use the Site under the licence granted pursuant to this Section 14 and the Lenders' Direct Agreement, respectively, free from interference from the mortgagee or any person claiming by or through the mortgagee. This Section 14.6 shall not apply in respect of any portion of the Site used or developed pursuant to Section 14.2(b) if neither the licence granted pursuant to this Section 14 nor the Project Operations pertain to such portion of the Site.

### **15. TITLE ENCUMBRANCES**

#### **15.1 Title Encumbrances**

- (a) Project Co shall perform all obligations under the Title Encumbrances for or on behalf of IO, other than:
  - (i) obligations under any Title Encumbrance which Project Co is not legally capable of performing for or on behalf of IO;
  - (ii) obligations under any Title Encumbrance added after the date of this Project Agreement unless such obligations are provided in the Output Specifications as obligations of Project Co or the Parties agree that such obligations are obligations of Project Co; and
  - (iii) obligations under any Title Encumbrance which the City of Toronto may formally relieve or waive, with the consent of IO, with respect to any Development Approval.
- (b) All Project Operations performed by or on behalf of Project Co, whether before, during or after the completion of the Works, shall be performed in a manner which does not breach the Title Encumbrances or the site plan agreement, if any.

- (c) Subject to Encumbrances that Project Co shall remove pursuant to Section 15.2, no act or omission by Project Co or any Project Co Party shall give rise to a right for any person to obtain title to or any interest in the Site or any part of it, except in accordance with the terms of this Project Agreement.

## 15.2 No Site Encumbrances

- (a) Project Co shall not create, incur, permit or suffer to exist any Encumbrance to be filed, issued or registered upon or against the Site or any part thereof or any interest therein due to an act or omission of Project Co or any Project Co Party.
- (b) In the event that the Site or any part thereof or any interest therein becomes subject to any Encumbrance which has not been consented to in writing by IO due to an act or omission of Project Co or any Project Co Party, Project Co shall immediately take all steps necessary to remove, vacate or discharge such Encumbrance. If such Encumbrance is not removed, vacated or discharged within 10 Business Days of the filing, issuance or registration of such Encumbrance then, without prejudice to any other rights or remedies it may have, IO will be at liberty to take whatever steps it deems necessary and appropriate to remove, vacate or discharge the Encumbrance, including payment of any amount owing or claimed thereunder, and seek immediate recovery from Project Co of the amount of any such payment and any associated costs, including legal costs (on a full indemnity basis), all of which shall be payable on demand.

## 15.3 Construction Lien Act (Ontario)

- (a) The Parties acknowledge that the foregoing provisions of Section 15.2 shall apply to claims for lien made upon or against the Site pursuant to the CLA and shall also apply to claims made against IO or for the holdback under the CLA as though such a claim were an Encumbrance made upon or against the Site as referred to therein.
- (b) Project Co shall withhold from each of its Subcontractors the holdbacks required under the CLA and shall deal with such holdbacks in accordance with the CLA.
- (c) Project Co shall, as a condition of final payment under any Subcontract for which lien rights or rights in respect of the holdback may be claimed under the CLA, require that a certificate of completion under Section 33(1) of the CLA for such Subcontract be issued and the relevant Subcontractor provide statutory declarations or other assurances confirming that all those engaged by the Subcontractor have been paid in accordance with Applicable Law.
- (d) Project Co shall follow the requirements of the CLA and Good Industry Practice for posting and advertising certificates of completion when issued.

## 16. SITE CONDITION

### 16.1 Acceptance of Site Condition

- (a) Subject to Sections 6.4, 16.2 and 16.3, Project Co acknowledges and agrees that it has inspected all matters relating to the Site, including the Background Information, prior to executing this Project Agreement and agrees to accept the Site and the Site Conditions on an “as is, where is” basis. Without limiting the generality of the foregoing, but subject to Sections 6.4, 16.2 and 16.3, Project Co shall not be entitled to make any claim of any nature whatsoever against IO, any IO Party or any other Government Entity on any grounds relating to the Site, including the fact that incorrect or insufficient information on any matter relating to the Site was given to it by any person, whether or not IO or an IO Party.
- (b) Subject to Sections 6.4, 16.2 and 16.3, Project Co acknowledges and agrees that it has and shall be deemed to have:
- (i) performed all necessary Site due diligence and investigation and inspected and examined the Site and its surroundings and any existing works on, over or under the Site;
  - (ii) satisfied itself as to the nature of the Site Conditions, the ground and the subsoil, the level and quantity of groundwater, the form and nature of the Site, the loadbearing and other relevant properties of the Site, the risk of injury or damage to property affecting the Site, the nature of the materials (whether natural or otherwise) to be excavated and the nature of the design, work and materials necessary for the execution and delivery of the Works;
  - (iii) satisfied itself as to the presence of any Contamination on, in or under the Site, or migrating to or from the Site;
  - (iv) satisfied itself as to the adequacy of the rights of access to, from and through the Site and any accommodation it may require for the purposes of fulfilling its obligations under this Project Agreement;
  - (v) satisfied itself as to the possibility of interference by persons of any description whatsoever with access to or use of, or rights in respect of, the Site; and
  - (vi) satisfied itself as to the precautions, times and methods of working necessary to prevent any nuisance or interference, whether public or private, being caused to any third parties.
- (c) Project Co further acknowledges and agrees that, other than as referred to or contained in this Project Agreement, no representations or warranties have been made, nor documentation delivered, which would indicate that Project Co would be unable to perform the Project Operations in a lawful manner.



## 16.2 Contamination

- (a) IO shall be responsible for Contamination on, in or under, or migrating to or from, the Site, except for any such Contamination:
  - (i) that was described in or was properly inferable, readily apparent or readily discoverable from the Environmental Reports or the Geotechnical Reports;
  - (ii) that could have been properly inferable, readily apparent or readily discoverable on the basis of reasonable, normal course and industry standard investigations, inspections or other due diligence, including as referred to in Section 16.1; or
  - (iii) that is caused by Project Co or any Project Co Party.
- (b) Upon the discovery of any Contamination for which IO is responsible pursuant to Section 16.2(a), Project Co shall immediately inform the IO Representative and shall comply with Applicable Law in respect thereof at IO's cost pursuant to Section 16.2(d).
- (c) In the event that IO wishes Project Co to perform actions which are in addition to any required pursuant to Section 16.2(b), then IO shall issue an instruction to Project Co specifying what action IO requires Project Co to take and Project Co shall promptly and diligently comply with all such instructions at IO's cost pursuant to Section 16.2(d).
- (d) If Sections 16.2(b) and 16.2(c) require Project Co to perform any alteration, addition, demolition, extension or variation in the Project Operations as a result of Contamination for which IO is responsible pursuant to Section 16.2(a) and which would not otherwise be required under this Project Agreement, then any such alteration, addition, demolition, extension or variation:
  - (i) in the Works shall, subject to and in accordance with Section 38, be treated as a Delay Event and, subject to and in accordance with Section 39, be treated as a Compensation Event; and
  - (ii) in the Project Co Services shall, subject to and in accordance with Schedule 19 - Variation Procedure, result in a Variation.

## 16.3 Items of Geological, Historical or Archaeological Interest or Value

- (a) As between the Parties, all fossils, artefacts and other objects having artistic, historic, archaeological or monetary value, including human remains and burial sites, which may be found on or at the Site are or shall be the sole and absolute property of IO.
- (b) Upon the discovery of any item referred to in Section 16.3(a) during the course of the Works, Project Co shall:
  - (i) immediately inform the IO Representative of such discovery;

- (ii) take all steps not to disturb the item and, if necessary, cease any Works in so far as performing such Works would endanger the item or prevent or impede its excavation;
  - (iii) take all necessary steps to preserve and ensure the preservation of the item in the same position and condition in which it was found; and
  - (iv) comply, and ensure compliance by all Project Co Parties, with Applicable Law and all requirements of Governmental Authorities with respect to such discovery, including Schedule 17 - Heritage Guidelines and Protocols.
- (c) In the event that IO wishes Project Co to perform actions which are in addition to any required pursuant to Section 16.3(b), then IO shall issue an instruction to Project Co specifying what action IO requires Project Co to take and Project Co shall promptly and diligently comply with all such instructions.
- (d) If Sections 16.3(b) and 16.3(c) require Project Co to perform any alteration, addition, demolition, extension or variation in the Works as a result of such discovery and which would not otherwise be required under this Project Agreement, then any such alteration, addition, demolition, extension or variation in the Works shall, subject to and in accordance with Section 38, be treated as a Delay Event and, subject to and in accordance with Section 39, be treated as a Compensation Event.

## **17. CITY OF TORONTO AND UTILITY COMPANY FEES**

### **17.1 City of Toronto and Utility Company Fees**

- (a) Project Co shall pay to the City of Toronto, any applicable Governmental Authority and any applicable Utility Company, when due, all fees and costs (and applicable Taxes thereon) chargeable by the City of Toronto, or the applicable Governmental Authority or Utility Company in respect of the Works and Remaining Works, including:
- (i) subject to Section 17.1(c), any development charges relating to the Works, the Facility or the Site;
  - (ii) any engineering administration and inspection fees required in respect of works or services required to be performed under any applicable agreement;
  - (iii) any security deposits required under any applicable agreement or Permits, Licences or Approvals; and
  - (iv) any other amounts payable under any applicable agreement or Permits, Licences or Approvals,

provided that, subject to Section 9.4(a)(ii), Project Co shall have no responsibility to pay the initial charges, fees or security deposits which have been paid by IO, including for

clarity, any fees paid by IO to the City of Toronto relating to sewer capacity upgrades required by the City of Toronto.

- (b) The Parties agree that any refund, partial rebate or credit granted by the City of Toronto, or any applicable Governmental Authority or Utility Company relating to the fees and costs referred to in Section 17.1(a) shall be for the benefit of IO to the extent such fees and costs were paid by IO and shall be for the benefit of Project Co to the extent such fees and costs were paid by Project Co.
- (c) Project Co shall deliver to IO an invoice no later than 5 days after Project Co has received an invoice from the City of Toronto regarding any development charges relating to the Works, the Facility or the Site payable by Project Co in accordance with Section 17.1(a)(i) (the “**Development Charges**”) setting out the amount of the Development Charges payable by Project Co (the “**Development Charges Invoice**”). Project Co shall concurrently deliver a copy of the Development Charges Invoice to the Works Committee for review and approval. Project Co shall ensure that the Development Charges do not include any financing costs. Project Co shall be solely responsible for any financing costs relating to the payment of Development Charges to the City of Toronto and Project Co shall promptly reimburse IO for any amounts of financing that IO determines have been included in the Development Charges Invoice. Project Co represents and warrants that no financing costs relating to the Development Charges have been included in the Financial Model.
- (d) If IO or the Works Committee disputes all or any part of a Development Charges Invoice, IO shall notify Project Co in writing of that part of the amounts which IO or the Works Committee disputes and submit to Project Co such supporting documentation as is reasonably required to substantiate and confirm such claim. The Parties shall use commercially reasonable efforts to resolve the Dispute relating to the Development Charges Invoice within ten Business Days of the delivery of the notice of the Dispute to Project Co. If IO and Project Co fail to so resolve the Dispute within such period, the Dispute may be referred for resolution in accordance with Schedule 24 – Dispute Resolution Procedure. Following resolution of the Dispute, any amount which has been paid by IO that is determined not to have been payable shall be paid forthwith by Project Co to IO, together with interest on such amount calculated in accordance with Section 32.12 on the basis that the due date was the date of the overpayment by IO and any amount which has been withheld by IO that is determined to have been payable shall be paid forthwith by IO to Project Co, together with interest on such amount calculated in accordance with Section 32.12 on the basis that the due date was the date upon which such amount became payable to Project Co.

## 17.2 Hydro Cash Allowance

- (a) Project Co shall deposit the Hydro Cash Allowance into the Cash Allowance Account on the date set out in the Financial Model at Financial Close and shall manage the Cash Allowance Account in accordance with this Section 17.2.

- (b) The cash flow process applicable to the Cash Allowance Account will be as follows:
- (i) Project Co will deposit the Hydro Cash Allowance into the Cash Allowance Account on the date set out in the Financial Model at Financial Close;
  - (ii) Project Co will hold and manage all monies in the Cash Allowance Account in trust for, for the benefit of and as directed by IO;
  - (iii) interest earned on the Cash Allowance Account will accrue in the Cash Allowance Account and will be for the benefit of IO;
  - (iv) Project Co shall provide a reconciliation of the Cash Allowance Account to IO on a monthly basis;
  - (v) subject to Project Co's obligation to fund the Cash Allowance Account pursuant to Section 17.2(b)(i), IO shall make deposits into the Cash Allowance Account in the event that the payment requirements, including applicable GST and RST, for invoices approved by IO exceed the then balance of the Cash Allowance Account prior to approving any such invoices;
  - (vi) if, at Substantial Completion, there exists a positive balance in the Cash Allowance Account, such balance will be the property of IO and will be paid by Project Co to IO or as IO directs; and
  - (vii) the Parties agree to mutually review the operation of the Cash Allowance Account on a regular basis and make any appropriate modifications to ensure its efficient operation.
- (c) Project Co shall provide monthly reports to the IO Representative that include the following information:
- (i) itemized and aggregate amounts committed to date for all Hydro Connection Work;
  - (ii) itemized and aggregate amounts spent to date for all Hydro Connection Work; and
  - (iii) the projected cost of the remaining Hydro Connection Work and the projected effect of such cost on the Cash Allowance Account.
- (d) In addition to the monthly report described in Section 17.2(c), Project Co shall, on a monthly basis, provide to the IO Representative a request for payment approval (each, a "**Request for Payment Approval**") that includes the following information:

- (i) details of all vendor or Subcontractor invoices related to Hydro Connection Work that are due for payment that month, including relevant supporting documentation;
  - (ii) evidence that the commitment by Project Co to purchase the Hydro Connection Work has been approved by IO; and
  - (iii) any discounts, rebates, refunds, chargebacks, credits, price adjustments and other allowances available to Project Co in connection with the Hydro Connection Work.
- (e) IO shall, within 10 Business Days of receipt of a Request for Payment Approval, advise Project Co, in writing, whether or not payment of the invoices set out in such Request for Payment Approval is approved. IO shall only be permitted to withhold its approval if IO determines that the Request for Payment Approval does not contain the information that IO requires, acting reasonably, to discharge its obligations under this Section 17.2. If IO withholds its approval pursuant to this Section 17.2(e) and subsequently receives the information that IO requires, acting reasonably, to discharge its obligations under this Section 17.2, it shall, within 10 Business Days of its receipt of such information, provide to Project Co, in writing, IO's approval of the invoices set out in the aforementioned Request for Payment Approval.
- (f) If IO approves the payment of the invoices set out in a Request for Payment Approval, Project Co shall make payment to the relevant vendors or Subcontractors from the Cash Allowance Account.
- (g) Project Co acknowledges and agrees that:
- (i) neither it, nor any Project Co Party, shall be entitled to any mark-ups for profit, overhead or other costs associated with the Hydro Connection Work;
  - (ii) all discounts, rebates, refunds, chargebacks, credits, price adjustments and other allowances available to Project Co in connection with the Hydro Connection Work shall be attributed solely to and shall benefit the pricing of the Hydro Connection Work;
  - (iii) all costs and expenses related to the administration of the Cash Allowance Account, including, without limitation, the preparation of Requests for Payment Approval and any required reporting, shall be borne by Project Co and shall not be charged to the Cash Allowance Account; and
  - (iv) the Hydro Cash Allowance will be deposited and the Cash Allowance Account will be managed in accordance with the Works Schedule and any costs, expense or delays related to funding or managing the Cash Allowance Account are the responsibility of Project Co.

## **18. DESIGN AND CONSTRUCTION OBLIGATIONS**

### **18.1 Overall Responsibility**

- (a) Project Co shall perform and complete the Works:
  - (i) so as to satisfy the Output Specifications;
  - (ii) in accordance with the Project Co Proposal Extracts;
  - (iii) in accordance with the Design Data;
  - (iv) in accordance with the Works Schedule; and
  - (v) in accordance with the other terms and conditions of this Project Agreement.
- (b) Without prejudice to Section 18.1(a), but subject to the provisions of Section 26, Schedule 18 - Payment Mechanism and Schedule 21 - Expiry Transition Procedure, if, at any time during the Project Term, any of the Works carried out by or on behalf of Project Co do not fully satisfy the Output Specifications and/or any other term or condition of this Project Agreement (other than the Project Co Proposal Extracts), Project Co shall, at its own cost and expense, rectify the Works, the Facility and any part thereof so that:
  - (i) the Works, the Facility and all parts thereof shall, at all times, comply with and satisfy in full the Output Specifications and the other terms and conditions of this Project Agreement (other than the Project Co Proposal Extracts); and
  - (ii) the Works, the Facility and all parts thereof will, at all times, be able to meet the structural, mechanical, electrical and other performance standards set out in the Output Specifications.

### **18.2 Complete and Operational Facility**

- (a) Project Co shall design, engineer, construct and commission the Facility so as to provide IO a complete and operational Facility in accordance with the Output Specifications and the Project Co Proposal Extracts, and that will allow Project Co to perform the Project Co Services, all in accordance with and subject to the terms of this Project Agreement.

### **18.3 Development of Design**

- (a) Project Co shall, at its own cost, develop and complete the design of the Facility and all Design Data in accordance with the requirements of this Project Agreement, including Schedule 8 - Review Procedure and this Section 18.3.
- (b) The further development of the design and the process by which it is progressed must fully comply with the requirements of this Project Agreement.

- (c) The Parties agree that Appendix A to Schedule 8 - Review Procedure is an initial list of Design Data and other items that will require design review, which Design Data and other items shall include design, procurement and construction documentation (to a scale required by the IO Representative) for each of the following:
- (i) staged 50% and 100% design development documentation, being design development drawings, reports, schedules and specifications progressed from the date of this Project Agreement with extensive user group input, showing all architectural, engineering and landscape design information sufficient to allow for the development of working drawings (the "**Design Development Submittals**");
  - (ii) 50% working drawing documentation, being construction drawings, reports, schedules and specifications progressed from the Design Development Submittals, showing all architectural, engineering and landscape design information in accordance with the requirements of this Project Agreement (the "**Construction Document Submittals**");
  - (iii) Permit, Licence and Approval drawings (phased, if applicable); and
  - (iv) all other documentation required pursuant to Schedule 8 - Review Procedure.
- (d) Project Co shall submit to the IO Representative for review in accordance with Schedule 8 - Review Procedure all Design Data and other items listed in Section 18.3(c).
- (e) The Design Data and other items listed in Section 18.3(c) must contain, at a minimum, the following additional information:
- (i) identification of the stage of design or construction to which the documentation relates;
  - (ii) all design or construction drawings and specifications necessary to enable the IO Representative to make an informed decision as to whether Project Co is permitted to proceed pursuant to Schedule 8 - Review Procedure;
  - (iii) for each stage of the design or construction documentation, a schedule identifying all changes to the relevant documentation that has occurred from the previous stage of design or construction documentation; and
  - (iv) where changes have been submitted, an indication of how the changes meet the requirements of this Project Agreement.
- (f) All design review meetings held by Project Co which IO wishes to attend shall be held in Toronto, Ontario unless IO otherwise agrees in writing.
- (g) If Project Co commences or permits the commencement of the next level of design or construction of any part or parts of the Facility prior to being entitled to proceed in

accordance with Schedule 8 - Review Procedure and it is subsequently determined in accordance with Schedule 8 - Review Procedure or Schedule 24 - Dispute Resolution Procedure that the design or construction does not comply with this Project Agreement, then Project Co shall forthwith, at its own cost and risk, undo, remove from the Site, replace and restore, as applicable, any parts of the design or construction that do not comply with this Project Agreement.

- (h) None of IO, any IO Party or any Government Entity will have any liability:
  - (i) if a document submitted by Project Co and reviewed by IO or the IO Representative results in non-compliance with this Project Agreement by Project Co or a breach by Project Co of Applicable Law; or
  - (ii) for any loss or claim arising due to some defect in any documents, drawings, specifications or certificates submitted by Project Co.
- (i) Project Co and IO will cooperate with each other in the design review process. Notwithstanding such cooperation by IO, such review shall not, except as provided in Section 18.6, constitute acceptance of the Works, and Project Co shall remain solely responsible for compliance in full with all requirements of this Project Agreement.
- (j) Project Co shall allow the IO Representative, at any time, a reasonable opportunity to view any items of Design Data, which shall be made available to the IO Representative as soon as practicable following receipt of a written request from the IO Representative.
- (k) Project Co shall cause the Construction Contractor to establish and maintain a computerized design database which Project Co and the IO Representative may access remotely by computer to view drawings comprised within the Design Data and to electronically store and print copies of such Design Data.
- (l) The Parties acknowledge that as of the date of this Agreement, Project Co has delivered certain construction specifications indentifying the systems, materials and construction execution methods proposed to be used in the Project as Design Development Submittals and the Parties further acknowledge that such specifications remain subject to review by IO in accordance with Schedule 8 - Review Procedure.

#### **18.4 Start-Up Meeting**

- (a) Within 10 Business Days of the date of this Project Agreement, Project Co and the Design Team shall attend a start up meeting (the "**Start-Up Meeting**") with IO to set out the design development process in greater detail.
- (b) The agenda for the Start-Up Meeting shall include the following:



- (i) Project Co's plan to develop a successful long-term partnership with IO and the MCSCS for the purpose of supporting IO and the MCSCS in achieving its vision, mission and core values;
- (ii) Project Co's plan to ensure that the Works are completed in accordance with the requirements set forth in this Project Agreement;
- (iii) Project Co's process to ensure optimum design quality;
- (iv) Project Co's approach to a fully integrated interior design process that includes every element of interior finishes, furniture, fixtures, equipment, occupant signage and wayfinding;
- (v) a proposed schedule of Works Submittals which is consistent with the Works Schedule and which provides for a progressive and orderly flow of Works Submittals from Project Co to the IO Representative to allow sufficient time for review of each Works Submittal by the IO Representative, taking into account both the resources available to the IO Representative to conduct such review and whether delay in the review of the subject matter of the Works Submittal will have a material impact on Project Co's ability to progress future anticipated Works Submittals and the Works in accordance with the Works Schedule;
- (vi) Project Co's approach to timing, construction, adjustment and user feedback on required mock-ups; and
- (vii) a communication process that includes an electronic data room and the use of a computerized document tracking system that has the capacity to report, on request, the status of all design and construction documentation, and that takes into account the document security protocol described in Section 50.5(h).

## 18.5 Design Workshops

- (a) In order to obtain user input in the preparation of, and prior to submitting, the Design Development Submittals and the Construction Document Submittals, the Parties will hold user group design workshops (the "**Design Workshops**") upon the following terms:
  - (i) the Project Co Representative shall arrange the Design Workshops in consultation with the IO Representative;
  - (ii) the Parties shall cooperate to develop a reasonable schedule for the Design Workshops and shall incorporate such schedule into the Works Schedule;
  - (iii) Project Co shall circulate to the IO Representative an agenda for each of the Design Workshops no later than 10 Business Days prior to the relevant Design Workshop;

- (iv) the Design Workshops shall be held in person, except where otherwise agreed by the Parties, acting reasonably;
  - (v) Project Co shall maintain minutes of the Design Workshops, including possible design solutions and changes in design, and, within two Business Days after each Design Workshop, Project Co shall provide to the IO Representative a copy of the minutes, together with a copy of any notes, comments, sketches, drawings, tracings, lay-outs, plans or diagrams prepared at the Design Workshop;
  - (vi) IO and Project Co agree that the subject matter of the Design Workshops shall not be regarded as Submittals to which Schedule 8 - Review Procedure applies, and that IO shall not be bound by the input provided in connection with the Design Workshops;
  - (vii) Project Co shall submit to IO the Design Development Submittals or the Construction Document Submittals, as applicable, for review pursuant to Schedule 8 - Review Procedure; and
  - (viii) the Parties agree that, with respect to the Design Development Submittals and the Construction Document Submittals, the period for review shall be 15 Business Days rather than the 10 Business Days prescribed in Section 2.2 of Schedule 8 - Review Procedure.
- (b) Prior to the 50% Design Development Submittals, the Parties will hold Design Workshops with respect to the following matters and any other Design Workshops required by Project Co, acting reasonably:
- (i) layout;
  - (ii) cross-functional issues related to:
    - (A) vertical/horizontal circulation diagrams;
    - (B) elevator configuration; and
    - (C) materials management strategy;
  - (iii) exterior elevations;
  - (iv) room layouts;
  - (v) millwork/modular systems furniture;
  - (vi) Equipment;
  - (vii) information/communication technology;

- (viii) exterior colour/material presentation; and
  - (ix) interior colour/material presentation.
- (c) Prior to the 100% Design Development Submittals, the Parties will hold Design Workshops with respect to the following matters and any other Design Workshops required by Project Co, acting reasonably:
- (i) physical mock-ups for IO user review;
  - (ii) room and millwork/modular casework interior elevations;
  - (iii) door/hardware/security functionality;
  - (iv) Utilities;
  - (v) In-Contract Equipment coordination; and
  - (vi) interior and exterior materials/finishes.
- (d) Prior to the 50% Construction Documents Submittals, the Parties will hold Design Workshops with respect to the following matters and any other Design Workshops required by Project Co, acting reasonably:
- (i) millwork details;
  - (ii) ceiling details; and
  - (iii) Equipment and Existing Equipment coordination details.
- (e) The purpose of the Design Workshops is to facilitate the incorporation of IO input, involvement and feedback into the Design Data prior to submission of such Design Data in accordance with Schedule 8 - Review Procedure.

## 18.6 Correctional Services Functionality

- (a) IO confirms that, as at the date of this Project Agreement, it and MCSCS have reviewed the vertical stacking diagram and the planning diagrams in Schedule 31 – Project Co Proposal Extracts and that, subject to any qualifications or comments noted thereon, such submittals satisfy the Output Specifications in respect of Correctional Services Functionality, so far as can reasonably be determined given the level of detail in the submittals.
- (b) With each of the Design Development Submittals, Project Co shall submit to IO, for its review pursuant to Schedule 8 - Review Procedure, a draft report (each a “**Correctional Services Functionality Report**”) to specifically identify, with reference to the Output

Specifications, such matters of Correctional Services Functionality that Project Co wishes IO and MCSCS to review and consider as part of the Design Development Submittals. Each Correctional Services Functionality Report shall demonstrate how the Output Specifications are satisfied in respect of Correctional Services Functionality.

- (c) With the Construction Document Submittals, Project Co shall submit to IO, for review by IO and MCSCS, pursuant to Schedule 8 - Review Procedure, a final Correctional Services Functionality Report, and IO shall confirm that, subject to any qualifications or comments noted thereon, such Construction Document Submittals satisfy the Output Specifications in respect of Correctional Services Functionality, so far as can reasonably be determined given the level of detail in the Construction Document Submittals.
- (d) Each Correctional Services Functionality Report must be prepared in accordance with any submission requirements provided by IO to Project Co prior to Commercial Close and must address the way in which the Design Data meets the requirements of Correctional Services Functionality.
- (e) Correctional Services Functionality shall be a salient factor of importance to IO and MCSCS at all stages of development of the Facility and shall be taken into account in the review of all Submittals submitted in accordance with the Review Procedure.

### **18.7 Performance of Design Obligations**

- (a) In the design and engineering of the Facility, Project Co, its consultants and the Project Co Parties shall, at a minimum, exercise the standard of care normally exercised by licensed or registered professional architectural and engineering personnel having specialized knowledge and experience in performing design activities of a similar nature, scope and complexity.
- (b) Project Co shall ensure that all parts of the Works shall, as required by Applicable Law, be performed or reviewed by licensed or registered professional engineers and architects registered to practice in the Province of Ontario. Such architects and engineers shall certify and, if required by Applicable Law, sign and seal, all designs, drawings and technical reports confirming that they comply with all prevailing design standards and design practices for such work in the Province of Ontario, all other applicable standards, specifications and codes, and as otherwise required by Applicable Law.

### **18.8 General Construction Obligations**

- (a) Project Co is responsible for all construction means, methods and techniques used to undertake the Works and must provide everything (including labour, plant, equipment and materials) necessary for the construction and commissioning of the Facility, and other performance of the Works.

- (b) Project Co shall in a timely and professional manner and in accordance with the requirements of this Project Agreement:
- (i) construct the Works diligently, expeditiously and in a thorough and workman-like manner;
  - (ii) ensure that no works other than the Works under this Project Agreement are constructed on the Site by Project Co or any person for whom Project Co is responsible at law;
  - (iii) protect the Works from all of the elements, casualty and damage;
  - (iv) in respect of plant, equipment and materials incorporated in the Works, use plant, equipment and materials that:
    - (A) are of a kind that are consistent with the Output Specifications;
    - (B) are new, of good quality and are used, handled, stored and installed in accordance with Applicable Law and Good Industry Practice with respect to health and safety so as not to be hazardous or dangerous; and
    - (C) where they differ from the Output Specifications, have been substituted with IO's prior written consent in accordance with Section 18.10.
- (c) Without limiting Project Co's obligations pursuant to Section 9.5 or Project Co's indemnity pursuant to Section 54.1, Project Co shall, at all times throughout the progress of the Works, be responsible for maintaining and securing the Site to prevent access onto the Site and the Facility of any persons not entitled to be there, and the licence granted to Project Co pursuant to Section 14.1 shall include rights for Project Co to do so.

### **18.9 Substitutions**

- (a) Whenever equipment, components, materials, supplies, tools, and other items are specified or otherwise described in this Project Agreement by using the name or catalogue or model number of a particular manufacturer, fabricator, vendor or distributor, or any other material name or description, the naming or identification of the item is intended to establish the type and the minimum function and quality required, and equipment, components, materials, supplies, tools, and other items of other manufacturers, fabricators, vendors or distributors shall not be substituted without the prior written consent of IO, in its sole discretion.

### **18.10 Change in Standards**

- (a) Where this Project Agreement requires Project Co to comply with a technical standard in respect of the design and construction of the Facility, and that standard has changed between the date of this Project Agreement and the date that such compliance is required,

then Project Co shall give notice to IO of such change. If, after such notice, IO requires compliance with the changed standard (rather than the standard applicable as of the date of this Project Agreement), then, to the extent such change impacts the Works and would not have otherwise been taken into account by compliance with Good Industry Practice, such changed standard shall, subject to and in accordance with Schedule 19 - Variation Procedure, result in a Variation. If IO does not require compliance with the changed standard, then Project Co shall continue to comply with the standard applicable as of the date of this Project Agreement, without a Variation therefor. This Section 18.10 shall not apply where a change in a technical standard is also a Change in Law.

### **18.11 Works Submittals**

- (a) Any and all items, documents and anything else required or specified by this Project Agreement in respect of the Works to be submitted to, reviewed or otherwise processed by IO prior to Substantial Completion, including any and all subsequent revisions, amendments and changes thereto, shall be subject to review by IO pursuant to Schedule 8 - Review Procedure. The first document to be submitted by Project Co for review by IO pursuant to Schedule 8 - Review Procedure shall be the draft document control and security protocol described in Section 50.5(h).

### **18.12 Phase 1 Site Enabling Works Specifications**

- (a) Project Co acknowledges and agrees that the Phase 1 Site Enabling Works Specifications have been provided by IO for the convenience of Project Co and that Project Co shall not be entitled to rely on the Phase 1 Site Enabling Works Specifications. IO shall not be liable to Project Co for, and Project Co shall not seek to recover from IO or any IO Party, any damages, losses, costs, liabilities, expenses which may arise (whether in contract, tort or otherwise) from the adoption, use or application of the Phase 1 Site Enabling Works Specifications by Project Co or any Project Co Party.
- (b) Project Co shall be entitled to modify the design for the Phase 1 Site Enabling Works, provided that any deviation from the Phase 1 Works Specifications shall be subject to review by IO pursuant to Schedule 8 - Review Procedure.

## **19. IO ACCESS AND MONITORING**

### **19.1 IO Access During the Works Phase**

- (a) Subject to Section 19.1(b) but without limiting any of IO's rights in respect of the Site, Project Co acknowledges and agrees that IO and the IO Parties shall, prior to Substantial Completion, have unrestricted access to the Site, the Facility and any workshop where materials, plant or equipment are being manufactured, prepared or stored at all reasonable times during normal business hours.

- (b) In exercising their access rights under Section 19.1(a), IO and the IO Parties shall:
- (i) provide reasonable prior notice appropriate to the circumstances (other than for any offices or other facilities provided at the Site for IO's own use);
  - (ii) comply with all relevant safety procedures and any reasonable directions with regard to site safety that may be issued by or on behalf of the Project Co Representative from time to time; and
  - (iii) if required by Project Co, be accompanied by a representative of Project Co or a Project Co Party.

## 19.2 Increased Monitoring

- (a) If, at any stage, IO is of the opinion, acting reasonably, that there are defects in the Works or that Project Co has failed to comply, in any material respect, with the requirements of this Project Agreement, IO may, without prejudice to any other right or remedy available to it, by notice to Project Co, increase the level of monitoring of Project Co from that set out in this Project Agreement to such level as IO considers reasonable taking into account the nature of the relevant defect or failure until such time as Project Co shall have demonstrated, to IO's satisfaction, that it is capable of performing and will perform, in all material respects, its obligations related to the Works under this Project Agreement. Project Co will compensate IO for any reasonable costs incurred as a result of such increased monitoring.

## 19.3 Right to Open Up

- (a) IO shall have the right, at any time prior to the Final Completion Date, to request Project Co to open up and inspect (or allow IO to inspect) any part or parts of the Works, or to require testing of any part or parts of the Works, where IO reasonably believes that such part or parts of the Works is or are defective or that Project Co has failed to comply with the requirements of this Project Agreement relevant to such part or parts of the Works, and Project Co shall comply with such request. When IO makes such a request, IO shall include reasonably detailed reasons with such request.
- (b) If the inspection shows that the relevant part or parts of the Works is or are defective or that Project Co has failed to comply with the requirements of this Project Agreement relevant to such part or parts of the Works, Project Co shall rectify all such defects and non-compliance diligently and at no cost to IO and Project Co shall not be entitled to any additional compensation or extension of time in relation thereto.
- (c) If the inspection shows that the relevant part or parts of the Works is or are not defective and that Project Co has complied with the requirements of this Project Agreement relevant to such part or parts of the Works, the exercise by IO of its rights pursuant to this Section 19.3 shall, subject to and in accordance with Section 38, be treated as a Delay

Event and, subject to and in accordance with Section 39, be treated as a Compensation Event.

#### **19.4 No Relief from Obligations**

- (a) The Parties acknowledge that the exercise by IO or the IO Representative of the rights under this Section 19 shall in no way affect the obligations of Project Co under this Project Agreement except as set out in this Section 19.

### **20. WORKS SCHEDULE**

#### **20.1 Completion of Works**

- (a) Project Co shall complete the Works in accordance with this Project Agreement and achieve:
- (i) Substantial Completion by the Scheduled Substantial Completion Date;
  - (ii) Final Completion by the Scheduled Final Completion Date;
  - (iii) TIC Completion by the TIC Scheduled Completion Date; and
  - (iv) TIC Final Completion by the TIC Scheduled Final Completion Date.
- (b) Without limiting the generality of Section 20.1(a), Project Co shall complete the Works in accordance with Schedule 15 – Works Schedule.

#### **20.2 The Works Schedule**

- (a) Within 45 days after the date of Financial Close, Project Co shall prepare and submit to IO and the Independent Certifier a detailed, computerized draft schedule using Primavera 5.0 or other software compatible with Primavera 5.0 that supports the completion of the Works in accordance with Section 20.1.
- (b) IO shall provide Project Co with comments on the draft schedule in accordance with Schedule 8 - Review Procedure, provided that the period for review of such draft schedule shall be 20 Business Days rather than the 10 Business Days prescribed in Section 2.2 of Schedule 8 - Review Procedure. Project Co shall revise the draft schedule to the extent required by Schedule 8 - Review Procedure within 30 days of receipt of any comments from IO.
- (c) When agreed by the Parties, the draft schedule shall become the Works Schedule.
- (d) The Works Schedule shall be prepared in accordance with Good Industry Practice for a large complex project and shall be in sufficient detail so as to enable the IO



Representative and, if applicable, the Independent Certifier, to monitor the progress of the Works, including all commissioning activities, and the likely future progress of the Works. Given the size and complexity of the Project, the Works Schedule shall include no fewer than 1,000 activities.

- (e) Without limiting the generality of Section 20.2(d), the Works Schedule shall, at a minimum, include:
- (i) major milestone events;
  - (ii) the dates that key decisions must be made by IO to support the progress of the Works;
  - (iii) a detailed and editable procurement, delivery, installation, training and commissioning schedule for all Equipment;
  - (iv) all design related activities, including the proposed date for each Design Workshops;
  - (v) the proposed date for each Works Submittal;
  - (vi) all construction activities, including subcontract work and cash allowance work, both on and off the Site;
  - (vii) all procurement activities undertaken by the Construction Contractor with respect to materials and equipment, including timelines for Shop Drawings, manufacturing periods and dates of delivery to the Site;
  - (viii) all Project Co Commissioning, IO Commissioning, Project Co TIC Commissioning and IO TIC Commissioning activities;
  - (ix) a detailed plan for the Transition;
  - (x) the manpower requirements for each activity, including subcontract work;
  - (xi) a manpower histogram, both overall and by trade;
  - (xii) a cumulative "S"-curve showing planned percent completion for each month from the commencement of the Works until the Scheduled Final Completion Date; and
  - (xiii) projected Construction Contract cash flows.

**20.3 Failure to Maintain Schedule**

- (a) Without limiting any other provision of this Project Agreement but subject to Section 38, if, at any time:
- (i) the actual progress of the Works has significantly fallen behind the Works Schedule; or
  - (ii) IO is of the opinion that:
    - (A) the actual progress of the Works has significantly fallen behind the Works Schedule;
    - (B) Project Co will not achieve Substantial Completion by the Longstop Date; or
    - (C) Project Co will not achieve TIC Completion by the TIC Longstop Date,

Project Co shall be required:

- (iii) within five Business Days of receipt of notice from IO, to produce and deliver to each of the IO Representative and the Independent Certifier:
  - (A) a report identifying the reasons for the delay;
  - (B) a plan showing the steps that are to be taken by Project Co to eliminate or reduce the delay to:
    - (I) achieve Substantial Completion by the Scheduled Substantial Completion Date; or
    - (II) if Substantial Completion will not be achieved by the Scheduled Substantial Completion Date, achieve Substantial Completion by the Longstop Date; and
  - (C) if TIC Completion has not yet occurred, a plan showing the steps that are to be taken by Project Co to eliminate or reduce the delay to:
    - (I) achieve TIC Completion by the TIC Scheduled Completion Date; or
    - (II) if TIC Completion will not be achieved by the TIC Scheduled Completion Date, achieve TIC Completion by the TIC Longstop Date; and

- (iv) to bring the progress of the Works back on schedule in accordance with the plan delivered under Section 20.3(a)(iii)(B) or 20.3(a)(iii)(C), as applicable, and approved by the IO Representative.
- (b) Project Co shall notify the IO Representative if, at any time, the actual progress of the Works is significantly ahead of the Works Schedule.

#### 20.4 Notification of Early Substantial Completion

- (a) Unless Project Co obtains the prior written consent of IO, in IO's sole discretion, Project Co shall not be entitled to the Substantial Completion Certificate prior to, and the Substantial Completion Date and Payment Commencement Date shall not be earlier than, the Scheduled Substantial Completion Date.
- (b) If Project Co advises IO that Project Co expects to be able to achieve Substantial Completion prior to the Scheduled Substantial Completion Date, the IO Representative shall be entitled to require Project Co to produce and submit to the IO Representative a revised Works Schedule showing the manner and the periods in which the Works shall be performed and what the revised date for Substantial Completion would be so as to enable IO to consider at its sole discretion:
  - (i) whether to agree to an earlier Scheduled Substantial Completion Date; and
  - (ii) what modifications, if any, shall be required to this Project Agreement in order to accommodate such earlier Scheduled Substantial Completion Date.

#### 20.5 Works Report

- (a) Project Co shall continuously monitor the progress of the Works in relation to the Works Schedule and, within 15 Business Days following the end of each calendar month from Financial Close until the Final Completion Date, Project Co shall provide to the IO Representative and the Independent Certifier a works report (each, a "**Works Report**"), which will include:
  - (i) an executive summary describing the general status of the Works and progress made over the relevant month;
  - (ii) an updated Works Schedule, in both summary and detailed formats;
  - (iii) a narrative description of any Disputes related to the Works, including any action that has taken place over the relevant month to resolve such Disputes; and
  - (iv) in accordance with Section 22, a LEED progress report,

all in form and substance satisfactory to IO, acting reasonably. For greater certainty, the continuity of the critical path method network must be maintained for all updates and revisions to the Works Schedule.

- (b) Project Co shall use, and shall ensure that the Construction Contractor uses, the project management software system specified by IO.

## **21. EQUIPMENT**

### **21.1 Project Co Equipment Responsibilities**

- (a) Project Co shall be responsible for,
  - (i) finalizing the plan to procure or transfer, as applicable, install and commission all Equipment;
  - (ii) decommissioning (where applicable), deinstalling, disconnecting and transferring all Existing Equipment, if any, on the Equipment List;
  - (iii) providing mechanical and electrical rough-ins for, and mechanical and electrical services to, all Equipment and MCSCS Equipment;
  - (iv) expediting, delivering, unpacking, offloading, handling and storing all Equipment;
  - (v) storing all MCSCS Equipment;
  - (vi) coordinating, scheduling and completing the installation or reinstallation, as applicable, of all Equipment in accordance with manufacturer's instructions; and
  - (vii) coordinating, scheduling and completing the commissioning of all Equipment and Existing Equipment in accordance with the Final Commissioning Program.
- (b) Project Co shall, at its sole cost, purchase the In-Contract Equipment and shall coordinate and complete the installation of the In-Contract Equipment, Project Co Equipment and Additional Project Co Equipment in accordance with this Section 21, the Works Schedule and the Output Specifications.
- (c) For the purpose of achieving Substantial Completion, all Equipment must be successfully commissioned by Project Co in accordance with the Final Commissioning Program. If, in respect of any item of Equipment, Project Co is unable to complete the procurement, installation or commissioning of such item of Equipment referred to in this Section 21.1(c) due to a delay in the performance of any of its obligations by an Equipment vendor or manufacturer, IO may, at its discretion, waive the requirements set out in the Final Commissioning Program.

- (d) Project Co shall, at its sole cost, install or cause an equipment vendor to install, the In-Contract Equipment and the Project Co Equipment and such installation costs shall not be included in the Monthly Equipment Payment.

### **21.2 Additional Project Co Equipment**

- (a) IO may, subject to Section 21.2(b), require Project Co to procure Additional Project Co Equipment as determined by the Equipment Steering Committee, and Project Co shall, in accordance with Section 21.3, be responsible for procuring all Additional Project Co Equipment and for coordinating and completing the installation thereof in accordance with this Section 21.
- (b) Where IO requires Project Co to procure Additional Project Co Equipment, IO shall issue a Variation Enquiry in relation to the procurement and installation costs of such Additional Project Co Equipment, including the cost of any mechanical and electrical rough-ins for, and services to, the Additional Project Co Equipment and the relevant provisions of Schedule 19 – Variation Procedure shall apply.

### **21.3 Project Co Procurement Responsibilities**

- (a) Project Co will act as purchasing and procurement manager and payment agent for the Project Co Equipment and the Additional Project Co Equipment and in so doing, shall,
- (i) in consultation with the Equipment Steering Committee, finalize the list of Project Co Equipment based on the development of Project Co's Design Data and the latest information available from the IO Representative;
  - (ii) in consultation with the Equipment Steering Committee, review the Project Co Equipment, Additional Project Co Equipment and MCSCS Equipment building system requirements and layout the Project Co Equipment, Additional Project Co Equipment and MCSCS Equipment onto the design drawings for reconciliation with the services and space designed prior to purchasing or moving of any Project Co Equipment, Additional Project Co Equipment or MCSCS Equipment;
  - (iii) in consultation with the Equipment Steering Committee, establish procurement processes that are fair, open and competitive, all in accordance with any applicable IO policies and good purchasing and procurement practices, and shall, notwithstanding the generality of the foregoing, ensure that each procurement process solicits proposals from at least three different suppliers provided that if it is not possible to solicit from three different suppliers for specific Project Co Equipment or Additional Project Co Equipment, the Equipment Steering Committee may approve the issuance of an Equipment RFP for fewer than three different suppliers;

- (iv) comply with the procurement processes established in accordance with Section 21.3(a)(iii);
- (v) with respect to Project Co Equipment and Additional Project Co Equipment, prepare the Equipment RFP which shall incorporate the applicable provisions of this Section 21 and which shall be approved by the Equipment Steering Committee;
- (vi) manage the procurement of Project Co Equipment and Additional Project Co Equipment so as to bundle the purchase of all Project Co Equipment and Additional Project Co Equipment to minimize the number of Equipment RFPs issued to the extent reasonably possible, thereby minimizing the number of Monthly Equipment Payments;
- (vii) with respect to Project Co Equipment and Additional Project Co Equipment, comply with the requirements of any equipment vendor of record program in place at the time of issuance of the Equipment RFP as specified by IO;
- (viii) with respect to the procurement of Project Co Equipment and Additional Project Co Equipment, manage the Equipment RFP process, including:
  - (A) providing advice to the Equipment Steering Committee in respect of the evaluation of tenders, quotations or proposals from equipment vendors;
  - (B) assisting the Equipment Steering Committee in the review of the tenders, quotations or proposals from vendors by clearly delineating the costs and performance of the Project Co Equipment or Additional Project Co Equipment, the training methods and values, the testing and calibration protocols, the acceptable end results and the party responsible for such testing, be it the vendor, a third party or individuals engaged by Project Co;
  - (C) assisting the Equipment Steering Committee with the selection of tenders, quotations or proposals from equipment vendors; and
  - (D) providing such documentation as the Equipment Steering Committee requires, acting reasonably, to discharge its obligations under this Section 21;
- (ix) with respect to Project Co Equipment and Additional Project Co Equipment, in accordance with the Equipment RFP, act as a single point of contact for all equipment vendors with respect to all such procurement and installation issues as more particularly specified in this Section 21;

- (x) test and calibrate any Project Co Equipment and Additional Project Co Equipment not tested and calibrated by equipment vendors and coordinate the acceptance testing of all Project Co Equipment and Additional Project Co Equipment;
  - (xi) with respect to Project Co Equipment and Additional Project Co Equipment, for a one-year period following Substantial Completion, coordinate and manage any warranty issues with the equipment vendors; and
  - (xii) perform such other duties and responsibilities as set out in Section 21.
- (b) Based on the tenders, quotations and proposals received from equipment vendors, Project Co shall make recommendations to the Equipment Steering Committee for the procurement of each item of Project Co Equipment or Additional Project Co Equipment. Each such recommendation shall include the following information:
- (i) item description, item number, and quantities;
  - (ii) the manufacturer, model number, vendor, specifications and options for the item;
  - (iii) an analysis and recommendation as to which make, model number and vendor of the item provides the overall best value for IO, and any other benefits of the recommendation;
  - (iv) an analysis of the effect of the items on the overall design of the Facility and the relevant areas within the Facility;
  - (v) details of the warranties, vendor installation, service agreements, training, supplies, spare parts and start-up consumables included with the items by the relevant manufacturer or vendor;
  - (vi) details of training for all applicable IO staff;
  - (vii) equipment acceptance testing procedures (including, without limitation, the results and guidelines for acceptance) proposed by the relevant equipment vendor;
  - (viii) the dates and times when the items shall be delivered to the Site;
  - (ix) all costs, with a breakdown of applicable GST and RST and net of all direct or indirect discounts, rebates, refunds, chargebacks, credits, price adjustments or any other allowances obtained across all categories of Project Co Equipment and Additional Project Co Equipment that effectively reduce the net selling price of such Project Co Equipment or Additional Project Co Equipment;
  - (x) the total amounts and timing of cash flows required to implement the recommendation and the full details of the calculation of such amounts;

- (xi) whether the procurement is a purchase, a lease, part of a managed equipment program, based on usage pricing or any other arrangement, and the terms and timing of payments thereof;
  - (xii) any Taxes applicable to the items;
  - (xiii) if so requested by the IO Representative, a copy of each quote or proposal and all other relevant information in respect of the items and such other documentation as IO may reasonably require, all of which shall be provided on a fully transparent and open basis to the IO Representative; and
  - (xiv) if no tenders, quotations and proposals are available or have been received by Project Co, an alternate recommended course of action for procurement by Project Co, including possible substitutes for such items.
- (c) In response to any recommendation made by Project Co in accordance with Section 21.3(b), the Equipment Steering Committee may do any of the following with respect of some or all of the items:
- (i) instruct Project Co to proceed with the procurement;
  - (ii) withdraw the requirement for Project Co to proceed with the procurement;
  - (iii) increase or decrease the quantities of any item, require the procurement of other items in substitution for such items or otherwise change the items to be procured or the terms on which such items are to be procured; or
  - (iv) reject any equipment vendor or item.
- (d) Project Co shall be responsible for the ongoing maintenance, repair and replacement, as necessary, of the Project Co Equipment and the Additional Project Co Equipment only to the extent specified in Part B of Schedule 12 – Output Specifications. Such maintenance, repair and replacement shall be undertaken in accordance with Schedule 12 – Output Specifications and Schedule 21 - Expiry Transition Procedure.
- (e) For greater certainty, Project Co, and not IO, shall be liable as “purchaser” to the vendor under every purchase order, contract and manufacturer’s installation invoice related to the In-Contract Equipment, and shall make all payments related thereto in accordance with the relevant invoice terms.
- (f) Project Co shall enter into all purchase orders and other contracts (as purchaser) with respect to the Project Co Equipment and Additional Project Co Equipment on behalf of MCSCS. For greater certainty, Project Co shall be liable as “purchaser” to the vendor under every purchase order, contract and manufacturer’s installation invoice related to the Project Co Equipment and Additional Project Co Equipment, provided that all purchase orders, contracts and manufacturer’s installation invoices specify that MCSCS is the end



user of the Project Co Equipment and Additional Project Co Equipment and the beneficiary of any warranties related thereto.

- (g) Project Co shall ensure that the benefit of all manufacturers' warranties with respect to all Project Co Equipment and all Additional Project Co Equipment are freely assignable to IO on the earlier of Substantial Completion or the termination of this Project Agreement. Project Co shall not enter into any purchase order or contract with respect to any Project Co Equipment or Additional Project Co Equipment where the benefit of such warranties are not assignable in accordance with this Section 21.3(f) without IO's prior consent, which consent may be withheld in IO's sole discretion.
- (h) Project Co shall, 90 days after the formation of the Equipment Steering Committee, deliver a list of the estimated amount of each Monthly Equipment Payment and a schedule detailing the approximate timing of all Monthly Equipment Payments to the Equipment Steering Committee (the "**Monthly Equipment Payment Estimate**"). Project Co shall update the Monthly Equipment Payment Estimate bi-monthly, or earlier upon request from the Equipment Steering Committee.

#### **21.4 Equipment Steering Committee**

- (a) The Parties shall, within 30 days following Financial Close, establish a committee (the "**Equipment Steering Committee**") consisting of,
  - (i) two representatives of IO;
  - (ii) two representatives of MCSCS; and
  - (iii) two representatives of Project Co, one of whom shall be the Project Co Representative, appointed by Project Co from time to time.
- (b) Members of the Equipment Steering Committee may invite, on prior notice to all members, such advisors and consultants as they require from time to time to attend meetings and provide briefings to the Equipment Steering Committee.
- (c) The Equipment Steering Committee shall assist the Parties by promoting cooperative and effective communication with respect to matters related to the Equipment and Existing Equipment, including the interaction between Equipment and Existing Equipment commissioning and Facility commissioning.
- (d) The primary role of the Equipment Steering Committee shall be to,
  - (i) oversee the procurement and purchase of all Project Co Equipment and Additional Project Co Equipment in a timely and efficient manner and in accordance with the Works Schedule;
  - (ii) determine what, if any, Additional Project Co Equipment is required; and

- (iii) approve alternatives and substitutions of Project Co Equipment and alternative suppliers for Project Co Equipment.
- (e) One representative of MCSCS, one representative of Project Co and one representative of IO (or a delegate thereof) shall constitute a quorum at any meeting of the Equipment Steering Committee. A quorum of members may exercise all the powers of the Equipment Steering Committee. The members shall not transact business at a meeting of the Equipment Steering Committee unless a quorum is present.
- (f) Every question arising at a meeting of the Equipment Steering Committee shall be decided by a majority of votes cast on the question. For clarity, a decision of the MCSCS and IO members of the Equipment Steering Committee shall prevail and shall be final and binding.
- (g) The members of the Equipment Steering Committee may adopt such other procedures and practices for the conduct of the activities of the Equipment Steering Committee as they consider appropriate from time to time.
- (h) Project Co shall ensure that the Equipment Steering Committee receives all documentation as the Equipment Steering Committee may require to discharge its obligations under this Section 21 no later than 30 days prior to the relevant date set out in the Works Schedule for the procurement of the applicable Project Co Equipment or Additional Project Co Equipment.

## 21.5 MCSCS Equipment Responsibilities

- (a) MCSCS shall enter into all purchase orders and other contracts (as purchaser) with respect to the MCSCS Equipment.
- (b) For greater certainty, MCSCS, and not Project Co, shall be liable as “purchaser” to the vendor under every purchase order, contract and manufacturer’s installation invoice related to the MCSCS Equipment.

## 21.6 Payment for Project Co Equipment and Additional Project Co Equipment

- (a) Beginning 180 days following formation of the Equipment Steering Committee, Project Co shall deliver to IO an invoice (an “**Equipment Invoice**”), no later than 5 days after the end of each month in which Project Co has received an invoice from an Equipment vendor, for the total cost of purchasing all Project Co Equipment and Additional Project Co Equipment in respect of the immediately previous month (the “**Monthly Equipment Payment**”). Project Co shall concurrently deliver a copy of the Equipment Invoice to the Equipment Steering Committee. For clarity, the Equipment Invoice shall not include the Equipment Procurement Fee or any financing or installation costs. Project Co shall concurrently deliver any documentation requested by IO, acting reasonably, detailing the costs of the Project Co Equipment and Additional Project Co Equipment.

- (b) If IO or the Equipment Steering Committee disputes all or any part of an Equipment Invoice, IO shall notify Project Co in writing of that part of the amounts which IO or the Equipment Steering Committee disputes and submit to Project Co such supporting documentation as is reasonably required to substantiate and confirm such claim. The Parties shall use commercially reasonable efforts to resolve the Dispute relating to the Equipment Invoice within ten Business Days of the delivery of the notice of the Dispute to Project Co. If IO and Project Co fail to so resolve the Dispute within such period, the Dispute may be referred for resolution in accordance with Schedule 24 – Dispute Resolution Procedure. Following resolution of the Dispute, any amount which has been paid by IO that is determined not to have been payable shall be paid forthwith by Project Co to IO, together with interest on such amount calculated in accordance with Section 32.12 on the basis that the due date was the date of the overpayment by IO and any amount which has been withheld by IO that is determined to have been payable shall be paid forthwith by IO to Project Co, together with interest on such amount calculated in accordance with Section 32.12 on the basis that the due date was the date upon which such amount became payable to Project Co.
- (c) Project Co shall ensure that the Monthly Equipment Payment does not include any financing costs. Project Co shall be solely responsible for any financing costs relating to the Project Co Equipment or Additional Project Co Equipment and shall promptly reimburse IO for any amounts of financing that IO determines have been included in the Monthly Equipment Payment. Project Co represents and warrants that no financing costs relating to the procurement of Project Co Equipment or Additional Project Co Equipment have been included in the Financial Model.
- (d) Whether or not Substantial Completion has been achieved, until such time as Project Co has completed the procurement, installation and commissioning of all Project Co Equipment and Additional Project Co Equipment in accordance with this Section 21, IO may withhold from an outstanding Monthly Equipment Payment, or if such outstanding Monthly Equipment Payment is insufficient, from the Substantial Completion Payment, a holdback amount equal to [REDACTED].
- (e) For the purposes of this Section 21.6, Project Co Equipment shall exclude TIC Equipment and, for clarity, this Section 21.6 shall not apply to TIC Equipment.

### **21.7 Standards for Project Co Equipment**

- (a) Without limiting the generality of Section 28.1, Project Co shall cause all Project Co Equipment and Additional Project Co Equipment procured by Project Co to be,
- (i) of the type specified in, and required to satisfy, the Output Specifications;
  - (ii) new and of good quality;

- (iii) maintained in a safe, serviceable and clean condition in accordance with the Output Specifications and Good Industry Practice;
  - (iv) in compliance with all Applicable Law; and
  - (v) delivered and installed in accordance with the Works Schedule and the Output Specifications.
- (b) Project Co shall, as soon as practicable after receiving a request from the IO Representative, supply to the IO Representative evidence to demonstrate its compliance with this Section 21.7.

### **21.8 Decommissioning of Project Co Equipment**

- (a) IO may, subject to and in accordance with Schedule 19 - Variation Procedure, require Project Co to arrange for the safe disposal of any Project Co Equipment and any Additional Project Co Equipment in accordance with Good Industry Practice, all Applicable Law and the requirements of any Governmental Authority.
- (b) Any and all net proceeds of such disposition shall, at IO's option, either be credited to IO or paid to IO.

### **21.9 Minimizing Disruptions**

- (a) Project Co shall perform its procurement, delivery, installation, commissioning, maintenance, repair, decommissioning, upgrade and replacement of Project Co Equipment and Additional Project Co Equipment so as to comply with the requirements of the Output Specifications. Project Co acknowledges and agrees that such activities may require work outside of normal business hours in order to accommodate the efficient operation of the Facility. Project Co shall coordinate any activities undertaken pursuant to this Section 21.9(a) in accordance with its obligations pursuant to Section 25.3 of this Project Agreement.
- (b) During the Operational Term, Project Co shall coordinate the delivery of the Project Co Services with the installation, commissioning, maintenance, repair, decommissioning, upgrade and replacement of MCSCS Equipment so as to comply with its obligations pursuant to Section 25.3 of this Project Agreement.

### **21.10 Scheduling of Equipment Procurement and Installation**

- (a) Project Co shall, in consultation with IO, prepare a schedule for the procurement, installation and commissioning of all Project Co Equipment and all Additional Project Co Equipment, if any, and shall incorporate the timing of procurement, installation and commissioning of all Project Co Equipment and all Additional Project Co Equipment, if any, into the Works Schedule and the Final Commissioning Program. When reviewing and approving the procurement and purchasing of Project Co Equipment and Additional

- Project Co Equipment, the Equipment Steering Committee shall consider the timing contemplated in the Works Schedule and Final Commissioning Program for the procurement, installation and commissioning of all Project Co Equipment and all Additional Project Co Equipment, if any. In preparing the schedule for the procurement, installation and commissioning of all Project Co Equipment and all Additional Project Co Equipment, if any, Project Co shall ensure that such schedule takes into account the timing requirements of Equipment Steering Committee approvals and any IO and MCSCS review.
- (b) During the Operational Term and during the TIC Interim Period, Project Co shall, in consultation with IO, prepare a schedule for the procurement, installation and commissioning of any equipment that is required to be procured, installed or commissioned pursuant to this Project Agreement.
- (c) The Equipment RFP shall include a milestone schedule, which will include:
- (i) the date for submission of shop drawings by the equipment vendor to Project Co;
  - (ii) the review period for shop drawings by Project Co and date for finalization of shop drawings;
  - (iii) the date by which the equipment vendor requires access to the Facility to carry out the installation of Project Co Equipment and Additional Project Co Equipment; and
  - (iv) the date for commencement of commissioning and the date for completion of commissioning of the Project Co Equipment and Additional Project Co Equipment.
- (d) The Equipment RFP shall provide that the Project Co Equipment and Additional Project Co Equipment is delivered to a location designated by Project Co. The Equipment RFP shall also provide that the equipment vendor is liable to IO for all Direct Losses incurred by IO (which shall include Project Co's Direct Costs) as a result of any delay in achieving the targeted date for completion of commissioning of such vendor's equipment unless the delay resulted from a failure by Project Co or IO to perform any of its obligations under this Project Agreement or a failure by IO to perform any of its obligations under the relevant equipment supply contract.
- (e) Project Co shall be responsible for preparing, in consultation with the Equipment Steering Committee, a schedule for the procurement, installation and commissioning of all MCSCS Equipment and incorporating the timing of procurement, installation and commissioning of all MCSCS Equipment into the Works Schedule and the Final Commissioning Program.

**21.11 Equipment Training**

- (a) For and in respect of each item of Equipment procured by Project Co and operated by IO, Project Co shall, in accordance with Schedule 11 – Outline Commissioning Program, provide or arrange for adequate, appropriate and timely training in the item's proper operation and maintenance for all applicable IO staff.
- (b) IO shall make its staff available for training purposes in accordance with the Works Schedule and the Final Commissioning Program.

**22. LEADERSHIP IN ENERGY & ENVIRONMENTAL DESIGN AND OTHER REQUIREMENTS****22.1 LEED Design and Construction Obligations**

- (a) Project Co shall perform the Works so as to achieve the prerequisites and credits required to achieve the LEED Silver Rating and, except as set out in Section 22.2, may, in its sole discretion, determine which credits to pursue.

**22.2 Mandatory Prerequisites and Credits**

- (a) Project Co shall, at a minimum, achieve the prerequisites and credits under the LEED Rating System provided for in Part 5 of Part A of Schedule 12 – Output Specifications.

**22.3 LEED Progress Reports**

- (a) As part of each Works Report, Project Co shall submit a progress report comparing actual construction and procurement activities with LEED Silver Rating requirements.

**22.4 LEED Silver Rating**

- (a) Project Co shall register the Project with CaGBC within 60 days following Financial Close.
- (b) If, after application for registration of the Project is made in accordance with Section 22.4(a), there is a change in the requirements for achievement of LEED Silver Rating under the LEED Rating System, and Project Co is required by the CaGBC to comply with such change, then Project Co shall notify IO of such change and such change shall, subject to and in accordance with Schedule 19 - Variation Procedure, result in a Variation.
- (c) Project Co shall apply to the CaGBC to obtain LEED Silver Rating for the Facility as soon as possible.
- (d) In the event that:

- (i) Project Co fails to obtain the required credits pursuant to Part 5 of Part A of Schedule 12 – Output Specifications; or
- (ii) LEED Silver Rating is not obtained within 24 months after the Substantial Completion Date,

other than as a direct result of any act or omission of IO or any IO Party, Project Co shall pay to IO liquidated damages in the amount of [REDACTED]. The Parties agree that such liquidated damages are not a penalty but represent a genuine and reasonable pre-estimate of the damages that IO will suffer as a result of the happening of either of the specified events and would be difficult or impossible to quantify upon the happening of either of the specified events. Such payment shall constitute full and final settlement of any and all damages that may be claimed by IO as a result of a failure by Project Co to obtain the required credits pursuant to Part 5 of Part A of Schedule 12 – Output Specifications or to achieve LEED Silver Rating and, for greater certainty, a failure by Project Co to obtain any of the mandatory prerequisites or credits set out in Section 22.2 or to achieve LEED Silver Rating shall not result in a Project Co Event of Default. The Parties agree that such liquidated damages shall be payable whether or not IO incurs or mitigates its damages, and that IO shall not have any obligation to mitigate any such damages.

## **22.5 Greenhouse Gas Credits**

- (a) Any greenhouse gas credits which may be guaranteed as a result of the Project shall be owned by IO and Project Co shall have no entitlement to any of such credits whatsoever.

## **22.6 Energy Matters**

- (a) Each of Project Co and IO shall comply with the provisions of Schedule 29 – Energy Matters.

## **23. INDEPENDENT CERTIFIER**

### **23.1 Appointment**

- (a) On or prior to Financial Close, the Parties shall appoint an independent and suitably qualified and experienced consultant to act as the Independent Certifier for the purposes of this Project Agreement and shall enter into an agreement with the Independent Certifier substantially in the form of Schedule 6 - Independent Certifier Agreement. If the Parties are unable to agree upon the Independent Certifier within such period of time, then the determination of the Independent Certifier shall be made in the same manner as the identification of a replacement Independent Certifier under Section 23.7(b).
- (b) Neither Party shall, without the prior written consent of the other Party, enter into any agreement with the Independent Certifier in connection with the Project other than the Independent Certifier Agreement, and Project Co shall ensure that no Project Co Party

enters into any separate agreement with the Independent Certifier in connection with the Project.

### **23.2 Role of Independent Certifier**

- (a) The general role, obligations and functions of the Independent Certifier are described in Schedule 6 - Independent Certifier Agreement.

### **23.3 Changes to Terms of Appointment**

- (a) Neither IO nor Project Co shall without the other's prior written approval (not to be unreasonably withheld or delayed):
  - (i) waive, settle, compromise or otherwise prejudice any rights or claims which the other may from time to time have against the Independent Certifier; or
  - (ii) vary the terms of the Independent Certifier Agreement or the service performed or to be performed by the Independent Certifier.
- (b) The Parties shall perform their respective obligations arising under or in connection with the Independent Certifier Agreement.

### **23.4 Right to Change Appointment**

- (a) The Parties acknowledge that the Independent Certifier shall provide certain services and reports to Project Co, the Lenders and the Project Co Parties in addition to performing the functions of the Independent Certifier under this Project Agreement. The Parties may agree to terminate the Independent Certifier Agreement upon 30 days notice to the Independent Certifier. If such notice is given, then, pursuant to Section 23.7, a new Independent Certifier will be appointed. The Parties agree that, notwithstanding the 30 days' notice of termination, the Independent Certifier shall continue on a day-to-day basis thereafter until a new Independent Certifier is appointed.

### **23.5 Cooperation**

- (a) The Parties agree to cooperate with each other generally in relation to all matters within the scope of or in connection with the Independent Certifier Agreement. All instructions and representations issued or made by either of the Parties to the Independent Certifier shall be simultaneously copied to the other and both Parties shall be entitled to attend all inspections performed by or meetings involving the Independent Certifier.

### **23.6 Payment of Independent Certifier**

- (a) Project Co and IO shall share equally the responsibility for the payment of all fees and costs of the Independent Certifier.



## 23.7 Replacement

- (a) In the event of the Independent Certifier's engagement being terminated otherwise than for full performance, the Parties shall liaise and cooperate with each other in order to appoint a replacement consultant to act as the Independent Certifier as soon as reasonably practicable. The identity of any such replacement shall be as agreed by the Parties and the terms of his/her appointment shall, unless otherwise agreed, be as set out in the Independent Certifier Agreement.
- (b) In the event the Parties fail to agree upon the identity of a replacement Independent Certifier within five Business Days of the original Independent Certifier's appointment being terminated, then a replacement Independent Certifier shall be chosen as follows:
  - (i) each Party shall, within five Business Days thereafter, select 3 suitably qualified and experienced replacements that would be acceptable to that Party, and shall provide notice thereof to the other Party, with a ranking of preference for replacements;
  - (ii) if the Parties have both selected a common replacement, then such common replacement shall be the Independent Certifier, and if there is more than one common replacement, then the common replacement with the highest overall ranking (calculated by adding together the ordinal rank assigned by both Parties) shall be selected, and in the event of a tie, the lowest-cost of such tied replacements shall be selected; and
  - (iii) if the Parties have not selected a common replacement, then the determination of the new replacement may be referred for resolution in accordance with Schedule 24 - Dispute Resolution Procedure.

## 24. COMMISSIONING AND COMPLETION

### 24.1 Commissioning Activities

- (a) Project Co shall perform all Project Co Commissioning, and shall facilitate the performance of all IO Commissioning, pursuant to the Final Commissioning Program.

### 24.2 Final Commissioning Program

- (a) Project Co shall prepare a draft of the Final Commissioning Program and shall provide a copy thereof to the Independent Certifier, the IO Commissioning Agent and the IO Representative not less than 365 days prior to the Scheduled Substantial Completion Date.
- (b) The Final Commissioning Program shall:

- (i) describe the requirements, and the timing and sequence of such requirements, necessary in order that the Project Co Commissioning shall be completed to achieve:
    - (A) Substantial Completion on or before the Scheduled Substantial Completion Date; and
    - (B) Final Completion on or before the Scheduled Final Completion Date;
  - (ii) describe the requirements, and the timing and sequence of such requirements, of the IO Commissioning activities;
  - (iii) comply with all requirements of the Outline Commissioning Program and include all details, including for all appendices, required to be completed in the Outline Commissioning Program;
  - (iv) be consistent with the Outline Commissioning Program and impose no greater or more onerous obligations on IO than those set out in the Outline Commissioning Program, unless otherwise agreed to by IO;
  - (v) include the names of the individuals or companies proposed to perform all Project Co Commissioning;
  - (vi) include a schedule of each of the Project Co Commissioning Tests and the IO Commissioning Tests proposed to be performed and the timeframe for completion, with start and end dates;
  - (vii) include a schedule of meetings to be held between the Parties to coordinate the performance of the Project Co Commissioning and the IO Commissioning;
  - (viii) provide for the re-verification of systems following the IO Commissioning; and
  - (ix) list the approvals required from any Governmental Authority, manufacturer or other person that are necessary to meet the requirements of the Final Commissioning Program or Applicable Law.
- (c) IO shall provide Project Co with comments on the draft Final Commissioning Program in accordance with Schedule 8 - Review Procedure, and Project Co shall revise the draft Final Commissioning Program to the extent required by Schedule 8 - Review Procedure within 30 days of receipt of any comments from IO.
- (d) When agreed by the Parties, the Final Commissioning Program shall replace the Outline Commissioning Program.

### 24.3 Commencement of Project Co Commissioning

- (a) Project Co shall give 30 days written notice to the Independent Certifier, the IO Commissioning Agent and the IO Representative of the proposed commencement of the Project Co Commissioning.
- (b) Project Co shall give at least 5 Business Days' notice to, and shall invite, the Independent Certifier, the IO Commissioning Agent and the IO Representative to witness, and to comment on, each aspect of the Project Co Commissioning. Project Co shall, together with such notice, provide all information that the Independent Certifier, the IO Commissioning Agent and the IO Representative may reasonably require in relation thereto, including:
  - (i) tests proposed;
  - (ii) test methodology; and
  - (iii) expected test results.

### 24.4 Substantial Completion Certificate

- (a)
  - (i) Project Co shall give the Independent Certifier and the IO Representative at least 10 Business Days' notice prior to the date upon which Project Co anticipates all requirements for Substantial Completion shall be satisfied.
  - (ii) For the purposes of determining Substantial Completion, and in accordance with Section 2(2) of the CLA, the Parties have agreed not to expeditiously complete the Remaining Works. The Parties have agreed that the price of the services or materials to be supplied, and required, to complete the Remaining Works shall be deducted from the total cost of the Works in determining substantial performance. For greater certainty, the Remaining Works shall be completed as a requirement of achieving Final Completion.
- (b) Project Co shall give the Independent Certifier and the IO Representative notice (the "**Substantial Completion Notice**") upon the satisfaction of all requirements for Substantial Completion, which Substantial Completion Notice shall describe, in reasonable detail, the satisfaction of the requirements for Substantial Completion, together with Project Co's opinion as to whether the conditions for issuance of the Substantial Completion Certificate have been satisfied.
- (c) IO shall, within five Business Days after receipt of the Substantial Completion Notice, provide the Independent Certifier and Project Co with IO's opinion as to whether the conditions for issuance of the Substantial Completion Certificate have been satisfied and,

if applicable, any reasons as to why it considers that the Substantial Completion Certificate should not be issued.

- (d) Within five Business Days after Project Co's receipt of IO's opinion pursuant to Section 24.4(c), the Parties shall cause the Independent Certifier to determine whether the conditions for issuance of the Substantial Completion Certificate have been satisfied, having regard for the opinions of both Project Co and IO, and to issue to IO and to Project Co either:
- (i) the Substantial Completion Certificate, setting out in such certificate the Substantial Completion Date; or
  - (ii) a report detailing the matters that the Independent Certifier considers are required to be performed by Project Co to satisfy the conditions for issuance of the Substantial Completion Certificate.
- (e) Where the Independent Certifier has issued a report in accordance with Section 24.4(d)(ii) and Project Co has not referred a Dispute in relation thereto for resolution in accordance with Schedule 24 - Dispute Resolution Procedure, Project Co shall, within 5 Business Days after receipt of such report, provide the Independent Certifier and the IO Representative with:
- (i) a detailed list indicating the rectification actions proposed for all matters raised in such report;
  - (ii) the schedule for completion of all such rectification actions; and
  - (iii) any additional Project Co Commissioning that needs to be undertaken as a result of the rectification actions,

and Project Co shall perform all such additional rectification actions and Project Co Commissioning in a timely manner. Upon completion thereof, Project Co may give a further Substantial Completion Notice and Sections 24.4(c) to (e), inclusive, shall be repeated until the Substantial Completion Certificate has been issued.

- (f) The Independent Certifier's decision to issue or not to issue the Substantial Completion Certificate shall be final and binding on the Parties solely in respect of determining the Payment Commencement Date, and a Dispute in relation to the Payment Commencement Date shall not be subject to resolution pursuant to the Dispute Resolution Procedure, provided, however, that any other Dispute in relation to the Independent Certifier's decision to issue or not to issue the Substantial Completion Certificate may be referred for resolution pursuant to the Dispute Resolution Procedure.

## 24.5 Operation and Maintenance Manuals

- (a) Project Co shall prepare and deliver to IO all necessary operation and maintenance manuals for the Facility 30 days prior to the Substantial Completion Date and all necessary operation and maintenance manuals for the TIC 30 days prior to the TIC Completion Date. From and after such date and throughout the remainder of the Project Term, Project Co shall prepare and keep current, and at all reasonable times make available to IO, such operation and maintenance manuals and all other such manuals prepared from time to time for the Facility.

## 24.6 IO Commissioning

- (a) The Parties acknowledge that the IO Commissioning shall be performed both before and after the Substantial Completion Date. Prior to Substantial Completion, Project Co shall give IO full access to the Site, the Facility and all relevant parts thereof at such times as may be set out in the Final Commissioning Program to enable IO to undertake the IO Commissioning in accordance with the Final Commissioning Program. IO shall comply, and shall ensure that all IO Parties comply, with the directions, procedures and safety guidelines established by Project Co for the Site and shall use commercially reasonable efforts to minimize disruption to the Project Operations in performing the IO Commissioning.
- (b) IO acknowledges that, during the IO Commissioning Period, Project Co and its Subcontractors will be active in the Facility in both the rectification of Minor Deficiencies and the completion of Project Co Commissioning, and IO shall take commercially reasonable steps to allow such activities to proceed in accordance with the Final Commissioning Program.
- (c) Project Co acknowledges that, prior to and during the IO Commissioning Period, Project Co and its Subcontractors shall cooperate with IO and all IO Parties and use commercially reasonable efforts to ensure that all requirements, and the timing and sequence of such requirements, of the IO Commissioning activities are able to be completed in the timeframe for completion set out in the Final Commissioning Program.

## 24.7 Countdown Notice

- (a) Project Co shall deliver a notice (the "**Countdown Notice**") to IO and the Independent Certifier specifying the date (which, for greater certainty, will be on or before the Scheduled Substantial Completion Date) on which Project Co anticipates that Substantial Completion will be achieved (the "**Anticipated Substantial Completion Date**").
- (b) The Countdown Notice shall be delivered not less than 180 days prior to the Anticipated Substantial Completion Date. If Project Co fails to deliver the Countdown Notice not less than 180 days prior to the Scheduled Substantial Completion Date, the Anticipated

Substantial Completion Date shall be deemed to be the same date as the Scheduled Substantial Completion Date.

- (c) Project Co acknowledges and agrees that IO requires a minimum of 180 days notice prior to the Anticipated Substantial Completion Date to prepare for the IO Commissioning.
- (d) In accordance with Section 20.4(a), the Anticipated Substantial Completion Date shall not be earlier than the Scheduled Substantial Completion Date without the prior written consent of IO, in its sole discretion.

#### **24.8 Minor Deficiencies**

- (a) In the event that Minor Deficiencies exist when Project Co applies for the Substantial Completion Certificate, the Independent Certifier, in consultation with Project Co and IO, shall, within 15 Business Days of Project Co's application, prepare a list of all Minor Deficiencies (the "**Minor Deficiencies List**") identified at that time and an estimate of the cost and the time for rectifying such Minor Deficiencies.
- (b) The Minor Deficiencies List will contain the schedule for the completion and rectification of the Minor Deficiencies. In determining the relevant time for rectifying Minor Deficiencies, Project Co shall schedule the completion and rectification of Minor Deficiencies so as to minimize, to the greatest extent reasonably possible, any impairment of IO's use and enjoyment of the Facility or disruption of the Project Operations or the performance of the MCSCS Services.
- (c) The Independent Certifier must prepare the Minor Deficiencies List before the Substantial Completion Certificate is issued, but shall not withhold the Substantial Completion Certificate by reason solely that there are Minor Deficiencies.
- (d) IO may, in its sole discretion, waive any requirement for Substantial Completion, including with respect to Project Co Equipment, and the failure to meet any such requirement shall constitute a Minor Deficiency.

#### **24.9 Rectification of Minor Deficiencies**

- (a) Project Co shall, in consultation with the IO Representative and so as to minimize, to the greatest extent reasonably possible, any disruption of the Project Operations or the performance of the MCSCS Services, complete and rectify all Minor Deficiencies within 45 days of the issuance of the Minor Deficiencies List or such other period as the Independent Certifier may specify in the Minor Deficiencies List.
- (b) Project Co acknowledges and agrees that the completion and rectification of Minor Deficiencies may require work outside of normal working hours in order to accommodate the efficient operation of the Facility.

#### 24.10 Failure to Rectify Minor Deficiencies

- (a) If, within 30 days after the time specified in the Minor Deficiencies List, Project Co has failed to complete and rectify the Minor Deficiencies specified in the Minor Deficiencies List:
- (i) IO may withhold from the next payment or payments otherwise due to Project Co a holdback amount that is 200% of the amount estimated by the Independent Certifier for IO to complete and rectify the Minor Deficiencies (to the extent then outstanding), which holdback shall be held in an interest bearing account; and
  - (ii) IO may engage others to perform the work necessary to complete and rectify the Minor Deficiencies, at the risk and cost of Project Co, and IO may deduct such cost from the holdback amount and interest earned thereon.
- (b) Upon completion and rectification of each Minor Deficiency, IO shall release to Project Co the amount of the holdback related to such Minor Deficiency. Upon completion and rectification of all Minor Deficiencies, IO shall release to Project Co the then remaining amount of the holdback, together with all interest accrued thereon. If the cost of such completion and rectification exceeds the amount of such holdback and interest, then Project Co shall reimburse IO for all such excess cost.

#### 24.11 Final Completion Countdown Notice

- (a) Project Co shall deliver a notice (the “**Final Completion Countdown Notice**”) to IO and the Independent Certifier specifying the date (which, for greater certainty, will be on or before the Scheduled Final Completion Date) on which Project Co anticipates that Final Completion will be achieved (the “**Anticipated Final Completion Date**”).
- (b) The Final Completion Countdown Notice shall be delivered not less than 90 days prior to the Anticipated Final Completion Date. If Project Co fails to deliver the Final Completion Countdown Notice not less than 90 days prior to the Scheduled Final Completion Date, the Anticipated Final Completion Date shall be deemed to be the same date as the Scheduled Final Completion Date.

#### 24.12 Final Minor Deficiencies

- (a) In the event that Final Minor Deficiencies exist when Project Co applies for the Final Completion Certificate, the Independent Certifier, in consultation with Project Co and IO, shall, within 10 Business Days of Project Co’s application, prepare a list of all Final Minor Deficiencies (the “**Final Minor Deficiencies List**”) identified at that time and an estimate of the cost and the time for rectifying such Final Minor Deficiencies. For greater certainty, Final Minor Deficiencies will include any Minor Deficiencies which at such time have not been completed or rectified.

- (b) The Final Minor Deficiencies List will contain the schedule for the completion and rectification of all Final Minor Deficiencies. In determining the relevant time for rectifying Final Minor Deficiencies, Project Co shall schedule the completion and rectification of Final Minor Deficiencies so as to minimize, to the greatest extent reasonably possible, any impairment of IO's use and enjoyment of the Facility or disruption of the Project Operations or the performance of the MCSCS Services.

#### **24.13 Rectification of Final Minor Deficiencies**

- (a) Project Co shall, in consultation with the IO Representative and so as to minimize, to the greatest extent reasonably possible, any disruption of the Project Operations or the performance of the MCSCS Services, complete and rectify all Final Minor Deficiencies within 45 days of the issuance of the Final Minor Deficiencies List or such other period as the Independent Certifier may specify in the Final Minor Deficiencies List, and in any event no later than the Scheduled Final Completion Date, other than any items of minor work of a seasonal nature which cannot be completed prior to the Final Completion Date.
- (b) Project Co acknowledges and agrees that the completion and rectification of Final Minor Deficiencies may require work outside of normal working hours in order to accommodate the efficient operation of the Facility.

#### **24.14 Failure to Rectify Final Minor Deficiencies**

- (a) If, within 30 days after the time specified in Section 24.13(a), Project Co has failed to complete and rectify the Final Minor Deficiencies specified in the Final Minor Deficiencies List, IO may engage others to perform the work necessary to complete and rectify the Final Minor Deficiencies, at the risk and cost of Project Co, and IO may draw upon the Remaining Works Letter of Credit as reimbursement of such costs.

#### **24.15 Final Completion Certificate**

- (a) Project Co shall give the Independent Certifier and the IO Representative at least 10 Business Days' notice prior to the date upon which Project Co anticipates all requirements for Final Completion shall be satisfied.
- (b) Project Co shall give the Independent Certifier and the IO Representative notice (the "**Final Completion Notice**") upon the satisfaction of all requirements for Final Completion, which Final Completion Notice shall describe, in reasonable detail, the satisfaction of the requirements for Final Completion, including the completion and rectification of all Minor Deficiencies, together with Project Co's opinion as to whether the conditions for issuance of the Final Completion Certificate have been satisfied.
- (c) IO shall, within five Business Days after receipt of the Final Completion Notice, provide the Independent Certifier and Project Co with IO's opinion as to whether the conditions for issuance of the Final Completion Certificate have been satisfied and, if applicable,



any reasons as to why it considers that the Final Completion Certificate should not be issued.

- (d) Within five Business Days after Project Co's receipt of IO's opinion pursuant to Section 24.15(c), the Parties shall cause the Independent Certifier to determine whether the conditions for issuance of the Final Completion Certificate have been satisfied, having regard for the opinions of both Project Co and IO, and to issue to IO and to Project Co either:
- (i) the Final Completion Certificate, setting out in such certificate the Final Completion Date; or
  - (ii) a report detailing the matters that the Independent Certifier considers are required to be performed by Project Co to satisfy the conditions for issuance of the Final Completion Certificate, including any items on the Final Minor Deficiencies List which remain outstanding.
- (e) Where the Independent Certifier has issued a report in accordance with Section 24.15(d)(ii) and Project Co has not referred a Dispute in relation thereto for resolution in accordance with Schedule 24 - Dispute Resolution Procedure, Project Co shall, within 5 Business Days after receipt of such report, provide the Independent Certifier and the IO Representative with:
- (i) a detailed list indicating the rectification actions proposed for all matters raised in such report;
  - (ii) the schedule for completion of all such rectification actions; and
  - (iii) any additional Project Co Commissioning that needs to be undertaken as a result of the rectification actions,

and Project Co shall perform all such additional rectification actions and Project Co Commissioning in a timely manner. Upon completion thereof, Project Co may give a further Final Completion Notice and Sections 24.15(c) to (e), inclusive, shall be repeated until the Final Completion Certificate has been issued.

- (f) Any Dispute in relation to the Independent Certifier's decision to issue or not to issue the Final Completion Certificate may be referred for resolution in accordance with Schedule 24 - Dispute Resolution Procedure.
- (g) For the purposes of the Final Completion Notice, any of the Final Minor Deficiencies which are items of minor work of a seasonal nature which cannot be completed prior to the Final Completion Date shall be identified in the Final Completion Notice, and shall be completed within the period identified in the Final Completion Notice.

- (h) IO shall return the Remaining Works Letter of Credit within 5 Business Days following the issuance of the Final Completion Certificate provided that if there are any seasonal works identified in the Final Completion Notice, IO may draw from the Remaining Works Letter of Credit a holdback amount equal to 200% of the estimated cost of completing such seasonal work as identified by the Independent Certifier. Upon completion and rectification of such seasonal work, IO shall release to Project Co the amount of the holdback related to such seasonal work, together with all interest accrued thereon.
- (i) If, within 30 days after the time specified in the Final Completion Notice for completion of seasonal work, Project Co has failed to complete such seasonal work, IO may engage others to perform the work necessary to complete the seasonal work, at the risk and cost of Project Co, and IO may deduct such cost from the holdback amount identified in Section 24.15(h). Upon completion and rectification of such seasonal work, IO shall release to Project Co the amount of the holdback related to such seasonal work, together with all interest accrued thereon. If the cost of such completion and rectification exceeds the amount of such holdback and interest, then Project Co shall reimburse IO for all such excess cost.

#### 24.16 Effect of Certificates/Use

- (a) The issue of the Substantial Completion Certificate and the Final Completion Certificate, any taking over or use by IO of any part of the Facility under the terms of this Project Agreement, and any commencement of any MCSCS Services shall, in no way:
- (i) limit the obligations of Project Co under this Project Agreement including in respect of any defects, deficiencies or items of outstanding work existing or discovered prior to or after the date of any of such certificates or the date of the Minor Deficiencies List; or
  - (ii) be construed as an approval by IO or any other Government Entity of the Works or the way in which they have been carried out.

#### 24.17 Transition

- (a) Project Co shall, in cooperation with the Transition Subcommittee, plan, coordinate and manage the physical transition from the Existing Facilities to the Facility (the "**Transition**") in accordance with the Final Commissioning Program.
- (b) Project Co shall retain an experienced and reputable transition advisor, whose appointment shall be approved by IO, acting reasonably, with experience planning and executing no fewer than 5 relocation assignments of similar size, scope and complexity (the "**Transition Advisor**").

## 24.18 Transition Subcommittee

- (a) The Parties shall, within 180 days following Financial Close, establish a transition subcommittee of the Works Committee (the "**Transition Subcommittee**") consisting of 3 representatives of each Party. The Transition Advisor shall be entitled to, but not required to, attend meetings of the Transition Subcommittee. Members of the Transition Subcommittee may invite, on prior notice to all members, such other advisors and consultants as they require from time to time to attend meetings and provide briefings to the Transition Subcommittee.
- (b) The Transition Subcommittee shall assist the Parties by promoting cooperative and effective communication with respect to matters related to the Transition, including issues related to decanting from the Existing Facilities to the Facility and the transfer of all Existing Equipment.
- (c) The primary role of the Transition Subcommittee shall be to oversee and coordinate the Transition in a timely and efficient manner and in accordance with the Works Schedule and the Final Commissioning Program.
- (d) The Transition Subcommittee shall be responsible for receiving and reviewing all matters related to the Transition and shall make recommendations to the Works Committee, which the Works Committee may accept or reject in its sole discretion.
- (e) The members of the Transition Subcommittee may adopt such procedures and practices for the conduct of the activities of the Transition Subcommittee as they consider appropriate from time to time.
- (f) Unless otherwise agreed, the Transition Subcommittee shall operate only until the Final Completion Date.

## 25. PROJECT CO SERVICE OBLIGATIONS

### 25.1 Overall Responsibility

- (a) Project Co shall, following the Substantial Completion Date, perform the Project Co Services:
  - (i) so as to satisfy the Output Specifications; and
  - (ii) in accordance with the other terms of this Project Agreement.

**25.2 Commencement of Services**

- (a) Project Co shall commence the Project Co Services on the day immediately after the Substantial Completion Date and shall provide the Project Co Services until the end of the Operational Term.

**25.3 Coordination and No Disruption**

- (a) Project Co shall perform the Project Co Services so as to coordinate with the operations of MCSCS, ORC or IO on the Site and in the Facility and shall minimize, and cause the Project Co Parties to minimize, any undue interference with the operations of MCSCS, including the performance of the MCSCS Services or the use of the Existing Facilities.

**25.4 No Closure of Facility**

- (a) During the Project Term, and notwithstanding any Relief Event or event of Force Majeure, Project Co shall not close all or any portion of the Facility in any circumstances, other than as directed or approved by IO in writing, acting reasonably.

**25.5 Equipment for Project Co Services**

- (a) Project Co will procure, deliver, install, commission, maintain, repair, decommission, upgrade and replace any equipment required by Project Co to provide the Project Co Services.

**26. MAINTENANCE****26.1 Maintenance Plans**

- (a) No later than 90 days prior to the Substantial Completion Date, Project Co shall submit to the IO Representative for review pursuant to Schedule 8 - Review Procedure, the Scheduled Maintenance Plan for the first Contract Year and the Five Year Maintenance Plan for the first five Contract Years, and shall update such plans as provided for in the Output Specifications annually thereafter.
- (b) Project Co shall perform the Maintenance Work as identified in the Scheduled Maintenance Plan, and, without limiting Project Co's other obligations in respect of the performance of the Project Operations, shall undertake all Maintenance Work:
  - (i) in accordance with the Output Specifications;
  - (ii) at the times scheduled for such Maintenance Work;
  - (iii) in accordance with Good Industry Practice;
  - (iv) in a manner that allows the Facility to remain operational at all times; and

- (v) otherwise in accordance with the Scheduled Maintenance Plan.

## 26.2 Revisions to Scheduled Maintenance Plan

- (a) No later than 30 days prior to the commencement of any calendar quarter, Project Co may submit to the IO Representative a revision to the applicable Scheduled Maintenance Plan for the Contract Year in which the relevant calendar quarter falls showing the effect of the proposed changes. If Project Co is entitled to proceed with such changes pursuant to Schedule 8 - Review Procedure, then the Scheduled Maintenance Plan as so amended shall become the Scheduled Maintenance Plan in respect of that calendar quarter.
- (b) Without limiting the comments that may be made pursuant to Schedule 8 - Review Procedure in relation to the submission of any Scheduled Maintenance Plan, IO, acting reasonably, may comment "**Reviewed as Noted**" or "**Rejected**" on any revision to any Scheduled Maintenance Plan pursuant to this Section 26.2 on the grounds that:
  - (i) performing the Scheduled Maintenance in the period or at the times suggested would (on the balance of probabilities) materially interfere with the performance of the MCSCS Services and such material interference could be avoided or mitigated by Project Co rescheduling the Scheduled Maintenance;
  - (ii) performing the Scheduled Maintenance in the period or at the times suggested would (on the balance of probabilities) materially adversely affect the safety of staff, Inmates, Visitors or other users of the Facility and such material adverse effect could be avoided or mitigated by Project Co rescheduling the Scheduled Maintenance; or
  - (iii) the period for performing the Scheduled Maintenance would (on the balance of probabilities) exceed the period reasonably required for the relevant work.

## 26.3 IO Change in Timing

- (a) Notwithstanding the establishment of or entitlement to proceed with any Scheduled Maintenance Plan, the IO Representative may, at any time and from time to time, require Project Co to accelerate or defer any Scheduled Maintenance by giving written notice to Project Co not less than 15 Business Days prior to the scheduled date for performing such Scheduled Maintenance, which notice shall set out the time and periods at or during which IO requires the Scheduled Maintenance to be performed.
- (b) Within five Business Days after receipt by Project Co of a notice referred to in Section 26.3(a), Project Co shall notify IO of the amount of any additional reasonable costs which it estimates it shall incur as a direct consequence of such acceleration or deferral (the "**Estimated Increased Maintenance Costs**"). IO shall, within five Business Days after receipt by IO of notification of the amount of the Estimated Increased Maintenance Costs, at its option, either confirm or withdraw its request to accelerate or defer the

Scheduled Maintenance. If IO does not respond within five Business Days, the request shall be deemed to have been withdrawn. IO shall reimburse Project Co for any reasonable costs actually incurred by Project Co as a consequence of such acceleration or deferral up to, but not exceeding, the amount of the Estimated Increased Maintenance Costs.

#### **26.4 Unscheduled Maintenance Work**

- (a) If, in circumstances other than an Emergency, the need arises for Maintenance Work (excluding any work of a *de minimis* nature in respect of which this Section 26.4 does not apply) that is not scheduled to be carried out as part of the Scheduled Maintenance ("**Unscheduled Maintenance Work**"), Project Co shall promptly notify the IO Representative of the proposed commencement date, the proposed hours of work and estimated duration of the Unscheduled Maintenance Work.
- (b) Project Co shall be entitled to perform the Unscheduled Maintenance Work at the time set out in its notice unless IO, acting reasonably, requires Project Co to defer or accelerate such Unscheduled Maintenance Work. For greater certainty, Project Co shall not be entitled to recover from any Government Entity any costs or losses incurred by Project Co as a consequence of any deferral or acceleration of Unscheduled Maintenance Work, and nothing in this Section 26.4 shall prevent IO from making any adjustments to the Monthly Service Payments or the TIC Monthly Service Payments in accordance with Schedule 18 - Payment Mechanism.

#### **26.5 Emergency Maintenance Work**

- (a) If, as a result of an Emergency, the need arises for Unscheduled Maintenance Work, Project Co may perform such Unscheduled Maintenance Work, provided that Project Co shall notify the IO Representative as soon as possible (and in any event within two Business Days of the occurrence of the Emergency) of the reasons for and extent of the Unscheduled Maintenance Work.
- (b) Project Co shall use commercially reasonable efforts to minimize the duration of such Unscheduled Maintenance Work and its impact upon the performance of the MCSCS Services. Project Co acknowledges and agrees that Unscheduled Maintenance Work may require work outside of normal working hours in order to accommodate the efficient operation of the Facility.
- (c) Nothing in this Section 26.5 shall prevent IO from making any adjustments to the Monthly Service Payments or the TIC Monthly Service Payments in accordance with Schedule 18 - Payment Mechanism.

**26.6 Other Maintenance Work**

- (a) The Maintenance Work specified in the Scheduled Maintenance Plan shall not limit Project Co's obligations to perform Maintenance Work.

**26.7 Plant Services Information Management System**

- (a) Prior to issuance of the Substantial Completion Certificate, Project Co shall create and commission the Plant Services Information Management System and, throughout the Operational Term, shall maintain same as provided in the Output Specifications.

**26.8 Performance Audits**

- (a) If IO reasonably believes that Project Co is in breach of its obligations with respect to Maintenance Work, including:
- (i) under this Section 26;
  - (ii) under the Output Specifications; or
  - (iii) in respect of any defects, deficiencies or items of outstanding work that should have been completed as part of the Works,

then IO may cause to be performed, by an arm's length consultant appointed by IO, a performance audit, inspection and survey of the Facility to assess whether the Facility has been and is being maintained by Project Co in accordance with Project Co's obligations (the "**Performance Audit**").

- (b) IO shall notify Project Co in writing at least 10 Business Days prior to the date that IO wishes to cause a Performance Audit to be undertaken. IO shall, acting in good faith, consider any reasonable request by Project Co for the Performance Audit to be performed on an alternative date if such request is made by Project Co in writing at least 5 Business Days prior to the date originally requested by IO, on the basis that performing the Performance Audit on the date originally requested by IO would materially prejudice Project Co's ability to provide the Project Co Services.
- (c) When causing any Performance Audit to be undertaken, IO shall use commercially reasonable efforts to minimize any disruption caused to the provision of the Project Co Services. The cost of a Performance Audit, except where Section 26.8(d) applies, shall be borne by IO. Project Co shall provide IO, at no additional cost or charge, with any reasonable assistance required by IO from time to time during the Performance Audit.
- (d) If a Performance Audit shows that Project Co has not performed or is not performing its obligations in any material respect, IO shall:
- (i) provide Project Co with a written notice of non-compliance;

- (ii) provide Project Co with instructions regarding rectification or Maintenance Work required to be performed by Project Co in order for Project Co to perform its obligations;
  - (iii) specify a reasonable period of time within which Project Co must perform such rectification or Maintenance Work; and
  - (iv) be entitled to exercise all rights pursuant to Section 30.
- (e) If a Performance Audit shows that Project Co has not performed or is not performing its obligations in any material respect, Project Co shall:
- (i) perform any rectification or Maintenance Work required by IO within a reasonable period of time specified by IO, and be responsible for any costs incurred in performing such rectification or Maintenance Work; and
  - (ii) pay or reimburse IO for the costs of the Performance Audit and any administrative costs incurred by IO in relation to the Performance Audit.
- (f) Nothing in this Section 26.7 shall limit or restrict IO's rights hereunder to perform any other performance audits, inspections and surveys at its own cost and expense.
- (g) IO's right to cause a Performance Audit to be undertaken may not be exercised more than once every 180 days unless any Performance Audit performed in the preceding 12 month period shows that Project Co has not performed or is not performing its obligations in any material respect.

## **27. HUMAN RESOURCES**

### **27.1 Admittance of Personnel**

- (a) IO shall have the right to refuse admittance to, or order the removal from the Site and/or the Facility of any person employed by (or acting on behalf of) Project Co, or any Project Co Party, whose presence, in the opinion of IO, acting reasonably, is likely to have an adverse effect on the performance of the MCSCS Services or who, in the opinion of IO, acting reasonably, is not a fit and proper person to be at the Site and/or the Facility for any reason. Any decision of IO made pursuant to this Section 27.1 shall be final and conclusive.

### **27.2 Confirmation of Action**

- (a) Any action taken under Section 27.1 shall promptly be confirmed by IO to Project Co and, for greater certainty, shall not relieve Project Co of any of its obligations under this Project Agreement.



**27.3 Notification of Personnel**

- (a) If and when so requested by IO, Project Co shall, within three Business Days of such request, provide a list of the names of all persons it expects may require admission, in connection with this Project Agreement, to any premises occupied by IO, specifying the capacities in which those persons are concerned with this Project Agreement and, subject to Applicable Law, giving such other particulars as IO may reasonably require.

**27.4 Staff Competency**

- (a) Project Co shall ensure that:
- (i) there shall at all times be a sufficient number of persons (including all relevant grades of supervisory staff) engaged in the provision of the Project Co Services with the requisite level of skill and experience to perform the Project Co Services in accordance with this Project Agreement. For greater certainty, this obligation shall include ensuring that there are sufficient employees to cover periods of holiday, sickness, other absence, and anticipated and actual peaks in demand for each of the Project Co Services;
  - (ii) all employees receive such training and supervision as is necessary to ensure the proper performance of this Project Agreement and compliance with all health and safety rules, procedures and requirements and Authority Requirements; and
  - (iii) it creates and maintains, and causes all Project Co Parties to create and maintain, a process which allows it to assess, monitor and correct, on an ongoing basis, the competency of employees to ensure the proper performance of this Project Agreement.

**27.5 Disciplinary Action**

- (a) IO, acting reasonably, may notify Project Co of any Project Co or Project Co Party employee who engages in misconduct or is incompetent or negligent in the performance of duties or whose presence or conduct on the Site or at work is otherwise considered by IO to be undesirable or to constitute a threat to the health and/or safety of any of the users of the Site and/or the Facility. Upon investigation, Project Co may institute, or cause the relevant Project Co Party to institute, disciplinary proceedings, which shall be in accordance with the requirements of Applicable Law, and shall advise IO in writing of the outcome of any disciplinary action taken in respect of such person.

**27.6 Human Resources Policies**

- (a) Project Co shall ensure that there are set up and maintained by it and by all Project Co Parties, human resources policies and procedures covering all relevant matters relating to the Project Operations (including, for example, health and safety). Project Co shall ensure that the terms and the implementation of such policies and procedures comply

with Applicable Law, Authority Requirements, and Good Industry Practice and that they are published in written form and that copies of them (and any revisions and amendments to them) are forthwith issued to IO and all Project Co Parties.

- (b) If IO provides any comments on, or requests any amendments, modifications or changes to, the policies or procedures maintained pursuant to Section 27.6(a), Project Co shall consider such comments and amendments, modifications and changes and discuss them with IO. Project Co shall incorporate those comments, amendments, modifications and changes with which it agrees, acting reasonably, to the extent that such comments, amendments, modifications or changes comply with Applicable Laws.

### **27.7 Management Organizations**

- (a) Project Co shall provide, and shall ensure that all Project Co Parties provide, to IO, as required to keep such information current, the names of the management teams responsible for the provision of the Project Co Services.

### **27.8 Adherence to MCSCS Policies**

- (a) Project Co shall ensure that it and all Project Co Parties comply at all times with MCSCS HR Policy and any regulations, policies or directions set by any Governmental Authority related to labour, employment and/or human resources, including, for clarity, all MCSCS staff training policies.

### **27.9 Change in MCSCS HR Policy**

- (a) IO shall notify Project Co of any proposed change in MCSCS HR Policy as soon as practicable. Notwithstanding anything else in this Project Agreement, any change in MCSCS HR Policy shall, subject to and in accordance with Schedule 19 - Variation Procedure, result in a Variation if and to the extent such change constitutes or necessitates a change in the Output Specifications or increases the Direct Costs to Project Co of providing the Project Co Services.
- (b) Project Co may, within 90 days of becoming aware of same, notify IO, in writing, that a change in MCSCS HR Policy either constitutes or necessitates a change in the Output Specifications or increases the Direct Costs to Project Co of providing the Project Co Services. Within 15 Business Days of receipt of such notice, IO shall respond to Project Co indicating whether or not it agrees that such a change has occurred and either constitutes or necessitates a change in the Output Specifications or increases the Direct Costs to Project Co of providing the Project Co Services. If it does agree, IO shall initiate the procedure set out in Schedule 19 - Variation Procedure as soon as reasonably practicable. If it does not agree, IO shall not issue a Variation Enquiry and the matter may be referred for resolution in accordance with Schedule 24 - Dispute Resolution Procedure.

- (c) For greater certainty, where an immediate change to MCSCS HR Policy is required in the interest of public safety, such change shall be effective notwithstanding that the procedure in Schedule 19 - Variation Procedure, if applicable in the circumstances, is not yet complete.

### **27.10 Health Screening**

- (a) Project Co shall ensure (to the extent permitted by Applicable Law), that all employees (including, for greater certainty, permanent, temporary, full-time and part-time employees) and persons who may otherwise perform any of the Project Co Services undergo pre-employment health screening in accordance with MCSCS HR Policy (including a medical examination, if necessary by a qualified occupational health professional) to establish, in each case, that the relevant person does not pose, at that time, any danger to the health of other persons.
- (b) Project Co shall also ensure (to the extent permitted by Applicable Law and the terms of the MCSCS Collective Agreement) that all employees (including, for greater certainty, permanent, temporary, full-time and part-time employees) and persons who may otherwise perform any of the Project Co Services shall undergo such medical screening, examination or treatment and provide confirmation of such testing to IO during the currency of this Project Agreement, when reasonably requested to do so by IO, as required to ensure that IO is able to comply with Applicable Law and in respect of the health and well-being of any IO Party, MCSCS staff, Inmates, Visitors and other users of the Facility. Project Co shall take reasonable precautions to ensure that all permanent, temporary, full-time and part-time employees any other persons that may perform any of the Project Co Services are, at all times, in such medical condition that they do not pose a risk, threat or danger to the health and/or well being of any IO Party, MCSCS staff, Inmates, Visitors and other users of the Facility.

### **27.11 Employee Training**

- (a) Project Co shall, at its own cost and expense, provide training to the Designated Project Co Employees in accordance with a training plan to be developed jointly by IO and Project Co. This training shall be designed and shall be of such quality so as to provide Designated Project Co Employees with comprehensive coverage of the operational and security aspects of the Facility.

## **28. GOODS, EQUIPMENT, CONSUMABLES AND MATERIALS**

### **28.1 Standards**

- (a) Project Co shall cause the goods, equipment, consumables and materials used or supplied by it or any Project Co Party in connection with the Project Co Services to be:

- (i) of good quality, fit for their intended purpose and maintained in a safe, serviceable and clean condition in accordance with the Output Specifications and Good Industry Practice;
- (ii) of the type specified in the Output Specifications, if applicable; and
- (iii) in compliance with all Applicable Law,

and shall, as soon as practicable after receiving a request from the IO Representative, supply to the IO Representative evidence to demonstrate its compliance with this Section 28.1(a).

- (b) Project Co shall cause sufficient stocks of goods, consumables, equipment and materials to be held in compliance with its obligations under this Project Agreement.

## **28.2 Hazardous Substances and Materials**

- (a) Except to the extent required pursuant to the Output Specifications, Project Co shall not bring, install, keep, maintain or use in or on the Facility, or cause, authorize or permit any Project Co Party to bring, install, keep, maintain or use, any substances, materials, equipment or apparatus, which is likely to cause or in fact causes:
  - (i) material damage to the Facility;
  - (ii) dust, noise or vibration or any other nuisance to the owners or occupiers of any property adjoining or near to the Facility;
  - (iii) the generation, accumulation or migration of any Hazardous Substance in an unlawful manner whether within or outside the Facility; or
  - (iv) an adverse effect on the health or well-being of any IO Party, staff, Inmates or Visitors to the Facility,

and shall use commercially reasonable efforts to ensure, by directions to staff and otherwise, that all materials, equipment or apparatus in or on the Facility are operated and stored so as to minimize noise and vibration likely to cause annoyance or disturbance and the unlawful generation or migration of any Hazardous Substance.

- (b) Except for articles or things commonly used or generated in detention centres, Project Co shall not bring, install, keep, maintain or use, or cause, authorize or permit any person to bring, install, keep, maintain or use in or on the Facility any Hazardous Substance or hazardous equipment without the prior written consent of IO and unless Project Co has complied with Applicable Law.

- (c) Where applicable, Project Co shall comply with Applicable Law, including any applicable MCSCS policies, regarding WHMIS and the transportation of Hazardous Substances, including:
- (i) maintaining a library of MSDS on the Site and making MSDS labels available to all workers and IO, and making and posting workplace labels where applicable, for all materials designated hazardous by Applicable Law relating to WHMIS; and
  - (ii) ensuring that Hazardous Substances shipped by Project Co or any Project Co Party are shipped in accordance with Applicable Law governing the transportation of Hazardous Substances,
- (d) IO shall make available to Project Co, on request by Project Co, a list of Hazardous Substances prepared by IO as required by Applicable Law regarding WHMIS and the transportation of Hazardous Substances.
- (e) Project Co shall:
- (i) ensure that all Hazardous Substances and hazardous materials and equipment used or stored on the Site by Project Co or any Project Co Party are kept in accordance with Applicable Law, Good Industry Practice, properly and securely labelled and stored, under appropriate supervision and used only by appropriately trained and competent staff; and
  - (ii) prevent the unlawful generation, accumulation, discharge, emission and migration of any Hazardous Substance, whether at or from the Facility or into any conducting media or device serving the Facility, including to:
    - (A) prevent any claims relating to Contamination arising or any circumstances likely to result in any claims relating to Contamination arising; and
    - (B) prevent any adverse effect on the health or well-being of any person, including any IO Party, staff, Inmates or Visitors to the Facility,in so far as such Hazardous Substance is, or should be, under the control of Project Co or any Project Co Party pursuant to this Project Agreement.
- (f) This Section 28.2 applies from and after Substantial Completion or TIC Completion with respect to the TIC, and shall not extend to Hazardous Substances or hazardous equipment, materials or apparatus that are produced, brought, installed, kept, maintained or used in relation to the Project Co Services, except to the extent that such Hazardous Substances or hazardous equipment, materials or apparatus are, or should be, the responsibility of Project Co or under the control of Project Co under this Project Agreement.

- (g) For greater certainty, in the event of a claim relating to Contamination caused by the unlawful generation, accumulation, discharge, emission and migration of any Hazardous Substance, each Party shall bear a proportion of liability based on that Party's degree of fault as agreed by the Parties or determined in accordance with Schedule 24 - Dispute Resolution Procedure.

### **28.3 Change in Hazardous Materials Policies**

- (a) IO shall notify Project Co of any proposed change in any applicable MCSCS policies regarding WHMIS and the transportation of Hazardous Substances as soon as practicable. Notwithstanding anything else in this Project Agreement, any change in such policies (other than a change arising as a result of a Change in Law, which, if applicable shall be addressed in accordance with Article 36) shall, subject to and in accordance with Schedule 19 - Variation Procedure, result in a Variation if and to the extent such change constitutes or necessitates a change in the Output Specifications or increases the Direct Costs to Project Co of providing the Project Co Services.
- (b) Project Co may, within 90 days of becoming aware of same, notify IO, in writing, that a change in any applicable MCSCS policies regarding WHMIS and the transportation of Hazardous Substances (other than a change arising as a result of a Change in Law, which, if applicable shall be addressed in accordance with Article 36) either constitutes or necessitates a change in the Output Specifications or increases the Direct Costs to Project Co of providing the Project Co Services. Within 15 Business Days of receipt of such notice, IO shall respond to Project Co indicating whether or not it agrees that such a change has occurred and either constitutes or necessitates a change in the Output Specifications or increases the Direct Costs to Project Co of providing the Project Co Services. If it does agree, IO shall initiate the procedure set out in Schedule 19 - Variation Procedure as soon as reasonably practicable. If it does not agree, IO shall not issue a Variation Enquiry and the matter may be referred for resolution in accordance with Schedule 24 - Dispute Resolution Procedure.
- (c) For greater certainty, where an immediate change to any applicable MCSCS policies regarding WHMIS and the transportation of Hazardous Substances is required in the interest of staff, Inmate or public safety, such change shall be effective notwithstanding that the procedure in Schedule 19 - Variation Procedure, if applicable in the circumstances, is not yet complete.

## **29. MONITORING**

### **29.1 Monitoring of Performance**

- (a) Project Co shall monitor the performance of the Project Co Services in the manner and at the frequencies set out in the Output Specifications, the Performance Monitoring Program and the Payment Mechanism, and shall compile and at all times maintain records which are accurate and complete of such monitoring and performance. In addition to Project

Co's obligations, as set out in the Output Specifications, the Performance Monitoring Program and the Payment Mechanism, Project Co shall, as reasonably requested by IO, provide the IO Representative with relevant particulars of any aspects of Project Co's performance which fail to meet the requirements of this Project Agreement.

- (b) IO may, at any and all reasonable times, observe, inspect, monitor, audit and take any steps reasonably necessary to satisfy itself as to the adequacy of the monitoring, including performing sample checks.

## 29.2 Failure Points

- (a) In each Payment Period, Project Co shall measure the performance of the Project Co Services, and based on the performance of the Project Co Services in the applicable Payment Period, Failure Points may be awarded in respect of a Project Co Service in accordance with the Payment Mechanism.

## 29.3 Warning Notices

- (a) Without prejudice to IO's rights under Section 43 and any other rights under this Project Agreement, if Project Co accrues more than:
  - (i) 23,915 Failure Points in respect of Availability Failures;
  - (ii) an aggregate of 120 Failure Points in respect of General Provisions Services (FM Output Specifications), Environmental and Sustainability Services, Utilities Management Services, Waste Management and Recycling Services and Pest Control Services;
  - (iii) 656 Failure Points in respect of General Management Services;
  - (iv) 809 Failure Points in respect of Plant Services;
  - (v) 354 Failure Points in respect of Grounds Maintenance and Landscaping Services;  
or
  - (vi) 419 Failure Points in respect of the Help Desk Services,

in any Payment Period, then IO may give written notice (a "**Warning Notice**") to Project Co setting out the matter or matters giving rise to such notice and stating that it is a "**Warning Notice**".

## 29.4 Monitoring Notices

- (a) Without prejudice to IO's rights under Section 43 and any other rights under this Project Agreement, if Project Co accrues more than:

- (i) 59,787 Failure Points in respect of Availability Failures;
- (ii) an aggregate of 300 Failure Points in respect of General Provisions Services (FM Output Specifications), Environmental and Sustainability Services, Utilities Management Services, Waste Management and Recycling Services and Pest Control Services;
- (iii) 1,639 Failure Points in respect of General Management Services;
- (iv) 2,022 Failure Points in respect of Plant Services;
- (v) 885 Failure Points in respect of Grounds Maintenance and Landscaping Services;  
or
- (vi) 1,048 Failure Points in respect of the Help Desk Services,

in any rolling 3 Payment Periods, IO may, by notice (a “**Monitoring Notice**”) to Project Co require Project Co to increase the level of Project Co’s monitoring of its own performance of its obligations under this Project Agreement in respect of the relevant Project Co Service until such time as Project Co shall have demonstrated to the reasonable satisfaction of IO that it is performing, and is capable of continuing to perform, its obligations under this Project Agreement in respect of the relevant Project Co Service.

- (b) IO may give a Warning Notice pursuant to Section 29.3 despite the issuance of a Monitoring Notice in respect of the same matter where a further breach occurs or the original breach has not been remedied within a reasonable period, and whether or not the previous Monitoring Notice remains in effect.
- (c) If a Monitoring Notice is given, then:
  - (i) such Monitoring Notice shall specify in reasonable detail the additional measures to be taken by Project Co in monitoring its own performance;
  - (ii) if Project Co, acting reasonably, objects to any of the specified measures on the grounds that they are excessive or that IO was not entitled to give the Monitoring Notice, Project Co shall, within 3 Business Days of the receipt of the Monitoring Notice, notify IO in writing of the matters objected to and any changes necessary in order to prevent prejudice to Project Co’s performance of its obligations under this Project Agreement;
  - (iii) if Project Co gives IO a notice under Section 29.4(c)(ii), the measures to be taken by Project Co shall be agreed between the Parties or, in the absence of agreement within 10 Business Days of IO’s receipt of such notice, may be referred for resolution in accordance with Schedule 24 - Dispute Resolution Procedure;



- (iv) if Project Co fails to increase Project Co's monitoring as provided herein, IO may perform such monitoring save where Project Co, acting in good faith, is pursuing a Dispute pursuant to Section 29.4(c)(iii);
  - (v) if it is determined in accordance with Schedule 24 - Dispute Resolution Procedure that IO was entitled to give the applicable Monitoring Notice, Project Co shall bear its own costs and reimburse IO for any reasonable costs and expenses incurred by or on behalf of IO in relation to the giving of such Monitoring Notice; and
  - (vi) if it is determined in accordance with Schedule 24 - Dispute Resolution Procedure that IO was not entitled to give the applicable Monitoring Notice, IO shall bear its own costs and reimburse Project Co for any reasonable costs and expenses incurred by or on behalf of Project Co in relation to the giving of such Monitoring Notice.
- (d) In respect of any Monitoring Notice, if Project Co shall have demonstrated to the reasonable satisfaction of IO that Project Co has performed its obligations under this Project Agreement for a period of 90 consecutive days and during such period has not received a Warning Notice or Monitoring Notice in respect of the same or similar Project Co Service, Project Co may apply for the withdrawal of such Monitoring Notice. If IO is satisfied, acting reasonably, that Project Co has satisfied the aforesaid requirements, it shall, within 10 Business Days of receipt of such application, withdraw such Monitoring Notice and cease to perform or require the performance of the increased monitoring implemented in respect of such Monitoring Notice.
- (e) If it is determined in accordance with Schedule 24 - Dispute Resolution Procedure that IO was not entitled to give any Monitoring Notice, IO shall promptly withdraw such Monitoring Notice and cease to perform or require the performance of the increased monitoring implemented in respect of such Monitoring Notice.

### **30. IO'S REMEDIAL RIGHTS**

#### **30.1 Exercise of Remedial Rights**

- (a) IO may exercise all rights set out in this Section 30 at any time and from time to time if:
- (i) IO, acting reasonably, considers that a breach by Project Co of any obligation under this Project Agreement, or any act or omission on the part of Project Co or any Project Co Party:
    - (A) does or can reasonably be expected to create a serious threat to the health, safety or security of any user of any part of or the whole of the Facility, including staff, Inmates and Visitors to the Facility;

- (B) does or can reasonably be expected to result in a materially adverse interruption in the provision of one or more of the Project Co Services;
- (C) does or can reasonably be expected to materially prejudice IO's ability to provide the MCSCS Services; or
- (D) may potentially compromise the reputation or integrity of IO or any other Government Entity,

provided that:

- (E) in respect of a breach by Project Co of any obligation under this Project Agreement, or any act or omission on the part of Project Co or any Project Co Party, which can reasonably be expected to cause any of the consequences set out in Sections 30.1(a)(i)(A), 30.1(a)(i)(B) or 30.1(a)(i)(C), IO shall not exercise its rights under this Section 30 unless Project Co has failed to cure the relevant breach, act or omission within five Business Days of notice from IO or, if such breach, act or omission cannot reasonably be cured within such five Business Day period, Project Co thereafter fails to diligently and continuously pursue such cure and to cure such breach, act or omission within a reasonable period thereafter, provided that Project Co shall not be entitled to a cure period if any of the consequences set out in Sections 30.1(a)(i)(A), 30.1(a)(i)(B) or 30.1(a)(i)(C) actually occur or if any of the consequences set out in Section 30.1(a)(i)(A) leads to a MCSCS Security Event; and
  - (F) in respect of Section 30.1(a)(i)(D), IO shall not exercise its rights under this Section 30 unless Project Co has failed to cure the relevant breach, act or omission within five Business Days of notice from IO or, if such breach, act or omission cannot reasonably be cured within such 5 Business Day period, Project Co thereafter fails to diligently and continuously pursue such cure and to cure such breach, act or omission within a reasonable period thereafter;
- (ii) if Project Co accrues, in any Contract Month, more than:
- (A) 59,787 Failure Points in respect of Availability Failures;
  - (B) an aggregate of 300 Failure Points in respect of General Provisions Services (FM Output Specifications), Environmental and Sustainability Services, Utilities Management Services, Waste Management and Recycling Services and Pest Control Services;
  - (C) 1,639 Failure Points in respect of General Management Services;
  - (D) 2,022 Failure Points in respect of Plant Services;

- (E) 885 Failure Points in respect of Grounds Maintenance and Landscaping Services; or
- (F) 1,048 Failure Points in respect of the Help Desk Services;
- (iii) while a Monitoring Notice is in effect that is not being disputed by Project Co, acting in good faith, Project Co receives a Warning Notice in respect of the same or similar Project Co Service;
- (iv) if, pursuant to Section 26.7, a Performance Audit that is not being disputed by Project Co, acting in good faith, shows that Project Co has not performed or is not performing its obligations and Project Co has failed to perform the rectification or Maintenance Work as provided pursuant to Section 26.8(e)(i);
- (v) a labour dispute materially affects or can reasonably be expected to materially affect the Project Operations or the MCSCS Services;
- (vi) IO has received a notice under the Service Provider's Direct Agreement that entitles IO to exercise step-in rights thereunder; or
- (vii) Project Co has failed to comply with any written direction issued by or on behalf of IO's board of directors.

### **30.2 Emergency**

- (a) Notwithstanding that Project Co is not in breach of its obligations under this Project Agreement, IO may exercise all of the rights set out in this Section 30 at any time and from time to time following Financial Close if IO, acting reasonably, considers the circumstances to constitute an Emergency.

### **30.3 Rectification**

- (a) Without prejudice to IO's rights under Section 43 and any other rights under this Project Agreement, in any of the circumstances set out in Sections 30.1 or 30.2, IO may, by written notice, require Project Co to take such steps as IO, acting reasonably, considers necessary or expedient to mitigate, rectify or protect against such circumstance, including, if applicable, the termination and replacement of Subcontractors, and Project Co shall use commercially reasonable efforts to comply with IO's requirements as soon as reasonably practicable.
- (b) If IO gives notice to Project Co pursuant to Section 30.3(a) and either:
  - (i) Project Co does not either confirm, within five Business Days of such notice or such shorter period as is appropriate in the case of an Emergency or in the event IO is entitled to exercise step-in rights under the Service Provider's Direct Agreement, that it is willing to take the steps required in such notice or present an

alternative plan to IO to mitigate, rectify and protect against such circumstances that IO may accept or reject acting reasonably; or

- (ii) Project Co fails to take the steps required in such notice or accepted alternative plan within such time as set out in such notice or accepted alternative plan or within such longer time as IO, acting reasonably, shall think fit,

then IO may take such steps as it considers to be appropriate, acting reasonably, including, if applicable, exercising step-in rights under the Service Provider's Direct Agreement and requiring the termination and replacement of Subcontractors, either itself or by engaging others (including a third party) to take any such steps, and may perform or obtain the performance of the relevant Project Co Services to the standards required by this Project Agreement, and the provisions of Section 40, including Section 40.1(a)(v) and Section 40.2, shall apply.

- (c) Notwithstanding the foregoing provisions of this Section 30.3, in the event of an Emergency, the notice under Section 30.3(a) shall be given as promptly as possible having regard to the nature of the Emergency and IO may, prior to Project Co's confirmation under Section 30.3(b)(i), take such steps as are appropriate having regard to the nature of the Emergency.
- (d) Where IO considers it to be necessary to do so, the steps which IO may take pursuant to this Section 30.3 subsequent to the provision of the notice under Section 30.3(a) unless the notice is given at a later time as provided in Section 30.3(c), may, at IO's option, include the partial or total suspension of Project Co's right and obligation to deliver any part of the Project Co Services having regard to the circumstances in question (without any extension of the Project Term or suspension of any other Project Co Services), and the provisions of Section 40, including Section 40.1(a)(v) and 40.2, shall apply, but such suspension shall be only for so long as, as applicable:
  - (i) the circumstances referred to in Section 30.1 or 30.2 subsist; or
  - (ii) in respect of any such circumstances relating to Project Co's performance of the Project Co Services, until such time as Project Co shall have demonstrated to the reasonable satisfaction of IO that, notwithstanding such circumstances, Project Co has taken such steps, including, if applicable, the termination and replacement of Subcontractors, as are required pursuant to this Section 30.3 and as are necessary to be capable of performing its obligations in respect of the relevant Project Co Services to the required standard in accordance with this Project Agreement, and thereafter Project Co shall perform its obligations as aforesaid.

### 30.4 Costs and Expenses

- (a) Subject to IO's obligations pursuant to Sections 30.5 and 30.6:

- (i) Project Co shall bear all costs and expenses incurred by Project Co in relation to the exercise of IO's rights pursuant to this Section 30; and
- (ii) Project Co shall reimburse IO for all reasonable costs and expenses incurred by IO in relation to the exercise of IO's rights pursuant to this Section 30.

### 30.5 Reimbursement Events

- (a) In this Section 30.5, a "**Reimbursement Event**" means:
  - (i) an act or omission of Project Co or any Project Co Party or a breach of any obligation under this Project Agreement, but only to the extent such act, omission or breach is caused by IO, an IO Party or any Government Entity;
  - (ii) a labour dispute involving employees of IO or any IO Party that materially affects or can reasonably be expected to materially affect the Project Operations or the MCSCS Services; or
  - (iii) an Emergency.
- (b) If IO either takes steps itself or requires Project Co to take steps in accordance with this Section 30 as a result of a Reimbursement Event:
  - (i) IO shall reimburse Project Co for the reasonable costs and expenses incurred by Project Co in relation to the exercise of IO's rights pursuant to this Section 30 that would not otherwise have been incurred by Project Co in the proper performance of its obligations under this Project Agreement; and
  - (ii) subject to Section 30.5(c), IO shall bear all costs and expenses incurred by IO in relation to the exercise of IO's rights pursuant to this Section 30.5(b)
- (c) If, in exercising its rights pursuant to this Section 30, IO performs any part of the Project Co Services either itself or by engaging others, IO shall be entitled to deduct from any Monthly Service Payment the reasonable cost of performing such Project Co Services, and IO shall be entitled to deduct from any TIC Monthly Service Payment the reasonable cost of performing such Project Co TIC Services.

### 30.6 Reimbursement if Improper Exercise of Rights

- (a) If IO exercises its rights pursuant to this Section 30, but IO was not entitled to do so, IO shall reimburse Project Co for the reasonable costs and expenses directly incurred by Project Co over and above those that would otherwise have been incurred by Project Co in the proper performance of its obligations under this Project Agreement and that are directly and reasonably incurred by Project Co in complying with those written requirements of IO issued as a result of IO having exercised such rights.

- (b) Project Co acknowledges and agrees that Project Co has no right to require a determination of whether or not IO is entitled to exercise its rights pursuant to this Section 30 before taking any such action that IO may require and Project Co shall comply with all of IO's requirements. Only concurrently with or after complying with IO's requirements shall Project Co be entitled to refer any Dispute for resolution in accordance with Schedule 24 - Dispute Resolution Procedure.

## **31. BENCHMARKING AND MARKET TESTING**

### **31.1 Benchmarking and Market Testing**

- (a) The provisions of Schedule 28 - Benchmarking and Market Testing Procedure shall apply to the benchmarking and market testing of the Market Tested Services.
- (b) Project Co shall ensure that all of its Subcontracts are consistent with Project Co's obligations pursuant to Schedule 28 - Benchmarking and Market Testing Procedure, and, without limiting the generality of the foregoing, Project Co shall not enter into any Subcontract, other than the Construction Contract and the Service Contract, and shall ensure that each Project Co Party shall not enter into any Subcontract, other than the Construction Contract and the Service Contract, that does not provide for termination of such Subcontract on the applicable Market Testing Date and appropriate transition arrangements to any replacement Project Co Party, without any compensation whatsoever to the applicable Project Co Party.

## **32. PAYMENT**

### **32.1 Lump Sum Payments**

- (a) Subject to delivery by Project Co to IO of the Remaining Works Letter of Credit 2 Business Days prior to the Payment Commencement Date, IO shall pay to Project Co the Substantial Completion Payment on the Payment Commencement Date.
- (b) IO shall pay to Project Co the TIC Completion Payment in accordance with Schedule 34 – Toronto Intermittent Centre.

### **32.2 Monthly Service Payments**

- (a) Subject to and in accordance with this Project Agreement, including this Section 32 and Schedule 18 - Payment Mechanism, IO shall pay Project Co the all-inclusive Monthly Service Payments for the performance of all of the Project Operations. It is a condition to the payment of the first Monthly Service Payment that Project Co delivers to IO the Remaining Works Letter of Credit 2 Business Days prior to the Payment Commencement Date to secure the completion by Project Co of the Remaining Works by the Scheduled Final Completion Date.

- (b) Subject to and in accordance with this Project Agreement, including this Section 32 and Schedule 18 - Payment Mechanism, IO shall pay Project Co the all-inclusive TIC Monthly Service Payments for the performance of all of the Project Operations in respect of the TIC.

### **32.3 Payment Adjustments**

- (a) Project Co acknowledges and agrees that:
- (i) the amount of any Monthly Service Payment or the amount of any TIC Monthly Service Payment may be adjusted pursuant to Schedule 18 - Payment Mechanism; and
  - (ii) such adjustments are integral to the provisions of this Project Agreement.
- (b) If, for any reason, any adjustment (including a Deduction) made pursuant to Schedule 18 - Payment Mechanism is invalid and unenforceable, and the Province enacts an Applicable Law that is a Change in Law to recover or to cause such adjustment to be enforceable, such Change in Law (only to the extent that it permits IO to recover or to cause such adjustment to be enforceable) shall be deemed to not be a Relevant Change in Law and Project Co shall not be entitled to any compensation hereunder for such Change in Law.

### **32.4 Payment Commencement**

- (a) Subject to and in accordance with this Project Agreement, IO shall pay Project Co the Monthly Service Payments calculated as being due to Project Co in respect of each Payment Period following the Payment Commencement Date in accordance with Schedule 18 - Payment Mechanism.
- (b) Project Co shall not be entitled to any Monthly Service Payments for any period prior to the Payment Commencement Date.
- (c) Subject to and in accordance with this Project Agreement, IO shall pay Project Co the TIC Monthly Service Payments calculated as being due to Project Co in respect of each TIC Payment Period following the TIC Payment Commencement Date in accordance with Schedule 18 - Payment Mechanism. Project Co shall not be entitled to any TIC Monthly Service Payments for any period prior to the TIC Payment Commencement Date or for any period following Substantial Completion, except for any TIC Monthly Service Payments that were earned during the period after the TIC Payment Commencement Date and prior to the Substantial Completion Date that are properly payable following Substantial Completion.

**32.5 Adjustments to Payment Periods**

- (a) The Annual Service Payment payable in respect of each of the first Contract Year and the last Contract Year shall be adjusted in accordance with Schedule 18 - Payment Mechanism.

**32.6 Invoicing and Payment Arrangements**

- (a) Within five Business Days following the end of each Payment Period, Project Co shall issue to IO an invoice for the amount of the Monthly Service Payment owing by IO to Project Co for such Payment Period, with such adjustments as provided in the Payment Adjustment Report issued in the previous Payment Period. Within five Business Days following the end of each TIC Payment Period, Project Co shall issue to IO an invoice for the amount of the TIC Monthly Service Payment owing by IO to Project Co for such TIC Payment Period, with such adjustments as provided in the Payment Adjustment Report issued in the previous TIC Payment Period.
- (b) Project Co shall comply with all requirements of Schedule 18 – Payment Mechanism in respect of invoices and shall include with each invoice such supporting documentation as IO may reasonably require in connection with payments hereunder.
- (c) Each invoice shall be in a form agreed by the Parties, acting reasonably, and shall include as a minimum:
  - (i) the Monthly Service Payment payable in respect of the applicable Payment Period;
  - (ii) any adjustments set out in the Payment Adjustment Report issued in the previous Payment Period that have been approved by IO;
  - (iii) any other adjustments to reflect overpayments and underpayments, as agreed between the Parties or determined in accordance with Schedule 24 - Dispute Resolution Procedure;
  - (iv) any amount owing to IO under this Project Agreement;
  - (v) any amount owing to Project Co under this Project Agreement;
  - (vi) the net amount owing by IO to Project Co, or by Project Co to IO, as applicable; and
  - (vii) during the TIC Interim Period, the TIC Monthly Service Payment payable in respect of the applicable TIC Payment Period.



- (d) Any property or services provided to or sold to IO, payment for which is subject to RST, shall be shown as separate line items and Project Co shall indicate whether the RST has been paid or is payable.
- (e) Each monthly invoice delivered during the period from the Substantial Completion Date until 45 days following the Final Completion Date shall include up-to-date copies of the parcel registers for the Site. Each monthly invoice delivered during the period from the TIC Completion Date until 45 days following the TIC Final Completion Date shall include up-to-date copies of the parcel registers for the Site.
- (f) Upon agreement of the Parties, the form of invoice may be changed from time to time.
- (g) The IO Representative shall review each invoice submitted in accordance with this Section 32.6. IO shall pay the amount stated in such invoice on the first Business Day of the Payment Period next following the Payment Period in which the invoice is received. Any such payment shall be subject to adjustment pursuant to Section 32.6(k).
- (h) IO shall not be obligated to make any payment to Project Co unless all conditions precedent applicable to such payment under this Project Agreement have been satisfied by Project Co. Further, IO shall not be obligated to pay an invoice delivered by Project Co after the second Payment Period following the Payment Commencement Date until Project Co has delivered the Payment Adjustment Report referred to in Section 32.6(i) for the previous Payment Period. In the event that Project Co delivers any Payment Adjustment Report later than the stipulated date in Section 32.6(i), IO's obligation to pay the invoice issued by Project Co for the immediately following Payment Period shall be extended by the number of days by which Project Co was late in delivering the applicable Payment Adjustment Report to IO.
- (i) Within five Business Days following the end of each Payment Period, Project Co shall also submit to IO:
  - (i) a Performance Monitoring Report in respect of the Payment Period just ended; and
  - (ii) a report (a "**Payment Adjustment Report**") setting out any adjustments required between the actual Monthly Service Payment determined by Project Co to be owing by IO to Project Co in respect of the Payment Period just ended and the amount that was paid by IO during such Payment Period including details of:
    - (A) all Deductions in relation to Availability Failures;
    - (B) all Deductions in relation to Quality Failures;
    - (C) all Deductions in relation to Service Failures; and
    - (D) any Gainshare Adjustment or Painshare Adjustment.

- (j) Project Co shall include with each Payment Adjustment Report such supporting documentation as is reasonably required to substantiate and confirm the adjustments set out in each Payment Adjustment Report.
- (k) Within ten Business Days of receipt by IO of the Payment Adjustment Report, the IO Representative shall:
- (i) determine and advise Project Co that the Payment Adjustment Report is approved by IO, in which case the adjustments set out therein will be reflected by Project Co in the invoice next issued by Project Co; or
  - (ii) if IO disputes Project Co's entitlement to any part of the amounts set out therein, notify Project Co in writing of that part of the amounts (insofar as at the time of such notice IO is reasonably able to quantify it) which IO disputes and submit to Project Co such supporting documentation as is reasonably required to substantiate and confirm such claim. In such event, IO shall withhold payment of any disputed amount pending agreement or determination of Project Co's entitlement to the disputed amount in accordance with Section 32.9.
- (l) In respect of all invoices issued by Project Co for payment from and after the TIC Payment Commencement Date through to the Payment Period ending no less than 45 days following the date of the Final Completion Certificate, Project Co shall cause its solicitors to:
- (i) subsearch title to the Site as at noon of the day that each payment is due; and
  - (ii) promptly send to IO a statutory declaration confirming no liens, pursuant to the CLA have been registered against the Site in connection with the Works.
- Project Co acknowledges that if a claim for lien has been registered against the Site, the provisions of Section 15.3 shall apply.
- (m) IO shall not be obligated to pay an invoice delivered by Project Co after the second TIC Payment Period following the TIC Payment Commencement Date until Project Co has delivered the Payment Adjustment Report referred to in Section 32.6(n) for the previous TIC Payment Period. In the event that Project Co delivers any Payment Adjustment Report later than the stipulated date in Section 32.6(n), IO's obligation to pay the invoice issued by Project Co for the immediately following TIC Payment Period shall be extended by the number of days by which Project Co was late in delivering the applicable Payment Adjustment Report to IO.
- (n) Within five Business Days following the end of each TIC Payment Period, Project Co shall also submit to IO:
- (i) a Performance Monitoring Report in respect of the TIC Payment Period just ended; and

- (ii) a Payment Adjustment Report setting out any adjustments required between the actual TIC Monthly Service Payment determined by Project Co to be owing by IO to Project Co in respect of the TIC Payment Period just ended and the amount that was paid by IO during such Payment Period including details of the items listed in Section 32.6(c)(i), except for any Gainshare Adjustment or Painshare Adjustment.

### **32.7 Electronic Invoicing**

- (a) Project Co shall cooperate with the reasonable requirements of IO and shall submit its invoices and all other documentation relating to this Project Agreement in a form and with the structure and content as is reasonably required to be compatible with IO's information systems.

### **32.8 Final Payment Periods**

- (a) At the beginning of each of the final three Payment Periods immediately prior to the Expiry Date, IO shall estimate, acting reasonably, the adjustments to the Monthly Service Payment for each such Payment Period. IO may withhold the amounts that it has reasonably estimated for such adjustments from amounts paid to Project Co during each of the final three Payment Periods.
- (b) Within ten Business Days of receipt by IO of the applicable Payment Adjustment Report for each of the final three Payment Periods, the IO Representative shall either:
  - (i) determine and advise Project Co that the Payment Adjustment Report is approved by IO, and perform a reconciliation between the amount payable based on such Payment Adjustment Report and the amount IO previously paid in respect of the applicable Payment Period. Based on such reconciliation, either IO or Project Co shall pay to the other Party the amount properly owing in accordance with such reconciliation; or
  - (ii) if IO disputes Project Co's entitlement to any part of the amounts set out therein, notify Project Co in writing of that part of the amounts (insofar as at the time of such notice IO is reasonably able to quantify it) which IO disputes and submit to Project Co such supporting documentation as is reasonably required to substantiate and confirm such claim. In such event, the IO Representative shall perform a reconciliation between the undisputed amount payable based on such Payment Adjustment Report and the amount IO previously paid in respect of the applicable Payment Period. Based on such reconciliation, either IO or Project Co shall pay to the other Party the amount properly owing in accordance with such reconciliation, provided that IO shall withhold payment of any disputed amount pending agreement or determination of Project Co's entitlement to the disputed amount in accordance with Section 32.9.

### 32.9 Disputes

- (a) If IO, acting in good faith, disputes all or any part of a Payment Adjustment Report and/or the Monthly Service Payments and/or the TIC Monthly Service Payments payable thereunder, it shall notify Project Co in writing of that part of the amounts (insofar as at the time of such notice IO is reasonably able to quantify it) which IO disputes and submit to Project Co such supporting documentation as is reasonably required to substantiate and confirm such claim. The Parties shall use commercially reasonable efforts to resolve the Dispute in question within ten Business Days of the aforesaid notice of the Dispute. If they fail to so resolve the Dispute within such period, the Dispute may be referred for resolution in accordance with Schedule 24- Dispute Resolution Procedure. Following resolution of the Dispute, any amount which has been paid by IO that is determined not to have been payable shall be paid forthwith by Project Co to IO, together with interest on such amount calculated in accordance with Section 32.12 on the basis that the due date was the date of the overpayment by IO and any amount which has been withheld by IO that is determined to have been payable shall be paid forthwith by IO to Project Co, together with interest on such amount calculated in accordance with Section 32.12 on the basis that the due date was the date upon which such amount became payable to Project Co.

### 32.10 Payments

- (a) Unless specific timeframes are stipulated for payment of any amounts owing or payable by one Party to the other Party under this Project Agreement, such amounts shall be due within 30 days of receipt or deemed receipt of an invoice therefor.
- (b) Project Co shall maintain, or cause to be maintained, all holdbacks required pursuant to the CLA and shall only release holdbacks on being satisfied that no claims for lien can be claimed in respect of the Subcontracts for which holdbacks are to be released.

### 32.11 Manner of Payment

- (a) All payments under this Project Agreement shall be made in Canadian dollars and shall be electronically transferred, quoting the invoice number or description against which payment is made, in immediately available funds on the due date to a single bank account located in Canada as may be designated by the recipient from time to time by written notice to the other Party.
- (b) If the due date is not a Business Day, then the electronic transfer shall be made on the Business Day immediately succeeding such day.

### 32.12 Interest on Overdue Payments

- (a) Each Party shall be entitled, without prejudice to any other right or remedy, to receive interest on any payment not duly made by the other Party pursuant to the terms of this

Project Agreement on the due date calculated from day to day at a rate per annum equal to the Default Interest Rate from the day after the date on which payment was due up to and including the date of payment.

### **32.13 Set-Off**

- (a) The Parties agree that their rights of set-off at law or in equity are limited to the right of:
  - (i) IO to set off against any amounts otherwise due to Project Co pursuant to the terms of this Project Agreement, any amounts (including, without limitation, any amounts payable in accordance with Section 54) which are due to IO by Project Co pursuant to the terms of this Project Agreement; and
  - (ii) Project Co to set off against any amounts otherwise due to IO pursuant to the terms of this Project Agreement, any amounts (including, without limitation, any amounts payable in accordance with Section 54) which are due to Project Co by IO pursuant to the terms of this Project Agreement.

### **32.14 Effect of Payment**

- (a) No payment hereunder shall be construed as an acceptance or approval of incomplete, defective or improper performance by Project Co of any of its obligations under this Project Agreement, nor shall it operate to relieve Project Co from the performance of any of its obligations under this Project Agreement which have not been performed.

### **32.15 Audit of Performance of Project Operations**

- (a) Without limiting IO's rights and Project Co's obligations pursuant to Section 35.2, at any time and from time to time until 180 days after the Expiry Date, IO may give notice to Project Co requiring an audit of any matter relating to performance of the Project Operations and payments by or to IO within the seven year period prior to the date of such notice, including any Payment Adjustment Reports, and any other records, reports, information, documents or data relating to performance and payments to verify their accuracy, correctness and completeness.
- (b) IO or its designate shall appoint an auditor to perform and complete such audit at IO's cost and expense and pursuant to terms of reference determined by IO.
- (c) Within a reasonable time following receipt of a notice referred to in Section 32.15(a), Project Co shall make available to IO's auditor, any Payment Adjustment Reports, and any other records, reports, information, documents or data relating to performance and payments.
- (d) IO shall notify Project Co of the results of the audit, and if IO's auditor discovers any inaccuracy, incorrectness or incompleteness, then, subject to Project Co's right to dispute the same in accordance with Schedule 24 - Dispute Resolution Procedure:

- (i) Project Co shall:
  - (A) remedy any such inaccuracy, incorrectness or incompleteness and issue a revision to the applicable Payment Adjustment Report or other record, report, information, document or data; and
  - (B) where the inaccuracy, incompleteness or incorrectness has resulted in any material overpayment by IO, reimburse IO for all costs relating to the auditor and audit to a maximum amount that is the lesser of:
    - (I) the actual costs relating to the auditor and audit; or
    - (II) an amount equal to the amount of any overpayment;
- (ii) where the inaccuracy, incompleteness or incorrectness has resulted in any overpayment, whether or not material, by IO, Project Co shall reimburse IO for the amount of such overpayment, together with interest thereon at the Default Interest Rate from the date of such overpayment; and
- (iii) where the inaccuracy, incompleteness or incorrectness has resulted in any underpayment, whether or not material, by IO, IO shall pay Project Co the amount of such underpayment, together with interest thereon at the Default Interest Rate from the date of such underpayment.

### **32.16 No Other Entitlement**

- (a) Project Co shall not be entitled to any payments, compensation, rights, remedies, benefits or entitlements under or in connection with this Project Agreement, except as specifically and expressly set out in this Project Agreement.

### **32.17 Monthly Equipment Payment**

- (a) Subject to Section 21.6(b), no later than 60 days following receipt of an Equipment Invoice, IO shall pay to Project Co the Monthly Equipment Payment specified in the Equipment Invoice and no later than 60 days following receipt of a TIC Equipment Invoice, IO shall pay to Project Co the TIC Monthly Equipment Payment specified in the TIC Equipment Invoice.

### **32.18 Development Charges**

- (a) Subject to Section 17.1(d), no later than 60 days following receipt of a Development Charges Invoice, IO shall pay to Project Co the Development Charges specified in the Development Charges Invoice.

**33. TAXES****33.1 Taxes**

- (a) The Monthly Service Payments and the TIC Monthly Service Payments and all other payments hereunder, including any compensation on termination, include all applicable Taxes.
- (b) IO shall pay, when due and payable, all property taxes or payments in lieu of property taxes that are assessed in respect of ownership or use of the Site or Facility.
- (c) Subject to Section 33.2 all payments by IO for goods and services supplied by Project Co under this Project Agreement are being made by IO as agent for the Province and, accordingly are not subject to GST. Upon request, IO shall provide the appropriate certificate to Project Co to confirm its GST exempt status as a provincial government entity.

**33.2 Changes in Scope of GST and RST**

- (a) If, as a result of a Change in Law, the provision of any goods or services by Project Co in connection with the performance of the Project Operations that was not subject to GST or RST as at the date of this Project Agreement becomes subject to GST or RST, IO will pay to Project Co the amount of such GST and/or RST as may be exigible from time to time thereafter in connection with the provision of such goods or services by Project Co.

**33.3 Changes in Rate of RST**

- (a) If, as a result of a Change in Law, the rate of RST chargeable to IO as at the date of this Project Agreement in respect of or relating to the supply of any goods or services by Project Co in connection with the performance of the Project Operations is increased, IO will pay to Project Co, for each Payment Period thereafter, an amount on account of or in respect of such RST, calculated at a rate which is equal to the difference between the rate in effect at the time of payment of the RST and the rate in effect immediately prior to the Change in Law.
- (b) If, as a result of a Change in Law, the rate of RST chargeable to IO as at the date of this Project Agreement in respect of or relating to the supply of any goods or services by Project Co in connection with the performance of the Project Operations is decreased, Project Co will pay to IO, for each Payment Period thereafter, an amount on account of or in respect of such RST, calculated at a rate which is equal to the difference between the rate in effect immediately prior to the Change in Law and the rate in effect at the time of payment of the RST.

### 33.4 Changes in Recoverability of Tax Credits

- (a) IO will pay to Project Co from time to time, as the same is incurred by Project Co, amounts equal to any Irrecoverable Tax to the extent such Irrecoverable Tax results from a Change in Law. Project Co will pay to IO from time to time, as the same is incurred by Project Co, amounts equal to any Recoverable Tax to the extent such Recoverable Tax results from a Change in Law.
- (b) For the purposes of this Section 33.4, the term "**Irrecoverable Tax**" means GST or RST incurred by Project Co in respect of the supply of any good or service to IO which is consumed, used or supplied, or to be consumed, used or supplied, exclusively by Project Co in the course of carrying out the Works or otherwise performing the Project Operations to the extent that Project Co is unable to recover or be credited with input tax credits, refunds, rebates or exemptions for such GST or RST (as the case may be).
- (c) For the purposes of this Section 33.4, the term "**Recoverable Tax**" means GST or RST incurred by Project Co in respect of the supply of any good or service to IO which is consumed, used or supplied, or to be consumed, used or supplied, exclusively by Project Co in the course of carrying out the Works or otherwise performing the Project Operations to the extent that Project Co is able to recover or be credited with input tax credits, refunds, rebates or exemptions for such GST or RST (as the case may be).

### 33.5 Information and Assistance Provided by Project Co

- (a) Where Project Co has acquired tangible personal property (as defined in the *Retail Sales Tax Act* (Ontario)) for IO, Project Co shall, if requested by IO, provide invoices and such other documentation as IO may require to claim rebates or exemptions in respect of RST relating to such tangible personal property.
- (b) IO may apply for a global or general exemption, waiver, remission, or refund of some or all Taxes which may otherwise be applicable in relation to this Project Agreement. Project Co shall, at IO's cost, assist IO in making any applications for such global or general exemption, waiver, remission or refund and shall provide IO with such documentation as IO may reasonably require to support such application and, in any event, shall provide such consent as IO may require. Any exemption, waiver, remission, refund or other recovery of Taxes obtained by IO through such application shall accrue to the sole benefit of IO. In respect of RST, where IO has provided to Project Co valid certification for RST exemption, Project Co shall not collect such RST and, if such RST is included in the payments hereunder (including the Monthly Service Payments and the TIC Monthly Service Payments), Project Co shall reduce such payments accordingly. If it is subsequently determined that such RST is applicable, then IO shall pay such RST or reimburse Project Co therefor.



- (c) Project Co will provide IO with any information reasonably requested by IO from time to time in relation to the RST chargeable in accordance with this Project Agreement and payable by IO to Project Co from time to time.

### 33.6 Residency – *Income Tax Act (Canada)*

- (a) Project Co shall not undertake any action or transaction that, if undertaken, would cause or result in Project Co becoming a Non-Resident without IO's prior written consent, which consent may be withheld in IO's sole discretion.

### 33.7 Taxes – General

- (a) Project Co shall not, without the prior written consent of IO (which consent may be withheld in its sole discretion), undertake any action or transaction that, if undertaken, would cause, IO or any IO Party to have (or result in IO or any IO Party having) any obligation to deduct, withhold or remit any Taxes that are required by Applicable Law to be deducted, withheld or remitted from any amounts paid or credited to Project Co or any Project Co Party under this Project Agreement or under any other Project Document.

### 33.8 Taxes – Indemnity

- (a) If (i) Project Co becomes a Non-Resident, or (ii) IO or an IO Party is or becomes required by Applicable Law to deduct and withhold any amount in respect of Taxes on or in respect of any amounts paid or credited to Project Co or a Project Co Party by IO or an IO Party under this Project Agreement or under any of the Project Documents, then IO or any IO Party shall be entitled to make any applicable deductions or withholdings from any amount paid or credited or to be paid or credited to Project Co or a Project Co Party on or after the date on which (A) Project Co or the Project Co Party becomes a Non-Resident and at all times while it remains a Non-Resident; and (B) IO or the IO Party is required by Applicable Law to deduct or withhold amounts in respect of any such amounts, in each case, in respect of all Taxes that are required by Applicable Law to be deducted or withheld from amounts paid or credited to a Non-resident or otherwise as required by Applicable Law; and all amounts paid or credited by IO or any IO Party under this Project Agreement or under any other Project Document to Project Co or a Project Co Party shall be paid or credited net of such deductions or withholdings.
- (b) If (i) Project Co becomes a Non-Resident, or (ii) IO or an IO Party is or becomes required by Applicable Law to deduct and withhold any amount in respect of Taxes on or in respect of any amounts paid or credited to Project Co or a Project Co Party by IO or an IO Party under this Project Agreement or under any of the Project Documents, Project Co shall, in each case, indemnify and hold harmless IO, the IO Parties and the other Government Entities for (A) the full amount of all Taxes ("**Indemnifiable Taxes**") that arise, are imposed on or are required to be paid by IO or any IO Party in respect of any amounts paid or credited by IO or an IO Party to Project Co or any Project Co Party under this Project Agreement or under any other Project Document as a result of either of

the foregoing items less any amount withheld or deducted by IO or an IO Party (as applicable) in respect of such Taxes, and (B) any liability payable or incurred in connection with Indemnifiable Taxes (including penalties, interest and reasonable expenses associated with Tax compliance, reporting and contesting such liability for Indemnifiable Taxes, including reasonable professional expenses payable or incurred in connection therewith) arising from or with respect to Indemnifiable Taxes, whether or not they were correctly or legally asserted (“**Associated Liabilities**”). Payment under this indemnification shall be made within 30 days from the date IO makes written demand for it. A certificate containing reasonable detail as to the amount of Indemnifiable Taxes and Associated Liabilities submitted to Project Co by IO shall be conclusive evidence, absent manifest error, of the amount due from Project Co to IO. IO shall be entitled to exercise its rights of set-off under Section 32.12 against any amounts owing under this indemnification.

## **34. FINANCIAL MODEL**

### **34.1 Appointment of Custodian**

- (a) On or prior to Financial Close, the Parties shall appoint a suitably qualified and experienced person to act as the custodian for the purposes of this Project Agreement (the “**Custodian**”), and shall enter into an agreement with the Custodian substantially in the form of Schedule 32 - Custody Agreement (the “**Custody Agreement**”).

### **34.2 Delivery and Use of Financial Model**

- (a) In accordance with Schedule 2 - Completion Documents, Project Co shall deliver copies of the Financial Model (1 printed copy and 2 copies on CD-Rom) to IO and the Custodian to be held in custody on terms to be agreed by the Parties.
- (b) Following the approval by IO of any amendment to the Financial Model, Project Co shall promptly deliver copies of the revised Financial Model, in the same form as the original Financial Model (or such other form as may be agreed by the Parties from time to time), to IO and the Custodian.
- (c) The Parties shall instruct the Custodian to keep both a hard copy and an electronic copy of all versions of the Financial Model.
- (d) Project Co hereby grants to IO an irrevocable, royalty free perpetual, non-exclusive and transferable licence, including the right to grant sub-licences, to use the Financial Model or any revised Financial Model for any purpose in connection with this Project Agreement, whether during or after the Project Term.
- (e) For greater certainty, Project Co acknowledges and agrees that IO shall not be liable to Project Co for, and Project Co shall not seek to recover from IO, any IO Party or any

Government Entity, any damages, losses, costs, liabilities or expenses which may arise (whether in contract, tort or otherwise) as a result of any errors in the Financial Model.

## **35. RECORDS, INFORMATION AND AUDIT**

### **35.1 Records Provisions**

- (a) Project Co shall comply with Schedule 23 - Record Provisions.

### **35.2 Information and General Audit Rights**

- (a) Project Co shall provide and shall cause the Project Co Parties to provide, to IO all information, reports, documents, records and the like, including as referred to in Schedule 23 - Record Provisions, in the possession of, or available to, Project Co as IO may reasonably require from time to time for any purpose in connection with this Project Agreement, other than Sensitive Information. Project Co shall use commercially reasonable efforts to ensure that, for such purpose, all such information, reports, documents, records and the like in the possession of, or available to, the Construction Contractor and the Service Provider shall be available to Project Co and Project Co shall include relevant terms in all Subcontracts to this effect.
- (b) Project Co shall also provide to IO, and shall require all of its Subcontractors, including the Construction Contractor and the Service Provider, to provide to IO (at IO's reasonable cost), all information, reports, documents, records and the like required to be provided pursuant to Section 35.2(a) which subsequently come into the possession of, or become available to, Project Co or the Subcontractors, as IO may reasonably require from time to time to enable IO to provide reports, notices, returns and the like pursuant to Applicable Law, including information and documentation pertaining to the physical condition of the Facility, security, health and safety, fire safety, emergency preparedness, environmental matters, employees and human resources related matters, other than Sensitive Information.
- (c) Project Co shall promptly after receipt provide IO with a copy of any material notice, order, direction, requirement or other similar communication received by it or by any Project Co Party from any Governmental Authority in relation to any of the Project Operations, the MCSCS Services or the Facility, and Project Co shall include relevant terms in all Subcontracts to this effect.
- (d) Project Co shall promptly notify IO of any actions, suits, proceedings, or investigations commenced, pending or threatened against Project Co or, to Project Co's knowledge, any Project Co Party at law or in equity before any Governmental Authority or arbitral body (whether or not covered by insurance) that individually or in the aggregate could result in any material adverse effect on the business, properties, or assets or the condition, financial or otherwise, of Project Co or in any impairment of its ability to perform its obligations under this Project Agreement.

- (e) All information, reports, documents and records in the possession of, or available to, Project Co, including as referred to in Schedule 23 - Record Provisions, which are required to be provided to or available to IO hereunder, shall be subject and open to inspection and audit by IO at any time and from time to time, which inspection and audit shall take place during normal business hours and at Project Co's normal places of business unless IO and Project Co otherwise agree. IO shall also have the right to monitor and audit the performance of any and all parts of the Works or Project Co Services wherever located, and Project Co shall cooperate with, and shall require the Project Co Parties to cooperate with, and provide access to the representatives of IO monitoring and auditing such parts of the Works or Project Co Services, including providing them with access and copies (at IO's reasonable cost) of all relevant information, reports, documents and records pertaining to the performance of such parts of the Works or Project Co Services. Except as otherwise provided herein, all of IO's costs for the inspections, audits and monitoring shall be borne by IO.
- (f) In conducting an audit of Project Co under Section 35.2(e) or as otherwise provided under this Project Agreement, IO shall have all rights necessary or incidental to conducting an audit, including the right to have access to and inspect and take copies (at IO's reasonable cost) of all books and records of Project Co required to be provided to or available to IO hereunder, upon reasonable notice and at reasonable times. Project Co shall fully cooperate with IO and its auditors in the conduct of any audits, including by making available all such records and accounts (other than Sensitive Information) in existence at that time as they may require to perform a full and detailed audit, and Project Co further agrees to promptly review and settle with IO all matters arising from such audits, including the refunding of monies to IO where applicable. At the reasonable request of IO's auditors, Project Co shall provide such information, reports, documents and records as IO's auditors may reasonably require, other than Sensitive Information.
- (g) IO's rights pursuant to this Section 35.2 shall be in addition to, and shall not limit, any other audit, information, inspection or similar rights under this Project Agreement.
- (h) IO's rights pursuant to this Section 35.2 shall not limit or restrict any Governmental Authority's right of review, audit, information or inspection under Applicable Law.

## **36. CHANGES IN LAW**

### **36.1 Performance after Change in Law**

- (a) Following any and all Changes in Law, Project Co shall perform the Project Operations in accordance with the terms of this Project Agreement, including in compliance with Applicable Law.

### **36.2 Works Change in Law**

- (a) On the occurrence of a Works Change in Law:

- (i) either Party may give notice to the other of the need for a Variation as a result of such Works Change in Law;
- (ii) the Parties shall meet within ten Business Days of such notice to consult with respect to the effect of the Works Change in Law and to reach an agreement on whether a Variation is required as a result of such Works Change in Law, and, if the Parties have not, within ten Business Days of this meeting, reached an agreement, either Party may refer the question of whether a Works Change in Law has occurred or the effect of any Works Change in Law for resolution in accordance with Schedule 24 - Dispute Resolution Procedure; and
- (iii) IO shall, within ten Business Days of agreement or determination that a Variation is required, issue a Variation Enquiry and the relevant provisions of Schedule 19 - Variation Procedure shall apply except that:
  - (A) Project Co may only object to any such Variation Enquiry on the grounds that the implementation of the Variation would not enable it to comply with the Works Change in Law;
  - (B) Project Co shall be responsible for obtaining all Development Approvals and Permits, Licences and Approvals required in respect of the Variation;
  - (C) IO shall not be entitled to withdraw any such Variation Enquiry unless the Parties otherwise agree;
  - (D) Project Co shall proceed to implement the Variation within such period as will enable it to comply with the Works Change in Law as soon as reasonably practicable; and
  - (E) Project Co shall not be entitled to any payment or other compensation or relief from performance of its obligations under this Project Agreement in respect of any Works Change in Law or associated Variation other than as established pursuant to Schedule 19 - Variation Procedure.

### **36.3 Relevant Change in Law**

- (a) On the occurrence of a Relevant Change in Law, either Party shall be entitled to seek compensation for any increase or decrease (as the case may be) in the net cost to Project Co of performing the Project Operations so as to put such Party in no better and no worse position than it would have been in had the Relevant Change in Law not occurred. Any such compensation shall be calculated in accordance with this Section 36.3.
- (b) On the occurrence of a Relevant Change in Law:
  - (i) either Party may give notice to the other of the need for a Variation as a result of such Relevant Change in Law;

- (ii) the Parties shall meet within ten Business Days of such notice to consult with respect to the effect of the Relevant Change in Law and to reach an agreement on whether a Variation is required as a result of such Relevant Change in Law, and, if the Parties have not, within ten Business Days of this meeting, reached an agreement, either Party may refer the question of whether a Relevant Change in Law has occurred or the effect of any Relevant Change in Law for resolution in accordance with Schedule 24 - Dispute Resolution Procedure; and
- (iii) IO shall, within ten Business Days of agreement or determination that a Variation is required, issue a Variation Enquiry and the relevant provisions of Schedule 19 - Variation Procedure shall apply except that:
  - (A) Project Co may only object to any such Variation Enquiry on the grounds that the implementation of the Variation would not enable it to comply with the Relevant Change in Law;
  - (B) Project Co shall be responsible for obtaining all Development Approvals and Permits, Licences and Approvals required in respect of the Variation;
  - (C) IO shall not be entitled to withdraw any such Variation Enquiry unless the Parties otherwise agree;
  - (D) Project Co shall proceed to implement the Variation within such period as will enable it to comply with the Relevant Change in Law as soon as reasonably practicable;
  - (E) the Parties shall, without prejudice to their respective general obligations to comply with the terms of this Project Agreement:
    - (I) use commercially reasonable efforts to mitigate the adverse effects of any Relevant Change in Law and take commercially reasonable steps to minimize any increase in costs arising from such Relevant Change in Law; and
    - (II) use commercially reasonable efforts to take advantage of any positive or beneficial effects of any Relevant Change of Law and take commercially reasonable steps to maximize any reduction in costs arising from such Relevant Change in Law; and
  - (F) any entitlement to compensation payable shall be in accordance with this Section 36.3, and any calculation of compensation shall take into consideration, *inter alia*:
    - (I) any failure by a Party to comply with Section 36.3(b)(iii)(E);

- (II) the extent to which a Party has been, or shall be, compensated in respect of such Change in Law as a result of any indexation or adjustment of the Monthly Service Payments or the TIC Monthly Service Payments under this Project Agreement;
  - (III) any increase or decrease in its costs resulting from such Relevant Change in Law; and
  - (IV) any amount which Project Co recovers under any insurance policy (or would recover if it complied with its obligations to insure under this Project Agreement or the terms of any policy of insurance required under this Project Agreement) which amount, for greater certainty, shall not include the amount of any excess or deductibles or any amount above the maximum insured amount applicable to any such insurance policy.
- (c) Project Co shall not be entitled to any payment or compensation or, except as provided in Section 38 or otherwise in this Project Agreement, relief in respect of any Relevant Change in Law, or the consequences thereof, other than in accordance with this Section 36.3, and Section 39 shall be construed accordingly.
- (d) In relation to a Relevant Change in Law that results in a net increase or decrease in costs incurred by Project Co in delivery of the Project Operations, taking into consideration, *inter alia*, Section 36.3(b)(iii)(F), if the cost impact of such Relevant Change in Law in a given Contract Year (in aggregate with all other such Relevant Changes in Law that have a cost impact in the same Contract Year) amounts to less than **[REDACTED]** (index linked) in that Contract Year, neither IO nor Project Co shall be entitled to any payment or compensation pursuant to this Section 36.3 or otherwise in respect of the cost impact of that Relevant Change in Law in that Contract Year, or, except as provided in Section 38 or otherwise in this Project Agreement, any other relief in respect of such Relevant Change in Law in that Contract Year.
- (e) In relation to a Relevant Change in Law that results in a net increase or decrease in costs incurred by Project Co in delivery of the Project Operations at the TIC, taking into consideration, *inter alia*, Section 36.3(b)(iii)(F), if the cost impact of such Relevant Change in Law in a given TIC Contract Year (in aggregate with all other such Relevant Changes in Law that have a cost impact in the same TIC Contract Year) amounts to less than **[REDACTED]** (index linked) in that TIC Contract Year, neither IO nor Project Co shall be entitled to any payment or compensation pursuant to this Section 36.3 or otherwise in respect of the cost impact of that Relevant Change in Law in that TIC Contract Year, or, except as provided in Section 38 of this Project Agreement or otherwise in the Project Agreement, any other relief in respect of such Relevant Change in Law with respect to the TIC in that TIC Contract Year.

## 37. VARIATIONS

### 37.1 Variation Procedure

- (a) Except as otherwise expressly provided in this Project Agreement, Schedule 19 - Variation Procedure shall apply in respect of Variations and Small Works.
- (b) For greater certainty, Project Co shall, subject to and in accordance with Schedule 19 - Variation Procedure, be entitled to a Variation if a written direction issued by or on behalf of IO's board of directors to Project Co or any Project Co Party results in a variation, addition, reduction, substitution, omission, modification, deletion, removal or other change to the whole or any part of the Project Operations, including in relation to the whole or any part of the Works or the Project Co Services.
- (c) Without limiting Project Co's obligations pursuant to Section 9.3 and Schedule 19 - Variation Procedure, Project Co shall include in each Subcontract, and shall cause each Project Co Party to comply with, the Variation Procedure, to the extent that the Variation Procedure requires Project Co to minimize the cost and impact of Variations, including Variations as to scope of Project Co Services.

### 37.2 Innovation and Value Engineering

- (a) Project Co acknowledges that IO at all times desires to reduce the Monthly Service Payments and the overall cost to IO of the Facility and the Project Co Services, and Project Co agrees to cooperate, explore and work with IO in investigating and considering innovation and value engineering and other cost saving measures.
- (b) If an innovation and value engineering proposal is at any time and from time to time originated and initiated solely by Project Co, Project Co may make a proposal (the "**Innovation Proposal**") by notice to IO.
- (c) The Parties agree that the subject of an Innovation Proposal shall not include:
  - (i) any Variation Enquiry initiated by IO;
  - (ii) any Variation resulting from a Change in Law; or
  - (iii) any change to the MCSCS Services.
- (d) The Innovation Proposal must:
  - (i) set out sufficient detail to enable IO to evaluate the Innovation Proposal in full;
  - (ii) specify Project Co's reasons and justification for proposing the Innovation Proposal;



- (iii) request IO to consult with Project Co with a view to deciding whether to agree to the Innovation Proposal and, if so, what consequential changes IO requires as a result;
  - (iv) indicate any implications of the Innovation Proposal, including a difference between the existing and the proposed requirements of this Project Agreement, and the comparative advantages of each to Project Co and IO;
  - (v) indicate, in particular, whether an increase or decrease to the Monthly Service Payments is proposed, and, if so, give a detailed cost estimate of such proposed change;
  - (vi) indicate if there are any dates by which a decision by IO must be made;
  - (vii) indicate the capital cost of the Innovation Proposal, including the cost of financing; and
  - (viii) include such other information and documentation as may be reasonably requested by IO to fully evaluate and consider the Innovation Proposal.
- (e) IO shall, acting in good faith, evaluate the Innovation Proposal, taking into account all relevant issues, including whether:
- (i) a change in the Monthly Service Payments will occur;
  - (ii) the Innovation Proposal affects the quality of the Works, the Facility or the Project Co Services, or the likelihood of successful completion of the Works or delivery of the Project Co Services;
  - (iii) the Innovation Proposal will benefit or interfere with the efficient operation of the Facility or the performance of the MCSCS Services;
  - (iv) the Innovation Proposal will interfere with the relationship between IO and third parties;
  - (v) the financial strength of Project Co is sufficient to deliver the changed Works or perform the changed Project Co Services, as applicable;
  - (vi) the residual value of the Facility is affected;
  - (vii) the Innovation Proposal will change the Lifecycle Payment;
  - (viii) the Innovation Proposal materially affects the risks or costs to which IO is exposed; or
  - (ix) any other matter IO considers relevant.

- (f) IO may request clarification or additional information regarding the Innovation Proposal, and may request modifications to the Innovation Proposal.
- (g) IO may, in its sole discretion, accept or reject any Innovation Proposal.
- (h) If IO accepts the Innovation Proposal, with or without modification, the relevant Innovation Proposal shall be documented and evidenced by a written Variation Confirmation, together with any other documents necessary to amend this Project Agreement or any relevant Project Documents to give effect to the Innovation Proposal.
- (i) Unless IO specifically agrees to an increase in the Monthly Service Payments in accepting an Innovation Proposal pursuant to Section 37.2(h), there shall be no increase in the Monthly Service Payments as a result of an Innovation Proposal.
- (j) If, after taking into account the agreed implementation and reasonably allocated development costs incurred by Project Co in connection with the Innovation Proposal and any other uses of the Innovation Proposal by Project Co, the Innovation Proposal causes or will cause the costs of Project Co and/or of a Project Co Party to decrease, the net savings in the costs of Project Co and/or the Project Co Party will be shared equally by Project Co and IO, and IO's share of the net savings shall, if the Parties agree, be reflected in either a lump sum payment or in a reduction of the Monthly Service Payments.
- (k) If an Innovation Proposal causes or will cause the costs of IO to decrease, the net savings in the costs of IO will be shared as follows:
  - (i) equally by Project Co and IO for the first five years following the implementation of the Innovation Proposal; and
  - (ii) thereafter, IO shall be entitled to the full benefit of the net savings in costs (if applicable),and Project Co's share of the net savings shall, at IO's sole option, be reflected in either a lump sum payment or in an increase in the Monthly Service Payments
- (l) In relation to the TIC, if an Innovation Proposal causes or will cause the costs of IO with respect to the TIC to decrease, the net savings in the costs of IO will result in a decrease in the TIC Annual Service Payment or the TIC Monthly Service Payment, as applicable.

## 38. DELAY EVENTS

### 38.1 Definition

- (a) For the purposes of this Project Agreement, "**Delay Event**" means any of the following events or circumstances only to the extent, in each case, that it causes a delay in achieving Substantial Completion by the Scheduled Substantial Completion Date or a

delay in achieving Final Completion by the Scheduled Final Completion Date as it pertains to the Remaining Works:

- (i) the implementation of a Variation to the extent Project Co has identified such delay in its Estimate and such delay has been documented in the Variation Confirmation;
- (ii) any breach by IO of any of IO's obligations under this Project Agreement (including any delay by IO in giving access to the Site pursuant to Section 14.1, any obstruction of the rights afforded to Project Co under Section 14.1 or any delay by IO in carrying out its obligations set forth in Schedule 8 - Review Procedure), except to the extent that any such breach is caused, or contributed to, by Project Co or any Project Co Party;
- (iii) an opening up of the Works pursuant to Section 19.3 where such Works are not subsequently found to be defective or not in compliance with the requirements of this Project Agreement (including the Output Specifications, the Project Co Proposal Extracts and the Design Data), unless such opening up of the Works was reasonable in the light of other defects or non-compliance previously discovered by IO in respect of the same or a similar component of the Works or subset of the Works;
- (iv) a requirement pursuant to Sections 16.2(a)(i) or 16.2(c) for Project Co to perform any alteration, addition, demolition, extension or variation in the Works, or to suspend or delay performance of the Works, upon the discovery of Contamination, which alteration, addition, demolition, extension or variation in the Works, or suspension or delay in the performance of the Works, would not otherwise be required under this Project Agreement;
- (v) a requirement pursuant to Sections 16.3(b) or 16.3(c) for Project Co to perform any alteration, addition, demolition, extension or variation in the Works, or to suspend or delay performance of the Works, upon the discovery of any fossils, artifacts and other objects having artistic, historic, archaeological or monetary value, including human remains and burial sites, which alteration, addition, demolition, extension or variation in the Works, or suspension or delay in the performance of the Works, would not otherwise be required under this Project Agreement;
- (vi) the execution of works on the Site not forming part of this Project Agreement by IO, any IO Party or any other person permitted to execute such works by IO or any IO Party;
- (vii) a requirement pursuant to Section 11.1 of Schedule 24 - Dispute Resolution Procedure for Project Co to proceed in accordance with the direction of IO during

the pendency of a Dispute, which Dispute is subsequently determined in Project Co's favour;

- (viii) an event of Force Majeure;
- (ix) a Relief Event; or
- (x) a Relevant Change in Law.

### **38.2 Consequences of a Delay Event**

- (a) Project Co shall provide written notice to the IO Representative and the Independent Certifier within five Business Days of becoming aware of the occurrence of Delay Event. Project Co shall, within ten Business Days after such notification, provide further written details to the IO Representative and the Independent Certifier which shall include:
  - (i) a statement of which Delay Event the claim is based upon;
  - (ii) details of the circumstances from which the Delay Event arises;
  - (iii) details of the contemporary records which Project Co shall maintain to substantiate its claim for extra time;
  - (iv) details of the consequences (whether direct or indirect, financial or non-financial) which such Delay Event may have upon the Scheduled Substantial Completion Date; and
  - (v) details of any measures which Project Co proposes to adopt to mitigate the consequences of such Delay Event.
- (b) As soon as possible but in any event within three Business Days of Project Co receiving, or becoming aware of, any supplemental information which may further substantiate or support Project Co's claim, Project Co shall submit further particulars based on such information to the IO Representative and the Independent Certifier.
- (c) The IO Representative shall, after receipt of written details under Section 38.2(a), or of further particulars under Section 38.2(b), be entitled by written notice to require Project Co to provide such further supporting particulars as the IO Representative may reasonably consider necessary. Project Co shall afford the IO Representative and the Independent Certifier reasonable facilities for investigating the validity of Project Co's claim, including, without limitation, on-site inspection.
- (d) Subject to the provisions of this Section 38, the IO Representative shall allow Project Co an extension of time equal to the delay caused by the Delay Event and shall fix a revised Scheduled Substantial Completion Date as soon as reasonably practicable and in any event within ten Business Days of the later of:

- (i) the date of receipt by the IO Representative of Project Co's notice given in accordance with Section 38.2(a) and the date of receipt of any further particulars (if such are required under Section 38.2(c)), whichever is later; and
  - (ii) the date of receipt by the IO Representative of any supplemental information supplied by Project Co in accordance with Section 38.2(b) and the date of receipt of any further particulars (if such are required under Section 38.2(c)), whichever is later.
- (e) For the avoidance of doubt, there shall be no extension to the Project Term as a result of any delay caused by a Delay Event.
- (f) If:
- (i) the IO Representative declines to fix a revised Scheduled Substantial Completion Date;
  - (ii) Project Co considers that a different Scheduled Substantial Completion Date should be fixed; or
  - (iii) there is a dispute as to whether a Delay Event has occurred,

then Project Co shall be entitled to refer the matter for determination by the Independent Certifier. The decision of the Independent Certifier may be disputed by either Party and referred for resolution in accordance with Schedule 24 - Dispute Resolution Procedure.

### **38.3 Mitigation**

- (a) If Project Co is (or claims to be) affected by a Delay Event, Project Co shall, and shall require all Project Co Parties to, take and continue to take commercially reasonable steps:
- (i) to eliminate or mitigate the consequences of such event upon the performance of its obligations under this Project Agreement;
  - (ii) to continue to perform its obligations under this Project Agreement to the extent possible notwithstanding the Delay Event; and
  - (iii) to resume performance of its obligations under this Project Agreement affected by the Delay Event as soon as practicable.
- (b) To the extent that Project Co does not comply with its obligations under this Section 38.3, such failure shall be taken into account in determining Project Co's entitlement to an extension of time pursuant to this Section 38.

## 39. COMPENSATION EVENTS

### 39.1 Definition

- (a) For the purposes of this Project Agreement, "**Compensation Event**" means any event referred to in Sections 38.1(a)(ii), 38.1(a)(iii), 38.1(a)(iv), 38.1(a)(v), 38.1(a)(vi) and 38.1(a)(vii) as a direct result of which Project Co has incurred loss or expense, whether or not any of these events has also caused a delay.

### 39.2 Consequences of a Compensation Event

- (a) If a Compensation Event occurs, Project Co's sole right to compensation shall be as set out in this Section 39. For greater certainty, except as aforesaid, no other Delay Event shall entitle Project Co to receive any compensation, except as otherwise provided in:
- (i) Schedule 19 - Variation Procedure, in the case of a Delay Event referred to in Section 38.1(a)(i);
  - (ii) Section 42, in the case of a Delay Event referred to in Section 38.1(a)(viii);
  - (iii) Section 41, in the case of a Delay Event referred to in Section 38.1(a)(ix); and
  - (iv) Section 36, in the case of a Delay Event referred to in Section 38.1(a)(x).
- (b) Subject to Sections 39.3 and 39.4, if it is agreed, or determined in accordance with Schedule 24 - Dispute Resolution Procedure, that there has been a Compensation Event, Project Co shall be entitled to such compensation as would place Project Co in no better and no worse position than it would have been in had the relevant Compensation Event not occurred. For greater certainty, in respect of a Compensation Event that is also a Delay Event, such compensation will include amounts which, but for the Delay Event, would have been paid by IO to Project Co. Project Co shall promptly provide the IO Representative with any information the IO Representative may require in order to determine the amount of such compensation.
- (c) If IO is required to compensate Project Co pursuant to this Section 39.2, then IO may either pay such compensation as a lump sum payment or payments at times and in a manner to be agreed with Project Co, acting reasonably, or, alternatively, IO may request Project Co to agree to an adjustment to the Monthly Service Payments or to the TIC Monthly Service Payments. If Project Co agrees to an adjustment to the Monthly Service Payments or to the TIC Monthly Service Payments, then the provisions of Schedule 19 - Variation Procedure shall apply.

### 39.3 Mitigation

- (a) If Project Co is (or claims to be) affected by a Compensation Event, Project Co shall, and shall require all Project Co Parties to, take and continue to take commercially reasonable

steps to minimize the amount of compensation due in accordance with this Section 39 in relation to any Compensation Event.

- (b) To the extent that Project Co does not comply with its obligations under this Section 39.3, such failure shall be taken into account in determining Project Co's entitlement to relief pursuant to this Section 39.

#### **39.4 Insured Exposure**

- (a) The compensation payable to Project Co pursuant to this Section 39 shall be reduced by any amount which Project Co or a Project Co Party recovers, or is entitled to recover, under any insurance policy, or would have recovered if it had complied with the requirements of this Project Agreement in respect of insurance or the terms of any policy of insurance required under this Project Agreement, which amount, for greater certainty, shall not include any excess or deductibles or any amount over the maximum amount insured under any such insurance policy.

### **40. EXCUSING CAUSES**

#### **40.1 Definition**

- (a) For the purposes of this Project Agreement, "**Excusing Cause**" means any of the following events or circumstances if it occurs after the Substantial Completion Date and to the extent, in each case, that it interferes adversely with, or causes a failure of, the performance of the Project Co Services:
  - (i) the implementation of a Variation to the extent Project Co has identified any impact on the Project Co Services in its Estimate and such impact has been documented in the Variation Confirmation;
  - (ii) any breach by IO of any of IO's obligations under this Project Agreement (including any obstruction of the rights afforded to Project Co under Section 14.1), except to the extent that any such breach is caused, or contributed to, by Project Co or any Project Co Party;
  - (iii) any deliberate or negligent act or omission of IO, any IO Party or any Government Entity or any failure by IO or any IO Party (having regard to the interactive nature of the activities of IO and Project Co) to take commercially reasonable steps to perform its activities and to cause other Government Entities to perform their activities in a manner which minimizes undue interference with Project Co's performance of the Project Co Services, except to the extent:
    - (A) any such act, omission or failure is caused, or contributed to, by Project Co or any Project Co Party;

- (B) IO, the IO Party or other Government Entity is acting in accordance with a recommendation or instruction of Project Co or any Project Co Party;
  - (C) any such act, omission or failure was contemplated in Schedule 12 - Output Specifications or was otherwise provided for in this Project Agreement; or
  - (D) the consequences of any such act, omission or failure would have been prevented by the proper performance of Project Co's obligations under this Project Agreement;
- (iv) the outbreak or the effects of any outbreak of Medical Contamination, except to the extent that such Medical Contamination, or the effects of such Medical Contamination, are caused, or contributed to, by Project Co or any Project Co Party, including any failure by Project Co or any Project Party to comply with procedures or instructions relating to control of infection or to take commercially reasonable steps to mitigate the effects of such Medical Contamination, provided that neither Project Co nor any Project Co Party shall be deemed to have caused, or contributed to, an outbreak of Medical Contamination if such Medical Contamination was caused, or contributed to, by an employee of Project Co or any Project Co Party who was unaware of his or her condition;
  - (v) the implementation of any action taken by IO, or any suspension of Project Co's obligation to deliver all or any part of the Project Co Services, or the compliance by Project Co with instructions given by IO, in each case in the circumstances referred to in Section 30;
  - (vi) the performance of any Small Works in accordance with the terms of this Project Agreement during the period of time agreed between IO and Project Co;
  - (vii) any official or unofficial strike, lockout, work to rule or other labour-related action involving employees of IO or any IO Party;
  - (viii) any breach by IO of its obligation to perform the MCSCS Services in accordance with this Project Agreement to the extent that such breach has a material adverse effect on Project Co's ability to perform the Project Co Services;
  - (ix) the performance of any Scheduled Maintenance in accordance with the Scheduled Maintenance Plan and any acceleration of Scheduled Maintenance pursuant to Section 26.3, provided that:
    - (A) improperly performed Scheduled Maintenance and the effects thereof shall not constitute an Excusing Cause; and
    - (B) where the Scheduled Maintenance continues beyond the period set out in the Scheduled Maintenance Plan or beyond the period required for its



accelerated performance pursuant to Section 26.3 (except where the continuation was due to an Excusing Cause other than as set out in this Section 40.1(a)(ix)), Failure Points may accrue from the time the Scheduled Maintenance was due to have been completed in accordance with the Scheduled Maintenance Plan or Section 26.3, as applicable;

- (x) the occurrence of any Contamination for which IO is responsible pursuant to Section 16.2;
- (xi) the occurrence of an MCSCS Security Event that adversely affects Project Co's ability to carry out the Project Co Services, except to the extent that such event is caused, or contributed to, by Project Co or any Project Co Party; or
- (xii) the non-completion of any of the Remaining Works but only until the date the relevant item of the Remaining Works is to be completed in accordance with the Works Schedule.

#### **40.2 Consequences of an Excusing Cause**

- (a) Provided that the effect of an Excusing Cause is claimed by Project Co, in writing, within ten Business Days of the date on which Project Co or any Project Co Party became aware of the occurrence of such Excusing Cause, then (subject to Sections 40.3 and 40.4):
  - (i) any failure by Project Co to perform, and any poor performance of, any affected Project Co Services shall not constitute a breach of this Project Agreement by Project Co, no Failure Points shall accrue in respect of such failure and Project Co shall be relieved of its obligations to perform such Project Co Services for the duration and to the extent prevented by such Excusing Cause;
  - (ii) any interference shall be taken into account in measuring the performance of any affected Project Co Services in accordance with the Performance Monitoring Program, which shall be operated as though the relevant Project Co Services had been performed free from such adverse interference;
  - (iii) any interference shall be taken into account in operating the Payment Mechanism, which shall be operated as though any Availability Failure, Quality Failure or Service Failure resulting from such interference had not occurred, so that Project Co shall be entitled to payment under this Project Agreement as if there had been no such interference with the Project Co Services, provided however that Project Co shall not be entitled to any additional compensation, except as may be provided hereunder for compensation on termination of this Project Agreement, if this Project Agreement is terminated as provided herein;
  - (iv) this Section 40.2 shall not limit IO's entitlement to reimbursement pursuant to Section 30.4;

- (v) IO shall reimburse Project Co for all incremental Direct Costs (including all applicable Taxes and all legal or professional services, legal costs being on a full indemnity basis) incurred by Project Co as a result of any Excusing Cause referred to in Section 40.1(a)(ii), 40.1(a)(iii), 40.1(a)(vii), 40.1(a)(viii) or 40.1(a)(x) including costs arising from any steps taken to cure or mitigate against such events, together with any applicable margin for overhead and profit on such Direct Costs as set out in Schedule 19 - Variation Procedure;
- (vi) the Monthly Service Payments or the TIC Monthly Service Payments payable by IO shall be reduced by any savings in Direct Costs arising from Project Co being relieved of its obligations to perform the Project Co Services as otherwise provided herein, together with any applicable margin for overhead and profit on such Direct Costs as set out in Schedule 19 - Variation Procedure; and
- (vii) IO shall reimburse Project Co the amount of any Severe MCSCS Security Event Loss as a result of an Excusing Cause referred to in Section 40.1(a)(xi) that is a Severe MCSCS Security Event, including costs arising from any steps taken to cure or mitigate against such events, together with any applicable margin for overhead and profit on such Severe MCSCS Security Event Loss as set out in Schedule 19 - Variation Procedure.

### 40.3 Mitigation

- (a) If Project Co is (or claims to be) affected by an Excusing Cause, Project Co shall, and shall require all Project Co Parties to, take and continue to take commercially reasonable steps:
  - (i) to eliminate or mitigate the consequences of such event upon the performance of its obligations under this Project Agreement;
  - (ii) to continue to perform its obligations under this Project Agreement to the extent possible notwithstanding the Excusing Cause; and
  - (iii) to resume performance of its obligations under this Project Agreement affected by the Excusing Cause as soon as practicable.
- (b) To the extent that Project Co does not comply with its obligations under this Section 40.3, such failure shall be taken into account in determining Project Co's entitlement to relief pursuant to this Section 40.

### 40.4 Insured Exposure

- (a) The compensation payable to Project Co pursuant to this Section 40 shall be reduced by any amount which Project Co or a Project Co Party recovers, or is entitled to recover, under any insurance policy, or would have recovered if it had complied with the requirements of this Project Agreement in respect of insurance or the terms of any policy

of insurance required under this Project Agreement, which amount, for greater certainty, shall not include any excess or deductibles or any amount over the maximum amount insured under any such insurance policy.

## 41. RELIEF EVENTS

### 41.1 Definition

- (a) For the purposes of this Project Agreement, "**Relief Event**" means any of the following events or circumstances to the extent, in each case, that it causes any failure by a Party to perform any of its obligations under this Project Agreement:
- (i) fire, explosion, lightning, storm, tempest, hurricane, tornado, flood, bursting or overflowing of water tanks, apparatus or pipes, ionizing radiation (to the extent it does not constitute Force Majeure), earthquake, riot or civil commotion;
  - (ii) failure by any Utility Company, local authority or other like body to perform works or provide services;
  - (iii) accidental loss or damage to the Works and/or the Facility or any roads servicing the Site;
  - (iv) without prejudice to any obligation of Project Co to provide stand-by power facilities in accordance with this Project Agreement, failure or shortage of power, fuel or transport;
  - (v) blockade or embargo falling short of Force Majeure;
  - (vi) any official or unofficial strike, lockout, work to rule or other labour-related action generally affecting the detention facility, construction, building maintenance or facilities management industry (or a significant sector of that industry) in the Province of Ontario; or
  - (vii) any civil disobedience or protest action, including any action taken by any person or persons protesting or demonstrating against the carrying out of any part of the Project Operations or the construction and/or operation of detention centres in general, but excluding any actions taken by Inmates of the Facility or actions taken by the staff of the Facility that are not labour-related actions under Section 41.1(a)(vi),

provided, in each case, that such event does not arise (directly or indirectly) as a result of any act or omission of the Party claiming relief and/or (i) in the case of Project Co claiming relief, as a result of any act or omission of any Project Co Party and (ii) in the case of IO claiming relief, as a result of any act or omission of any IO Party or other Government Entity.

## 41.2 Consequences of a Relief Event

- (a) Subject to Section 41.3:
- (i) no right of termination, other than either Party's right to terminate this Project Agreement pursuant to Section 45.1, shall arise under this Project Agreement by reason of any failure by a Party to perform any of its obligations under this Project Agreement; and
  - (ii) as soon as the events or circumstances constituting a Relief Event have ceased, any Failure Points accrued in respect of any failure by Project Co to perform any of its obligations under this Project Agreement shall be cancelled and any related Warning Notices and Monitoring Notices shall be withdrawn,

but only to the extent that such failure to perform is caused by the occurrence of a Relief Event (it being acknowledged and agreed by the Parties that all other rights and obligations of the Parties under this Project Agreement remain unaffected by the occurrence of a Relief Event). For greater certainty, IO shall be entitled to make Deductions in accordance with Schedule 18 - Payment Mechanism notwithstanding the cancellation of Failure Points pursuant to Section 41.2(a)(ii). Any Deduction to Project Co as a result of Relief Events set out under Sections 41.1(a), (v), (vi) or (vii) shall not exceed, in the aggregate, the amount that would be necessary to reduce payments to Project Co to an amount below the Senior Debt Service Amount.

- (b) In respect of a Relief Event that is also a Delay Event pursuant to Section 38.1(a)(ix):
- (i) Project Co shall only be relieved of its obligations under this Project Agreement to the extent, if any, provided for in Section 38; and
  - (ii) in respect of a Relief Event referred to in Section 41.1(a)(v), 41.1(a)(vi) or 41.1(a)(vii), on the earlier of (A) the Substantial Completion Date and (B) the date of payment of the IO Default Termination Sum, Non-Default Termination Sum or Prohibited Acts Termination Sum (and as a part thereof) in accordance with Schedule 20 – Compensation on Termination, IO shall pay to Project Co an amount equal to the Senior Debt Service Amount paid by Project Co or any Project Co Party to the Senior Lenders up to and including such date, together with interest thereon at the rate payable on the Senior Debt Amount, which, but for the Delay Event, would have been paid by IO to Project Co.
- (c) If a Relief Event occurs prior to the Substantial Completion Date, Project Co shall not be entitled to receive any compensation other than as expressly provided in Sections 41.2(b)(ii) and 47.

- (d) During a Relief Event which occurs on or after the Substantial Completion Date, the provisions of Schedule 18 - Payment Mechanism will continue to be in full force and effect subject to Section 41.2(a).
- (e) Subject to Section 47, Project Co's sole right to payment or otherwise in relation to the occurrence of a Relief Event shall be as provided in this Section 41.

### **41.3 Mitigation and Process**

- (a) Where a Party is (or claims to be) affected by a Relief Event, such Party shall take commercially reasonable steps to mitigate the consequences of the Relief Event upon the performance of its obligations under this Project Agreement, shall resume performance of its obligations affected by the Relief Event as soon as practicable and shall use commercially reasonable efforts to remedy its failure to perform.
- (b) To the extent that the Party claiming relief does not comply with its obligations under this Section 41.3, such failure shall preclude such Party's entitlement to relief pursuant to this Section 41.
- (c) The Party claiming relief shall give written notice to the other Party within five Business Days of such Party becoming aware of the relevant Relief Event. Such initial notice shall give sufficient details to identify the particular event claimed to be a Relief Event.
- (d) A subsequent written notice shall be given by the Party claiming relief to the other Party within a further five Business Days of the initial notice, which notice shall contain such relevant information relating to the failure to perform (or delay in performing) as is available, including, without limitation, the effect of the Relief Event on the ability of the Party to perform, the action being taken in accordance with Section 41.3(a), the date of the occurrence of the Relief Event, and an estimate of the period of time required to overcome the Relief Event and/or its effects.
- (e) The Party claiming relief shall notify the other as soon as the consequences of the Relief Event have ceased and of when performance of its affected obligations can be resumed.
- (f) If, following the issue of any notice referred to in Section 41.3(d), the Party claiming relief receives or becomes aware of any further information relating to the Relief Event and/or any failure to perform, such Party shall submit such further information to the other Party as soon as reasonably possible.

### **41.4 Insured Exposure**

- (a) The compensation payable to Project Co pursuant to this Section 41 shall be reduced by any amount which Project Co or a Project Co Party recovers, or is entitled to recover, under any insurance policy, or would have recovered if it had complied with the requirements of this Project Agreement in respect of insurance or the terms of any policy of insurance required under this Project Agreement, which amount, for greater certainty,

shall not include any excess or deductibles or any amount over the maximum amount insured under any such insurance policy.

## 42. FORCE MAJEURE

### 42.1 Definition

- (a) For the purposes of this Project Agreement, "**Force Majeure**" means any of the following events or circumstances which directly causes either Party to be unable to perform all or a material part of its obligations under this Project Agreement:
- (i) war, civil war, armed conflict, terrorism, acts of foreign enemies or hostilities;
  - (ii) nuclear or radioactive contamination of the Works, the Facility and/or the Site, unless Project Co or any Project Co Party is the source or cause of the contamination;
  - (iii) chemical or biological contamination of the Works, the Facility and/or the Site from any event referred to in Section 42.1(a)(i);
  - (iv) pressure waves caused by devices traveling at supersonic speeds; or
  - (v) the discovery of any fossils, artifacts and other objects having artistic, historic, archaeological or monetary value, including human remains and burial sites, which, as a result of Applicable Law, requires the Works to be abandoned.

### 42.2 Consequences of Force Majeure

- (a) Subject to Section 42.3, the Party claiming relief shall be relieved from liability under this Project Agreement to the extent that, by reason of the Force Majeure, it is not able to perform its obligations under this Project Agreement.
- (b) In respect of an event of Force Majeure that is also a Delay Event pursuant to Section 38.1(a)(viii):
- (i) Project Co shall only be relieved of its obligations under this Project Agreement to the extent, if any, provided for in Section 38; and
  - (ii) on the earlier of (A) the Substantial Completion Date and (B) the date of payment of the IO Default Termination Sum, Non-Default Termination Sum or Prohibited Acts Termination Sum (and as a part thereof) in accordance with Schedule 20 - Compensation on Termination, IO shall pay to Project Co an amount equal to the Senior Debt Service Amount and the Junior Debt Service Amount paid by Project Co or any Project Co Party to the Lenders up to and including such date, together with interest thereon at the rate or rates payable on the principal amount of debt

funded under the Lending Agreements, which, but for the Delay Event, would have been paid by IO to Project Co.

- (c) If an event of Force Majeure occurs prior to the Substantial Completion Date, Project Co shall not be entitled to receive any compensation other than as expressly provided in Sections 42.2(b)(ii) and Section 47.
- (d) During an event of Force Majeure which occurs on or after the Substantial Completion Date, the provisions of Schedule 18 - Payment Mechanism will be suspended, and IO shall pay to Project Co, for each Payment Period, the Senior Debt Service Amount, the Junior Debt Service Amount and an amount which reflects the cost to Project Co of the Project Co Services provided to IO, provided that, during such Payment Period, the amount paid to Project Co pursuant to this Section 42.2(d) shall never be more than the Maximum Service Payment.
- (e) Subject to Section 47, Project Co's sole right to payment or otherwise in relation to the occurrence of an event of Force Majeure shall be as provided in this Section 42.

### **42.3 Mitigation and Process**

- (a) Where a Party is (or claims to be) affected by an event of Force Majeure, such Party shall take commercially reasonable steps to mitigate the consequences of such event of Force Majeure upon the performance of its obligations under this Project Agreement, shall resume performance of its obligations affected by the event of Force Majeure as soon as practicable and shall use commercially reasonable efforts to remedy its failure to perform.
- (b) To the extent that the Party claiming relief does not comply with its obligations under this Section 42.3, such failure shall be taken into account in determining such Party's entitlement to relief pursuant to this Section 42.
- (c) The Party claiming relief shall give written notice to the other Party within five Business Days of such Party becoming aware of the relevant event of Force Majeure. Such initial notice shall give sufficient details to identify the particular event claimed to be an event of Force Majeure.
- (d) A subsequent written notice shall be given by the Party claiming relief to the other Party within a further five Business Days of the initial notice, which notice shall contain such relevant information relating to the failure to perform (or delay in performing) as is available, including, without limitation, the effect of the event of Force Majeure on the ability of the Party to perform, the action being taken in accordance with Section 42.3(a), the date of the occurrence of the event of Force Majeure, and an estimate of the period of time required to overcome the event of Force Majeure and its effects.

- (e) The Party claiming relief shall notify the other as soon as the consequences of the event of Force Majeure have ceased and of when performance of its affected obligations can be resumed.
- (f) If, following the issue of any notice referred to in Section 42.3(d), the Party claiming relief receives or becomes aware of any further information relating to the event of Force Majeure and/or any failure to perform, such Party shall submit such further information to the other Party as soon as reasonably possible.

#### **42.4 Insured Exposure**

- (a) The compensation payable to Project Co pursuant to this Section 42 shall be reduced by any amount which Project Co or a Project Co Party recovers, or is entitled to recover, under any insurance policy, or would have recovered if it had complied with the requirements of this Project Agreement in respect of insurance or the terms of any policy of insurance required under this Project Agreement, which amount, for greater certainty, shall not include any excess or deductibles or any amount over the maximum amount insured under any such insurance policy.

#### **42.5 Modifications**

- (a) The Parties shall use commercially reasonable efforts to agree to any modifications to this Project Agreement which may be equitable having regard to the nature of an event or events of Force Majeure. Schedule 24 - Dispute Resolution Procedure shall not apply to a failure of IO and Project Co to reach agreement pursuant to this Section 42.5.

### **43. PROJECT CO DEFAULT**

#### **43.1 Project Co Events of Default**

- (a) For the purposes of this Project Agreement, “**Project Co Event of Default**” means any one or more of the following events or circumstances:
  - (i) the occurrence of any of the following events other than as a consequence of a breach by IO of its payment obligations hereunder:
    - (A) Project Co admits in writing its inability to pay its debts generally as they become due, or makes a general assignment for the benefit of creditors, or a receiver, manager, administrator, administrative receiver, receiver and manager, trustee, custodian or other similar official or any other like person is appointed by or on behalf of or at the instance of a creditor of Project Co with respect to Project Co or any of the property, assets or undertaking of Project Co, or any creditor of Project Co takes control, or takes steps to take control, of Project Co or any of Project Co’s assets, or any proceedings are instituted against Project Co that result in Project Co being declared or ordered bankrupt or in administration, liquidation,



winding-up, reorganization, compromise, arrangement, adjustment, protection, relief or composition of it or with respect to it or its debts or obligations, or any such proceedings are instituted by Project Co seeking any such result, or any such proceedings are instituted by a person other than Project Co, IO, an IO Party or a person related to any of them seeking such result and such proceedings have or will have a material adverse effect on the performance of the MCSCS Services (where such proceedings have not been withdrawn, stayed, discharged, or are otherwise of no further effect, within 90 days of being instituted), under any Applicable Law (including the *Bankruptcy and Insolvency Act* (Canada) and the *Companies' Creditors Arrangement Act* (Canada)) relating to bankruptcy, insolvency or reorganization of or relief with respect to debtors or debtors' obligations or assets or other similar matters, or seeking the appointment of a receiver, manager, administrator, administrative receiver, receiver and manager, trustee, custodian or other similar official or like person for it or with respect to any of its assets, or any resolutions are passed or other corporate actions of Project Co are taken to authorize any of the actions set forth in this Section 43.1(a)(i)(A);

- (B) Project Co ceases performing a substantial portion of its business, or a substantial portion of such business is suspended or is not being performed, whether voluntarily or involuntarily, that has or will have a material adverse effect on Project Co's ability to perform its obligations under this Project Agreement;
  - (C) if any execution, sequestration, extent or other process of any court becomes enforceable against Project Co or if a distress or analogous process is levied against any property of Project Co that materially adversely affects Project Co's ability to perform its obligations hereunder; or
  - (D) Project Co shall suffer any event, or any event or set of circumstances occurs or comes about, analogous to the foregoing events or sets of circumstances set out this Section 43.1(a)(i) in any jurisdiction in which it is incorporated or resident and such event or set of circumstances would, if set out in Section 43.1(a)(i)(A), (B) or (C), constitute a Project Co Event of Default;
- (ii) Project Co failing to achieve Substantial Completion within 365 days after the Scheduled Substantial Completion Date (the "**Longstop Date**");
  - (iii) Project Co either:
    - (A) failing to deliver a rectification plan under Section 20.3(a)(iii)(B);

- (B) delivering a rectification plan under Section 20.3(a)(iii)(B) which indicates that Project Co will not achieve Substantial Completion by the Longstop Date; or
  - (C) delivering a rectification plan under Section 20.3(a)(iii)(B) that is not acceptable to the Independent Certifier, acting reasonably, as to the matters set out in Section 20.3(a)(iii)(B)(II);
- (iv) Project Co making any representation or warranty herein that is false or misleading when made, and that has or will have at any time a material adverse effect on the performance of Project Operations or the MCSCS Services, or that may compromise (1) the Province's reputation or integrity, or (2) the nature of the Province's corrections system, so as to affect public confidence in that system, and, in the case of a false or misleading representation or warranty that is capable of being remedied, such breach is not remedied within ten Business Days of receipt of notice of the same from IO;
- (v) Project Co committing a breach of Sections 50 or 51, or a breach of its obligations under this Project Agreement (other than a breach that is otherwise referred to in Sections 43.1(a)(i) to 43.1(a)(iv) inclusive or 43.1(a)(vi) to 43.1(a)(viii) inclusive) which has or will have a material adverse effect on the performance of the MCSCS Services, other than where such breach is a consequence of a breach by IO of its obligations under this Project Agreement, and upon becoming aware of such breach Project Co failing to remedy such breach in accordance with all of the following:
- (A) Project Co shall:
    - (I) immediately commence and thereafter diligently continue to remedy the breach and to mitigate any adverse effects on IO or the performance of the MCSCS Services;
    - (II) put forward, within five Business Days of receipt of notice of such breach from IO, a reasonable plan and schedule for diligently remedying the breach and mitigating its effect, which plan and schedule shall specify in reasonable detail the manner in which, and the latest date by which, such breach is proposed to be remedied, which latest date shall in any event be within 60 days of notice of such breach, or if such breach is not capable of being rectified in such period then such longer period as is reasonable in the circumstances; and
    - (III) thereafter perform its obligations to achieve all elements of such plan and schedule in accordance with its terms within the time for the performance of its obligations thereunder; and

- (B) upon Project Co failing to comply with any of the provisions of Section 43.1(a)(v)(A):
  - (I) Project Co shall continue to diligently remedy the breach and to mitigate any adverse effects on IO or the performance of the MCSCS Services;
  - (II) Project Co shall, within three Business Days after notice from IO, submit a plan and schedule, which IO shall have no obligation to accept, for remedying the breach and mitigating its effect within such period, if any, acceptable to IO, in its sole discretion, and thereafter perform its obligations to achieve all elements of such plan and schedule in accordance with its terms within the time for the performance of its obligations thereunder; and
  - (III) for greater certainty, Project Co failing to comply with any of the provisions of this Section 43.1(a)(v)(B), or IO, in its sole discretion, not accepting the plan and schedule submitted by Project Co pursuant to that Section, shall constitute a Project Co Event of Default;
- (vi) Project Co wholly abandoning the Works for a period which exceeds 3 Business Days from receipt by Project Co of a written request to return to the Site, other than as a consequence of a breach by IO of its obligations under this Project Agreement;
- (vii) Project Co ceasing to provide any Project Co Service in accordance with this Project Agreement which are necessary for the performance of the MCSCS Services, other than as a consequence of a breach by IO of its obligations under this Project Agreement;
- (viii) Project Co failing to comply with Sections 57.1 or 57.3;
- (ix) the occurrence of any Change in Ownership or Change in Control which is prohibited by Section 57.4;
- (x) Project Co being awarded a total of 262,730 or more Failure Points in any rolling 12 Payment Periods;
- (xi) Project Co failing to remove an Encumbrance that arose due to an act or omission of Project Co or any Project Co Party (other than a Title Encumbrance and any Encumbrance derived through IO) within 45 days of the earlier of:
  - (A) the registration of such Encumbrance against title to the Site or any part thereof; and

- (B) the date on which Project Co or any Project Co Party knew, or ought to have known, about the existence of the Encumbrance;
- (xii) Project Co failing to pay any sum or sums due to IO under this Project Agreement, which sum or sums are not being disputed by Project Co in accordance with Schedule 24 - Dispute Resolution Procedure and which sum or sums, either singly or in aggregate, exceed(s) [REDACTED] (index linked), and such failure continues for 30 days from receipt by Project Co of a notice of non-payment from IO;
- (xiii) Project Co failing to comply with Section 58;
- (xiv) Project Co failing to comply with Section 7.3 or Schedule 25 - Refinancing;
- (xv) Project Co failing to obtain any bond, security or insurance required to be obtained by or on behalf of Project Co pursuant to this Project Agreement or any such bond, security or insurance being vitiated or otherwise ceasing to be in full force and effect or in material compliance with the requirements set out in this Project Agreement, other than as a consequence of a breach by IO of its obligations under this Project Agreement, and
  - (A) in respect of insurance, such breach by Project Co is not remedied within ten Business Days of the occurrence of the breach; and
  - (B) in respect of a bond or security, such breach by Project Co is not remedied within five Business Days of Project Co becoming aware of such breach;
- (xvi) Project Co failing to comply with any determination, order or award made against Project Co in accordance with Schedule 24 - Dispute Resolution Procedure;
- (xvii) at any time after the Substantial Completion Date or at any time after the TIC Completion Date with respect to the TIC, Project Co committing a breach of its obligations under this Project Agreement (other than as a consequence of a breach by IO of its obligations under this Project Agreement) which results in a criminal conviction or a conviction under the *Occupational Health and Safety Act* (Ontario) against Project Co or any Project Co Party or IO (an “**H&S Conviction**”) provided however that:
  - (A) an H&S Conviction of Project Co, a Project Co Party or IO shall not constitute a Project Co Event of Default if, within 90 days from the date of the H&S Conviction (whether or not the H&S Conviction is subject to an appeal or any further judicial process), the involvement in the Project Operations of each relevant Project Co Party (which in the case of an individual director, officer or employee shall be deemed to include the Project Co Party of which that person is a director, officer or employee) is

terminated in accordance with Section 57.3 or Project Co takes such other disciplinary action against each such Project Co Party as is acceptable to IO, in its sole discretion; and

(B) in determining whether to exercise any right of termination for a Project Co Event of Default pursuant to this Section 43.1(a)(xvii), IO shall:

(I) act in a reasonable and proportionate manner having regard to such matters as the gravity of any offence and the identity of the person committing the act leading to the H&S Conviction; and

(II) give all due consideration, where appropriate, to action other than termination of this Project Agreement;

(xviii) Project Co failing to comply with Section 27.4;

(xix) Project Co failing to achieve TIC Completion by the TIC Longstop Date; and

(xx) Project Co either:

(A) failing to deliver a rectification plan under Section 20.3(a)(iii)(C);

(B) delivering a rectification plan under Section 20.3(a)(iii)(C) which indicates that Project Co will not achieve TIC Completion by the TIC Longstop Date; or

(C) delivering a rectification plan under Section 20.3(a)(iii)(C) that is not acceptable to the Independent Certifier, acting reasonably, as to the matters set out in Section 20.3(a)(iii)(C)(II).

## 43.2 Notification of Occurrence

(a) Project Co shall, promptly upon Project Co becoming aware of the occurrence, notify IO of the occurrence, and details, of any Project Co Event of Default and of any event or circumstance which is likely, with the passage of time, giving of notice, determination of any condition, or otherwise, to constitute or give rise to a Project Co Event of Default.

## 43.3 Right to Termination

(a) On the occurrence of a Project Co Event of Default, or at any time after IO becomes aware of a Project Co Event of Default, and, if the occurrence of a Project Co Event of Default is disputed by Project Co in good faith, then following confirmation in accordance with Schedule 24 - Dispute Resolution Procedure that a Project Co Event of Default has occurred, IO may, subject to Section 43.4, terminate this Project Agreement in its entirety by written notice having immediate effect, such notice to be given to

Project Co, and to any person specified in the Lenders' Direct Agreement to receive such notice.

#### 43.4 Remedy Provisions

- (a) In the case of a Project Co Event of Default referred to in Sections 43.1(a)(i)(B), 43.1(a)(i)(C), 43.1(a)(i)(D) (where the Project Co Event of Default referred to in Section 43.1(a)(i)(D) is analogous to a Project Co Event of Default referred to in Section 43.1(a)(i)(B) or 43.1(a)(i)(C)), 43.1(a)(iii), 43.1(a)(iv), 43.1(a)(vi), 43.1(a)(vii), 43.1(a)(viii), 43.1(a)(ix) (where the Project Co Event of Default referred to in 43.1(a)(ix) is capable of being remedied), 43.1(a)(xii), 43.1(a)(xiv), 43.1(a)(xv) (where the Project Co Event of Default referred to in Section 43.1(a)(xv) is not in respect of insurance), 43.1(a)(xvi), 43.1(a)(xvii), 43.1(a)(xviii) or 43.1(a)(xx)) IO shall, prior to being entitled to terminate this Project Agreement, give notice of default to Project Co, and to any person specified in the Lenders' Direct Agreement to receive such notice, and Project Co shall:
- (i) within five Business Days of such notice of default, put forward a reasonable plan and schedule for diligently remedying the Project Co Event of Default, which schedule shall specify in reasonable detail the manner in, and the latest date by which, such Project Co Event of Default is proposed to be remedied, which latest date shall, in any event, be within 30 days of the notice of default, or if such breach is not capable of being remedied in such period then such longer period as is acceptable to IO, acting reasonably; and
  - (ii) thereafter, perform its obligations to achieve all elements of such plan and schedule in accordance with its terms within the time for the performance of its obligations thereunder.
- (b) Where Project Co puts forward a plan and schedule in accordance with Section 43.4(a)(i) that has a date for the Project Co Event of Default to be remedied that is beyond 30 days from the notice of default, IO shall have five Business Days from receipt of the same within which to notify Project Co that IO does not accept such longer period in the plan and schedule and that the 30 day limit will apply, failing which IO shall be deemed to have accepted the longer period in the plan and schedule.
- (c) If a Project Co Event of Default, of which a notice of default was given under Section 43.4(a), occurs and:
- (i) Project Co fails to immediately commence and thereafter diligently continue to remedy the Project Co Event of Default and to mitigate any adverse effects on IO and the performance of the MCSCS Services; or
  - (ii) Project Co fails to put forward a plan and schedule pursuant to Section 43.4(a)(i); or

- (iii) such Project Co Event of Default is not remedied within 30 days of such notice of default or such longer period as is established pursuant to the plan and schedule established pursuant to Sections 43.4(a)(i) and 43.4(b); or
- (iv) where Project Co puts forward a plan and schedule pursuant to Section 43.4(a)(i) and Project Co fails to perform its obligations thereunder necessary to achieve all elements of such plan and schedule in accordance with its terms within the time for the performance of its obligations,

then IO may terminate this Project Agreement in its entirety by written notice with immediate effect, such notice to be given to Project Co, and to any person specified in the Lenders' Direct Agreement to receive such notice.

- (d) Notwithstanding that IO may give the notice referred to in Section 43.4(a), and without prejudice to the other rights of IO in this Section 43.4, at any time during which a Project Co Event of Default is continuing, IO may, at Project Co's risk and expense, take such steps as IO considers appropriate, either itself or by engaging others (including a third party) to take such steps, to perform or obtain the performance of Project Co's obligations under this Project Agreement or to remedy such Project Co Event of Default.
- (e) Upon the occurrence of a Project Co Event of Default that Project Co has remedied pursuant to this Section 43.4, such occurrence of a Project Co Event of Default shall thereafter cease to be a Project Co Event of Default and IO shall not be entitled to terminate this Project Agreement for that occurrence of a Project Co Event of Default.

#### **43.5 Replacement of Non-Performing Service Provider**

- (a) IO may, acting reasonably, require Project Co to terminate the Service Contract and ensure that a replacement Service Provider is appointed in accordance with Section 57.3 to provide the Project Co Services within 60 days:
  - (i) as an alternative to termination of this Project Agreement pursuant to Sections 43.3 or 43.4, in any circumstance in which IO could exercise such right of termination, if the Project Co Event of Default was caused, or contributed to, by the Service Provider or otherwise relates to the Project Co Services; or
  - (ii) if Project Co accrues, in any rolling 6 Payment Periods, more than:
    - (A) an aggregate of 601 Failure Points in respect of General Provisions Services (FM Output Specifications), Environmental and Sustainability Services, Utilities Management Services, Waste Management and Recycling Services and Pest Control Services;
    - (B) 3,279 Failure Points in respect of General Management Services;
    - (C) 4,045 Failure Points in respect of Plant Services;

- (D) 1,770 Failure Points in respect of Grounds Maintenance and Landscaping Services; or
- (E) 2,097 Failure Points in respect of the Help Desk Services,

provided that this Section 43.5 shall not give rise to partial termination of either the obligation to provide the Project Operations or this Project Agreement.

- (b) If IO exercises its rights under this Section 43.5, Project Co shall, within five Business Days, put forward a proposal for the interim management or provision of the Project Co Services until such time as a replacement Service Provider can be engaged by Project Co. If Project Co fails to do so, or if its proposal is not reasonably likely to give adequate provision of the Project Co Services and the Parties cannot agree within a further 3 Business Days to a plan for the interim management or provision of the Project Co Services, then, without prejudice to the other rights of IO in this Section 43.5, IO itself may perform, or engage others (including a third party) to perform, the Project Co Services and Section 30.4 shall apply, *mutatis mutandis*, to the Project Co Services. Any Dispute in respect of the interim management or provision of the Project Co Services may be referred for resolution in accordance with Schedule 24 - Dispute Resolution Procedure.
- (c) If Project Co fails to terminate, or secure the termination of, the Service Contract and to secure a replacement Service Provider in accordance with this Section 43.5, IO shall be entitled to exercise its termination rights in accordance with Sections 43.3 and 43.4, as applicable.
- (d) Where a replacement Service Provider is appointed in accordance with this Section 43.5, 50% of the Failure Points accrued by Project Co prior to such replacement shall be cancelled.

#### **43.6 IO's Costs**

- (a) Project Co shall reimburse IO for all reasonable costs (including all applicable Taxes and all legal or professional services, legal costs being on a full indemnity basis) properly incurred by IO in exercising its rights under this Section 43, including any relevant increased administrative expenses. IO shall take commercially reasonable steps to mitigate such costs.

#### **43.7 No other Rights to Terminate**

- (a) IO shall have no right or entitlement to terminate this Project Agreement, or to accept any repudiation of this Project Agreement, and shall not purport to exercise any such right or entitlement except as set forth in Sections 43 and 45.



#### 44. IO DEFAULT

##### 44.1 IO Events of Default

- (a) For the purposes of this Project Agreement, “**IO Event of Default**” means any one or more of the following events or circumstances:
- (i) IO failing to pay any sum or sums due to Project Co under this Project Agreement, which sum or sums are not being disputed by IO in accordance with Schedule 24 - Dispute Resolution Procedure and which sum or sums, either singly or in aggregate, exceed(s) [REDACTED] (index linked), and:
    - (A) in respect of the Substantial Completion Payment, such failure continues for ten Business Days;
    - (B) subject to Section 44.1(a)(i)(C), in respect of any Monthly Service Payment, such failure continues for 30 days;
    - (C) in respect of any 3 Monthly Service Payments in any rolling nine-month period, such failure continues for 15 Business Days in respect of each such Monthly Service Payment;
    - (D) in respect of any other payment due and payable by IO to Project Co under this Project Agreement, such failure continues for 90 days;
    - (E) in respect of the TIC Completion Payment, such failure continues for ten Business Days;
    - (F) subject to Section 44.1(a)(i)(G), in respect of any TIC Monthly Service Payment, such failure continues for 30 days; or
    - (G) in respect of any 3 TIC Monthly Service Payments in any rolling nine-month period, such failure continues for 15 Business Days in respect of each such TIC Monthly Service Payment;
- in any such case, from receipt by IO of a notice of non-payment from or on behalf of Project Co;
- (ii) IO committing a material breach of its obligations under Section 14 (other than as a consequence of a breach by Project Co of its obligations under this Project Agreement), which breach materially adversely affects the ability of Project Co to perform its obligations under this Project Agreement for a continuous period of not less than 60 days; or

- (iii) an act of any Governmental Authority which renders it impossible for Project Co to perform all or substantially all of its obligations under this Project Agreement for a continuous period of not less than 60 days.

#### **44.2 Project Co's Options**

- (a) On the occurrence of an IO Event of Default and while the same is continuing, Project Co may give notice to IO of the occurrence of such IO Event of Default, which notice will specify the details thereof, and, at Project Co's option and without prejudice to its other rights and remedies under this Project Agreement, may:
  - (i) suspend performance of the Works and Project Co Services until such time as IO has remedied such IO Event of Default; or
  - (ii) if such IO Event of Default has not been remedied within 30 days of receipt by IO of notice of the occurrence of such IO Event of Default, terminate this Project Agreement in its entirety by notice in writing having immediate effect.

#### **44.3 Project Co's Costs**

- (a) IO shall reimburse Project Co for all reasonable costs (including all applicable Taxes and all legal or professional services, legal costs being on a full indemnity basis) properly incurred by Project Co in exercising its rights under this Section 44, including any relevant increased administrative expenses. Project Co shall take commercially reasonable steps to mitigate such costs.

#### **44.4 No Other Rights to Terminate**

- (a) Project Co shall have no right or entitlement to terminate this Project Agreement, nor to accept any repudiation of this Project Agreement, and shall not exercise, nor purport to exercise, any such right or entitlement except as expressly set forth in this Project Agreement.

### **45. RELIEF EVENT AND NON-DEFAULT TERMINATION**

#### **45.1 Termination for Relief Event**

- (a) Subject to Section 45.1(b), if a Relief Event occurs and the effects of the Relief Event continue for 180 days from the date on which the Party affected gives notice to the other Party pursuant to Section 41.3(c), either Party may, at any time thereafter, terminate this Project Agreement by written notice to the other Party having immediate effect, provided that the effects of the Relief Event continue during such period to prevent either Party from performing a material part of its obligations under this Project Agreement.
- (b) Neither Party shall be entitled to exercise its right to terminate this Project Agreement in accordance with Section 45.1(a) if Project Co or a Project Co Party recovers, or is

entitled to recover, under any insurance policy, or would have recovered if it had complied with the requirements of this Project Agreement in respect of insurance or the terms of any policy of insurance required under this Project Agreement, an amount which, together with the Monthly Service Payment, is equal to or greater than [REDACTED]% of the Maximum Service Payment for the relevant Payment Period.

#### **45.2 Termination for Force Majeure**

- (a) If an event of Force Majeure occurs and the Parties, having used commercially reasonable efforts, have failed to reach agreement on any modification to this Project Agreement pursuant to Section 42.5 within 180 days from the date on which the Party affected gives notice to the other Party as set out therein, either Party may, at any time thereafter, terminate this Project Agreement by written notice to the other Party having immediate effect, provided that the effects of the event of Force Majeure continue during such period to prevent either Party from performing a material part of its obligations under this Project Agreement.

#### **45.3 Termination for Convenience**

- (a) IO shall, in its sole discretion and for any reason whatsoever, be entitled to terminate this Project Agreement at any time on 180 days' written notice to Project Co. Such written notice shall include confirmation that IO has, in respect of such termination, obtained the prior written consent of MCSCS.
- (b) In the event of notice being given by IO in accordance with this Section 45.2, IO shall, at any time before the expiration of such notice, be entitled to direct Project Co to refrain from commencing, or allowing any third party to commence, the Works, or any part or parts of the Works, or the Project Co Services, or any element of the Project Co Services, where such Works or Project Co Services have not yet been commenced.

#### **45.4 Automatic Expiry on Expiry Date**

- (a) This Project Agreement shall terminate automatically on the Expiry Date.
- (b) Project Co shall not be entitled to any compensation due to termination of this Project Agreement on expiry of the Project Term on the Expiry Date.

### **46. EFFECT OF TERMINATION**

#### **46.1 Termination**

- (a) Notwithstanding any provision of this Project Agreement, upon the service of a notice of termination or termination on the Expiry Date pursuant to Section 45.4, this Section 46 shall apply in respect of such termination.

**46.2 Continued Effect - No Waiver**

- (a) Notwithstanding any breach of this Project Agreement by a Party, the other Party may elect to continue to treat this Project Agreement as being in full force and effect and to enforce its rights under this Project Agreement without prejudice to any other rights which such other Party may have in relation to such breach. The failure of either Party to exercise any right under this Project Agreement, including any right to terminate this Project Agreement and any right to claim damages, shall not be deemed to be a waiver of such right for any continuing or subsequent breach.

**46.3 Continuing Performance**

- (a) Subject to any exercise by IO of its rights to perform, or to seek, pursuant to this Project Agreement, a third party to perform, the obligations of Project Co, the Parties shall continue to perform their obligations under this Project Agreement, notwithstanding the giving of any notice of default or notice of termination, until the termination of this Project Agreement becomes effective in accordance with this Section 46.

**46.4 Effect of Notice of Termination**

- (a) On the service of a notice of termination, or termination on the Expiry Date pursuant to Section 45.4:
- (i) if termination is prior to the Substantial Completion Date, in so far as any transfer shall be necessary to fully and effectively transfer such property to IO as shall not already have been transferred to IO pursuant to Section 53.1, Project Co shall transfer to, and there shall vest in, IO, free from all Encumbrances other than the Title Encumbrances and any Encumbrances derived through IO, such part of the Works and Facility as shall have been constructed and such items of the Plant and Equipment as shall have been procured by Project Co, and, if IO so elects:
    - (A) all plant, equipment and materials (other than those referred to in Section 46.4(a)(i)(B)) on or near to the Site shall remain available to IO for the purposes of completing the Works; and
    - (B) all construction plant and equipment shall remain available to IO for the purposes of completing the Works, subject to payment by IO of the Construction Contractor's reasonable charges;
  - (ii) if termination is prior to the Substantial Completion Date, Project Co shall deliver to IO (to the extent such items have not already been delivered to IO) one complete set of all Project Data and Intellectual Property relating to the design, construction and completion of the Works and Facility;
  - (iii) in so far as title shall not have already passed to IO pursuant to Section 53.1 or Section 46.4(a)(i), Project Co shall hand over to, and there shall vest in, IO, free

from all Encumbrances other than the Title Encumbrances and any Encumbrances derived through IO, the Facility together with all other assets and rights capable of being transferred that are necessary for the performance of the Project and the Project Operations and all facilities and equipment, including the Equipment, and to the extent that any such assets or rights are not capable of being transferred by Project Co to IO, Project Co shall enter into agreements or make other arrangements in order to permit the use of the assets or rights by IO in order to enable it, or its designated agents or subcontractors, to continue to perform the activities which would have otherwise been performed by Project Co if this Project Agreement had not been terminated;

- (iv) if IO so elects, Project Co shall ensure that any of the Subcontracts between Project Co and a Subcontractor (including the Construction Contract and the Service Contract), any other instrument entered into between any such Subcontractor and Project Co for securing the performance by such Subcontractor of its obligations in respect of the Project Operations or to protect the interests of Project Co, shall be novated or assigned to IO or its nominee, provided that where termination occurs other than as a result of a Project Co Event of Default, the consent of the relevant Project Co Party shall be required, and further provided that any such novation or assignment of a Subcontract with the Construction Contractor or the Service Provider shall be made by IO pursuant to, and subject to, the terms of the applicable Direct Agreement;
- (v) Project Co shall, or shall ensure that any Project Co Party shall, offer to sell (and if IO so elects, execute such sale) to IO at a fair value (determined as between a willing vendor and willing purchaser, with any Disputes as to such fair value being resolved in accordance with Schedule 24 - Dispute Resolution Procedure), free from any Encumbrance (other than the Title Encumbrances and any Encumbrances derived through IO), all or any part of the stocks of material and other assets, road vehicles, spare parts and other moveable property owned by Project Co or any Project Co Parties and dedicated to or predominantly used in respect of the Facility, and reasonably required by IO in connection with the operation of the Facility or the provision of the Project Co Services;
- (vi) Project Co shall deliver to IO (as far as not already delivered to IO) one complete set of:
  - (A) the most recent As Built Drawings in the format that IO, acting reasonably, considers most appropriate at the time showing all alterations made to the Facility since the Substantial Completion Date; and
  - (B) the most recent maintenance, operation and training manuals for the Facility;

- (vii) Project Co shall use commercially reasonable efforts to assign, or otherwise transfer, to IO, free of Encumbrances (other than the Title Encumbrances and any Encumbrances derived through IO), the benefit of all manufacturers' warranties, including all documentation in respect thereof, in respect of mechanical and electrical plant and equipment used or made available by Project Co under this Project Agreement and included in the Facility;
- (viii) Project Co shall deliver to IO all information, reports, documents, records and the like referred to in Section 35, including as referred to in Schedule 23 - Record Provisions, except where such are required by Applicable Law to be retained by Project Co or the Project Co Parties (in which case complete copies shall be delivered to IO); and
- (ix) in the case of the termination of this Project Agreement on the Expiry Date in accordance with Section 45.4, the Facility and elements of the Facility shall be in the condition required in accordance with Section 48 and Schedule 21 - Expiry Transition Procedure.

#### **46.5 Ownership of Information**

- (a) Subject to Section 49, all information obtained by Project Co, including the As Built Drawings and other technical drawings and data, supplier agreements and contracts, utilities consumption information, environmental and technical reports, static building information, lease, licence and subletting data and contracts, asset condition data, standard operating procedures, processes and manuals and all other information directly related to the Project Operations accumulated over the course of the Project Term shall be the property of IO and upon termination of this Project Agreement shall be provided or returned to IO, as applicable, in electronic format acceptable to IO, acting reasonably, where it exists in electronic format, and in its original format, when not in electronic format.

#### **46.6 Provision in Subcontracts**

- (a) Project Co shall make provision in all Subcontracts to which it is a party (including requiring the relevant Project Co Party to make such provision and to require other Project Co Parties to make such provision) to ensure that IO shall be in a position to exercise its rights, and Project Co shall be in a position to perform its obligations, under this Section 46.

#### **46.7 Transitional Arrangements**

- (a) On the termination or expiration of this Project Agreement for any reason, for a reasonable period both before and after any such termination or expiration, Project Co shall, subject to the continued provision of Project Co Services pursuant to Sections 3.2 and 3.3 of Schedule 20 - Compensation on Termination if applicable:

- (i) cooperate fully with IO and any successors providing to IO services in the nature of any of the Project Co Services or any part of the Project Co Services in order to achieve a smooth transfer of the manner in which IO obtains services in the nature of the Project Co Services and to avoid or mitigate, in so far as reasonably practicable, any inconvenience or any risk to the health and safety of the users of the Facility, including staff, Inmates and Visitors to the Facility and members of the public;
  - (ii) as soon as practicable remove from the Site all property belonging to Project Co or any Project Co Party that is not acquired by IO pursuant to Section 46.4 or otherwise, and, if Project Co has not done so within 60 days after any notice from IO requiring it to do so, IO may, without being responsible for any loss, damage, costs or expenses, remove and sell any such property and shall hold any proceeds, less all costs incurred to the credit of Project Co;
  - (iii) forthwith deliver to the IO Representative:
    - (A) all keys to, and any pass cards and other devices used to gain access to any part of the Facility; and
    - (B) to the extent transferable and without prejudice to IO's rights pursuant to Section 49, any copyright licences for any computer programs, or licences to use the same, used in connection with the operation of the Facility; and
  - (iv) as soon as practicable vacate the Site and, without limiting Project Co's obligations under Schedule 21 - Expiry Transition Procedure, shall leave the Site and the Facility in a safe, clean and orderly condition.
- (b) If IO wishes to conduct a competition prior to the Expiry Date with a view to entering into an agreement for the provision of services, which may or may not be the same as, or similar to, the Project Co Services or any of them, following the expiry of this Project Agreement, Project Co shall, subject to payment of Project Co's reasonable costs, cooperate with IO fully in such competition process, including by:
- (i) providing any information which IO may reasonably require to conduct such competition, other than Sensitive Information; and
  - (ii) assisting IO by allowing any or all participants in such competition process unrestricted access to the Site and the Facility.

#### **46.8 Termination upon Aforesaid Transfer**

- (a) On completion of Project Co's obligations pursuant to this Section 46, this Project Agreement shall terminate and, except as provided in Section 46.9, all rights and obligations of IO and Project Co under this Project Agreement shall cease and be of no further force and effect.

**46.9 Survival**

- (a) Except as otherwise provided in this Project Agreement, termination or expiration of this Project Agreement shall be without prejudice to, and shall not affect:
- (i) all representations, warranties and indemnities under this Project Agreement; and
  - (ii) Sections 1.2, 1.3, 5, 6, 7, 15.2, 16.1, 16.3(a), 23.6, 24.16, 26.8, 29.4, 30, 32.13, 32.14, 32.15, 33, 34, 35, 43.6, 44.3, 45.4, 46, 47, 48, 49 (with the exception of 49.4(b) and 49.5(b)), 50, 51, 53, 54, 55, 56, 58.3, 59.1, 60.4, 60.8, 60.9, 60.10, 60.11, 60.12 of this Project Agreement, Schedule 20 - Compensation on Termination, Sections 2, 4, 5 and 6 of Schedule 21 - Expiry Transition Procedure, Sections 1.2 to 1.8 of Schedule 23 - Record Provisions, Schedule 24 - Dispute Resolution Procedure, Schedule 29 – Energy Matters and any other provisions of this Project Agreement which are expressed to survive termination or expiration or which are required to give effect to such provisions which survive termination or expiration or to such termination or expiration or the consequences of such termination or expiration,

all of which shall survive the termination or expiration of this Project Agreement, including for termination on the Expiry Date pursuant to Section 45.4.

**47. COMPENSATION ON TERMINATION****47.1 Compensation on Termination**

- (a) If this Project Agreement is terminated in accordance with the terms hereof, then Schedule 20 - Compensation on Termination shall apply and IO shall pay Project Co any applicable compensation on termination.

**47.2 Full and Final Settlement**

- (a) Except as otherwise provided in Section 47.2(b), any compensation paid pursuant to this Section 47, including pursuant to Schedule 20 - Compensation on Termination in the total amount owing thereunder, shall be in full and final settlement of any claims, demands and proceedings of Project Co and IO, and each shall be released from all liability to the other in relation to any breaches or other events leading to such termination of this Project Agreement, and the circumstances leading to such breach or termination, and Project Co and IO shall be precluded from exercising all other rights and remedies in respect of any such breach or termination whether in contract, tort, restitution, statute, at common law or otherwise.
- (b) Section 47.2(a) shall be without prejudice to:
- (i) any liability of either Party to the other, including under the indemnities contained in this Project Agreement, that arose prior to the Termination Date (but not from



the termination itself or the events leading to such termination) to the extent such liability has not already been set off pursuant to Section 32.13 or taken into account pursuant to Schedule 20 - Compensation on Termination in determining or agreeing upon the IO Default Termination Sum, Adjusted Highest Qualifying Tender Price, Adjusted Estimated Fair Value, Non-Default Termination Sum, Prohibited Acts Termination Sum or any other termination sum, as the case may be;

- (ii) any liabilities arising under or in respect of any breach by either Party of their obligations under Section 46.9 of this Project Agreement, or the Sections referred to therein, which did not lead to such termination and which arises or continues after the Termination Date; and
- (iii) any amount owing to IO in relation to:
  - (A) taxes or tax withholdings, including all workers' compensation levies;
  - (B) fines, penalties or restitution orders by a court under any Federal or Provincial statute;
  - (C) any order made by court under the Civil Remedies Act, S.O. 2001, c. 28; and
  - (D) any fraud or other criminal offence committed against IO.

## **48. EXPIRY TRANSITION PROCEDURE**

### **48.1 Expiry Transition**

- (a) Project Co and IO shall each comply with the requirements of Schedule 21 - Expiry Transition Procedure.

## **49. INTELLECTUAL PROPERTY**

### **49.1 Representation and Warranty**

- (a) Project Co represents, warrants and covenants to IO and agrees that:
  - (i) Project Co is and shall be the sole and exclusive owner of the Project Co IP or has and shall have the right to provide the licences granted to IO herein;
  - (ii) Project Co has and shall have the right to provide the assignments granted to IO herein;
  - (iii) the Project Co IP, the Project Data and the Intellectual Property Rights and their use by the IO Parties do not and shall not infringe, and are not and shall not be a

misappropriation of, any third party Intellectual Property, and as of Commercial Close, Project Co has not received any alleged infringement or misappropriation notices from third parties regarding the Project Co IP, the Project Data or the Intellectual Property Rights; and

- (iv) the System Integration Materials, System Integration Documentation and System Integration New Work do not and shall not infringe, and are not and shall not be a misappropriation of, any third party Intellectual Property.

#### **49.2 Delivery of Project Data and Intellectual Property Rights**

- (a) Project Co shall make all Project Co IP licensed to IO pursuant to Section 49.3, and all Project Data and Intellectual Property Rights assigned to IO pursuant to Section 49.4, available to, and upon request shall deliver to, IO free of charge such Project Co IP, Project Data and Intellectual Property Rights (which, in the case of any software, shall include source code and related documentation necessary to make use of the source code) and shall obtain all necessary licences, permissions and consents to ensure that Project Co shall make the Project Co IP, Project Data and Intellectual Property Rights, available to and deliver such Project Co IP, Project Data and Intellectual Property Rights to IO on the aforesaid terms of this Section 49.2 and Section 49.3.

#### **49.3 License of Project Co IP**

- (a) Project Co hereby grants IO an irrevocable worldwide, perpetual, royalty free, non-exclusive and transferable licence, with a right to grant sub-licences, to use the Project Co IP for any purpose that is used, or intended to be used, in connection with the Project, including for the purposes of:
  - (i) the Works, including the design and construction of the Facility;
  - (ii) the Project Co Services, including the operation, maintenance, improvement and testing of the Facility;
  - (iii) any other Project Operations, including for certainty, Electronic Security System Integration Services; or
  - (iv) this Project Agreement.
- (b) In this Section 49, “use” includes any and all acts of copying, producing, modifying, adapting, translating, incorporating with other materials, creating derivative works and otherwise using the Project Co IP, the Project Data or the Intellectual Property Rights, as applicable.
- (c) Project Co shall, at the request of IO, execute such further agreements and cause the Project Co Parties to execute any and all assignments, waivers of moral rights and other documents as may be reasonably required to fulfill the intent of this provision.

#### 49.4 Project Data and Intellectual Property Rights

- (a) The Parties hereby acknowledge and agree that IO shall be the sole and exclusive owner of all right, title and interest in and to the Project Data and the Intellectual Property Rights, any Intellectual Property associated therewith, and any and all improvements, modifications and enhancements thereto and Project Co hereby assigns and shall assign to IO all right, title and interest thereto. Project Co shall obtain all necessary assignments of Intellectual Property to give effect to the foregoing, and obtain from all authors of the Project Data and the Intellectual Property Rights waivers of all their moral rights therein. Project Co shall, at the request of IO, execute such further agreements and cause the Project Co Parties to execute any and all assignments, waivers of moral rights and other documents as may be reasonably required to fulfill the intent of this provision.
- (b) IO hereby grants Project Co a royalty free, non-exclusive and non-transferable licence, with a right to grant sub-licences to the Project Co Parties, to use the Project Data and the Intellectual Property Rights during the Project Term solely for the purposes of Project Co or any Project Co Party performing its obligations under this Project Agreement or its Subcontract, as applicable.
- (c) Upon termination or expiration of this Project Agreement, all rights and licences whatsoever granted to Project Co or to the Project Co Parties in the Project Data and the Intellectual Property Rights shall automatically terminate, and Project Co shall, and shall cause the Project Co Parties to, return any and all Project Data and the Intellectual Property Rights in the custody or possession of Project Co or any Project Co Party to IO.

#### 49.5 Jointly Developed Materials

- (a) To the extent any data, documents, drawings, reports, plans, software, formulae, manuals, calculations or designs or any other materials or works are developed jointly by Project Co and/or any Project Co Parties and IO pursuant to this Project Agreement or in relation to the Facility, the Site or Project Operations (the “**Jointly Developed Materials**”), then the Parties hereby acknowledge and agree that IO shall be the sole and exclusive owner of all right, title and interest in and to the Jointly Developed Materials, any Intellectual Property associated therewith and any and all improvements, modifications and enhancements thereto. Project Co hereby assigns and shall assign to IO all right, title and interest in the Jointly Developed Materials. Project Co shall obtain all necessary assignments of Intellectual Property to give effect to the foregoing, and obtain from all authors of the Jointly Developed Materials waivers of all their moral rights therein. In addition Project Co shall, at the request of IO, execute such further agreements and cause the Project Co Parties to execute any and all assignments, waivers of moral rights and other documents as may be reasonably required to fulfill the intent of this provision.
- (b) IO hereby grants Project Co a royalty free, non-exclusive and non-transferable licence, with a right to grant sub-licences to the Project Co Parties, to use the Jointly Developed Materials during the Project Term for the sole purposes of Project Co or any Project Co

Party performing its obligations under this Project Agreement or its Subcontract, as applicable.

- (c) Upon termination or expiration of this Project Agreement, all rights and licences whatsoever granted to Project Co or the Project Co Parties in the Jointly Developed Materials shall automatically terminate, and Project Co shall, cause the Project Co Parties to, return any and all Jointly Developed Materials in the custody or possession of Project Co or any Project Co Party to IO.

#### **49.6 Restrictions**

- (a) The Parties hereby agree that either Party may use the Project Know-How for any purpose, provided, however, that neither Project Co nor any Project Co Party shall use the Project Know-How to the extent that such Project Know-How incorporates, references or is otherwise based on the Project Data, the Intellectual Property Rights, the Jointly Developed Material, the Intellectual Property of a Government Entity or the Confidential Information of a Government Entity, including, without limitation, the Output Specifications unless such use is otherwise permitted pursuant to this Project Agreement in order to enable Project Co and the Project Co Parties to meet Project Co's obligations under this Project Agreement.
- (b) Project Co hereby covenants and agrees that it will not make any commercial use, including, without limitation, use in any other request for proposal or similar procurement process, of the Project Data, the Intellectual Property Rights, the Jointly Developed Material, the Intellectual Property of a Government Entity or the Confidential Information of a Government Entity, including, without limitation, the Output Specifications, or any other drawings, reports, documents, plans, formulae, calculations, manuals, or other data that was created specifically for the Project or was based upon the Project Data, the Intellectual Property Rights, the Jointly Developed Material, the Intellectual Property of a Government Entity or the Confidential Information of a Government Entity, including, without limitation, the Output Specifications.

#### **49.7 Maintenance of Data**

- (a) To the extent that any of the data, materials and documents referred to in this Section 49 are generated by, or maintained on, a computer or similar system, Project Co shall procure for the benefit of IO, either at no charge or at the lowest reasonable fee, the grant of a licence or sub-licence for any relevant software to enable IO or its nominee to access and otherwise use (as such term is defined in Section 49.3(b), subject to the payment by IO of any relevant fee), such data, materials and documents.
- (b) Without limiting the obligations of Project Co under Section 49.7(a), Project Co shall ensure the back up and storage in safe custody of the data, materials and documents referred to in this Section 49 in accordance with Good Industry Practice. Project Co shall submit to the IO Representative Project Co's proposals for the back up and storage in

safe custody of such data, materials and documents and IO shall be entitled to object if the same is not in accordance with Good Industry Practice. Project Co shall comply, and shall cause all Project Co Parties to comply, with all procedures to which the IO Representative has not objected. Project Co may vary its procedures for such back up and storage subject to submitting its proposals for change to the IO Representative, who shall be entitled to object on the basis set out above. Any Disputes in connection with the provisions of this Section 49.7(b) may be referred for resolution in accordance with Schedule 24 - Dispute Resolution Procedure with reference to Good Industry Practice.

#### **49.8 Claims**

- (a) Where a demand, claim, action or proceeding is made or brought against IO or an IO Party which arises out of the alleged infringement or misappropriation of any third party rights in connection with any Project Co IP, Project Data or Intellectual Property Rights or the use thereof by IO or any IO Party or because the use of any materials, Plant, Works, machinery or equipment in connection with the Project Operations infringes any rights in or to any Intellectual Property of a third party then, unless such infringement has arisen out of the use of any Project Data or Intellectual Property Rights by IO otherwise than in accordance with the terms of this Project Agreement, Project Co shall indemnify, defend and hold harmless IO from and against all such demands, claims, actions and proceedings and Section 54.3 shall apply.

#### **49.9 IO Trade-Marks**

- (a) Project Co shall not use any IO Trade-Marks or the Trade-Marks of any Government Entity without obtaining a trade-mark licence on terms and conditions mutually satisfactory to IO (or the relevant Government Entity) and Project Co, each acting reasonably.

#### **49.10 Confidential Information**

- (a) It is expressly acknowledged and agreed that nothing in this Section 49 shall be deemed to create or convey to a Party any right, title, or interest in and/or to the Confidential Information of the other Party.

#### **49.11 Government Use of Documents**

- (a) The Parties hereby disclaim any right, title or interest of any nature whatsoever they each may have in or to this Project Agreement that might prohibit or otherwise interfere with a Government Entity's ability to use this Project Agreement in any manner desired by such Government Entity.
- (b) Each of the Parties hereby consents to the use by each Government Entity of this Project Agreement, and any portion thereof, subject to compliance with FIPPA and to the removal by IO (in consultation with Project Co) of any information supplied in

confidence to a Government Entity by either Party in circumstances where disclosure may be refused under section 17(1) of FIPPA.

#### 49.12 Electronic Security System Integration

- (a) All licenses relating to any electronic security system obtained by any Project Co Party for use in the Facility shall: (i) name IO as the user under such licenses; and (ii) be transferable to IO or its designee without any obligation by IO to pay any transfer fees.
- (b) In the event that any Project Co Party provides any Electronic Security System Integration Services under this Project Agreement, such Project Co Party shall
  - (i) only use:
    - (A) software, hardware, technology and tools to provide such Electronic Security System Integration Services which are widely available (the “**System Integration Materials**”); and
    - (B) proprietary software, hardware, technology and tools if:
      - (I) it has assigned to IO, or has obtained for the benefit of IO assignments of, all right, title and interest in such proprietary software, hardware, technology and tools and Project Co shall ensure that all such assignment have been obtained to give effect to the foregoing; and
      - (II) it has provided to IO the source code, if any, relating to the proprietary software, hardware, technology and tools;
  - (ii) document all activities, methodologies and processes relating to any Electronic Security System Integration Services and maintenance activities relating to such systems (the “**System Integration Documentation**”) in sufficient detail to enable IO to provide the same Electronic Security System Integration Services or maintenance, as applicable, to itself and obtain the same results; and
  - (iii) promptly deliver to IO all System Integration Documentation following completion of the applicable Electronic Security System Integration Service or maintenance, as applicable.
- (c) In this Section 49.12,
  - (i) “widely available” in relation to any System Integration Materials means any System Integration Materials that IO is able to obtain through multiple distribution channels and sources, and that a published pricelist for such System Integration Materials is available; and

- (ii) “proprietary” in relation to any software, hardware, technology and tools means items that are not widely available.
- (d) IO shall be the sole and exclusive owner of all right, title and interest in all Intellectual Property Rights arising from any Electronic Security System Integration Services provided by the Project Co Parties and any improvement, modifications and enhancements thereto (the “**System Integration New Work**”). Project Co hereby assigns and shall assign to IO all right, title and interest in the System Integration New Work. Project Co shall obtain all necessary assignments of Intellectual Property to give effect to the foregoing, and obtain from all authors of the System Integration New Work waivers of all their moral rights therein. In addition, Project Co shall, at the request of IO, execute such further agreements and cause the Project Co Parties to execute any and all assignments, waivers of moral rights and other documents as may be reasonably required to fulfill the intent of this provision.
- (e) IO hereby grants Project Co a royalty free, non-exclusive and non-transferable licence, with a right to grant sub-licences to the Project Co Parties, to use the System Integration New Work during the Project Term for the sole purposes of Project Co or any Project Co Party performing its electronic security system integration obligations under this Project Agreement or its Subcontract, as applicable.
- (f) Upon completion of Project Co’s electronic security system integration obligations under this Project Agreement, all rights and licences whatsoever granted to Project Co in the System Integration New Work shall automatically terminate, and Project Co shall, and shall cause the Project Co Parties to, return any and all System Integration New Work in the custody or possession of Project Co or any Project Co Parties to IO.
- (g) Project Co shall be responsible for all upgrades to the System Integration Materials or proprietary software necessary for the delivery of the Electronic Security System Integration Services and any System Integration New Work.
- (h) For clarity, this Section 49.12 shall apply notwithstanding any other provisions of this Project Agreement.

#### **49.13 Maintenance of Systems**

- (a) The Parties acknowledge and agree that in order to give effect to Section 49.12, but subject to the terms and conditions of this Project Agreement, IO is permitted to retain any third party to provide maintenance and support services in connection with any electronic security system used in the operation of the Facility, regardless of whether any Project Co Parties procured such systems or provided Electronic Security System Integration Services in connection therewith. Project Co shall ensure that IO has all necessary rights to give effect to the foregoing.

## **50. CONFIDENTIALITY**

### **50.1 Disclosure**

- (a) Subject to Sections 50.1(b), 50.1(c) and 50.2, but notwithstanding anything else in this Project Agreement to the contrary, Project Co acknowledges and agrees that, in accordance with the transparency and accountability principles of the IPFP Framework, IO has a right to disclose or publish (including on websites) this Project Agreement, any or all terms hereof, including any or all contractual submissions and other records kept in accordance with this Project Agreement, any information related to the performance of Project Co (or any Project Co Party) or any information derived from this Project Agreement or the information related to the performance of Project Co (or any Project Co Party) as IO, in its sole discretion, may consider appropriate. In exercising its discretion, IO will be guided by the principles set out in Sections 50.1(b) and 50.1(c).
- (b) IO will not disclose portions of this Project Agreement, any terms hereof, including any contractual submissions or other records kept in accordance with this Project Agreement, any information related to the performance of Project Co (or any Project Co Party) or any information derived from this Project Agreement or the information related to the performance of Project Co (or any Project Co Party) which would be exempt from disclosure under section 17(1) of FIPPA.
- (c) Notwithstanding Section 50.1(b), but subject to Section 50.2, where a compelling public interest in the disclosure of the information clearly outweighs the public interest in limiting the disclosure of the information supplied by Project Co (or any Project Co Party), IO may disclose such information.

### **50.2 Redaction**

- (a) Prior to disclosing or publishing this Project Agreement, any terms hereof, including any contractual submissions or other records kept in accordance with this Project Agreement, any information related to the performance of Project Co (or any Project Co Party) or any information derived from this Project Agreement or the information related to the performance of Project Co (or any Project Co Party), IO shall provide to Project Co a redacted version of this Project Agreement or other documents or information to be disclosed or published, on the basis that the information so redacted constitutes information which should not be disclosed pursuant to Section 50.1(b). The Parties acknowledge and agree that Annual Service Payments, but not the breakdown thereof, may be disclosed.
- (b) If Project Co, acting in good faith, contends that any of the information not redacted constitutes information that falls within the scope of Section 50.1(b) and, accordingly, would be exempt from disclosure under FIPPA, the dispute may be referred for resolution in accordance with Schedule 24 - Dispute Resolution Procedure, and IO shall not disclose



any information in dispute until a determination is made. Any such determination shall be made with reference to the text and principles of FIPPA.

### **50.3 Disclosure to Government**

- (a) Project Co acknowledges and agrees that IO will be free to disclose any information, including Confidential Information, to each Government Entity, and, subject to compliance with FIPPA, each Government Entity will be free to use, disclose or publish (including on websites) the information on such terms and in such manner as such Government Entity sees fit.
- (b) For greater certainty, the Parties acknowledge and agree that, subject only to the removal of any information which the Parties are (or would be) entitled to refuse to disclose pursuant to section 17(1) of FIPPA, this Project Agreement, any contractual submissions or other records kept in accordance with this Project Agreement, any information related to the performance of Project Co (or Project Co Party) or any information derived from this Project Agreement or the information related to the performance of Project Co (or any Project Co Party) are public documents and information and, as such, may be disclosed by each Government Entity.

### **50.4 Freedom of Information and Protection of Privacy Act**

- (a) The Parties acknowledge and agree that FIPPA applies to each Government Entity, and that each Government Entity is required to fully comply with FIPPA.
- (b) Each Government Entity shall, within the time periods provided in FIPPA for a party to exercise rights to prevent disclosure of information, advise Project Co of any request for Confidential Information that relates to Project Co (or any Project Co Party) or of such Government Entity's intention to voluntarily release any information or documents which contain Confidential Information that relates to Project Co (or any Project Co Party).

### **50.5 Use and Disclosure of Confidential Information**

- (a) Except as authorized hereunder, each Party shall hold in confidence, not disclose and not permit any person any manner of access to, whether directly or indirectly, any Confidential Information of the other Party, provided that this Section 50 shall not restrict either Party from disclosing such Confidential Information to its professional advisors, to the extent necessary, to enable that Party to perform, to cause to be performed, or to enforce, its rights or obligations under this Project Agreement.
- (b) Except as authorized hereunder, Project Co shall hold in confidence, not disclose and not permit any person any manner of access to, whether directly or indirectly, any Confidential Information of any Government Entity, provided that this Section 50 shall not restrict Project Co from disclosing such Confidential Information to its professional

advisors, to the extent necessary, to enable Project Co to perform, to cause to be performed, or to enforce, its rights or obligations under this Project Agreement.

- (c) Project Co may:
- (i) disclose in confidence to the Lenders and prospective Lenders and their professional advisors such Confidential Information as is reasonably required by the Lenders in connection with the raising or syndication of the financing or any sub participation in the financing of the Project Operations or which Project Co is obliged to supply by the terms of the Lending Agreements; and
  - (ii) disclose in confidence to any Project Co Party and their professional advisors, such Confidential Information as is necessary for the performance by that Project Co Party of that Project Co Party's obligations under this Project Agreement.
- (d) Project Co acknowledges that each Government Entity may use the Confidential Information of Project Co for purposes not specific to the Project, but for other general governmental purposes, such as development of the Province's alternate procurement and financing policies and framework. A Government Entity will advise Project Co prior to using any Confidential Information of Project Co for non-Project purposes.
- (e) Subject to the foregoing, neither Party shall use, or directly or indirectly cause, authorize or permit any other person to use, any Confidential Information of the other Party except for the purposes of this Project Agreement, as permitted by this Project Agreement or as authorized by the disclosing Party in writing.
- (f) Each Party shall protect all Confidential Information of the disclosing Party with the same degree of care as it uses to prevent the unauthorized use, disclosure, publication, or dissemination of its own confidential information of a similar nature or character, but in no event less than a reasonable degree of care.
- (g) All Project Operations that involve or may involve the use, storage, processing or any other handling of Confidential Information of a Government Entity shall be performed by Project Co and each Project Co Party within Canada except to the extent that Project Co obtains prior approval from IO, acting reasonably, for clarity, no such approval shall be given with respect to Personal Information. Subject to Section 51.1(d) of this Project Agreement, Project Co may, and each Project Co Party may, use, store, process or handle other Confidential Information outside Canada only to the extent that use, storage, processing or other handling of other Confidential Information outside Canada is reasonably necessary for the performance of the Project Operations provided that Project Co gives IO concurrent notice thereof. Project Co shall, and shall cause each Project Co Party to, not store, process, communicate, transfer, access or permit or enable direct or remote access to any Confidential Information of a Government Entity outside of Canada except to the extent that Project Co obtains prior approval from IO, which approval may be withheld in IO's sole discretion. Project Co may, and may permit each Project Co

Party to, store, process, communicate, transfer, access or permit or enable direct or remote access to other Confidential Information outside of Canada only to the extent that storage, processing, communicating, transferring, accessing or permitting or enabling direct or remote access to other Confidential Information outside Canada is reasonably necessary for the performance of the Project Operations provided that Project Co gives IO concurrent notice thereof.

- (h) Without limiting the generality of Section 50.5, Project Co shall comply with the document control and security protocol submitted by Project Co pursuant to Section 18.11 and approved by IO, which protocol shall prescribe limitations on the use, disclosure and storage of this Project Agreement and any other Confidential Information specified by IO.

## 50.6 Exceptions

- (a) Information of a Party (the “**Proprietor**”), other than Government Sensitive Information and other than Personal Information, will not be considered to be Confidential Information in the following circumstances:
- (i) the Proprietor advises the other Party to whom the information has been disclosed (the “**Confidant**”) that the information is not required to be treated as Confidential Information;
  - (ii) the information is, as of Commercial Close, or becomes at any time thereafter, generally available to or accessible by the public through no fault or wrongdoing of the Confidant;
  - (iii) the information is a matter of public record or in the public domain;
  - (iv) the information was in the possession of the Confidant prior to its disclosure and the Confidant came into possession of such information without being in breach of this Project Agreement;
  - (v) the information is received by the Confidant on a non-confidential basis from a source other than the Proprietor, provided that to the best of the Confidant’s knowledge such source is not bound by a confidentiality agreement with the Proprietor or otherwise prohibited from disclosing the information to the Confidant by a contractual, legal or fiduciary obligation;
  - (vi) the information was independently developed by the Confidant without access to the Confidential Information, as evidenced by written records;
  - (vii) the information is required to be disclosed pursuant to Applicable Law, provided that the Confidant provides the Proprietor with reasonable notification and an opportunity to contest such requirement prior to disclosure;

- (viii) the information is disclosed to IO upon a termination of this Project Agreement, pursuant to Section 45 or is otherwise required by IO for the purposes of performing (or having performed) the Project Operations, including the design or construction of the Facility, the operation, maintenance or improvement of the Facility, or any other operations or services the same as, or similar to, the Project Operations; or
- (ix) the information would not be exempt from disclosure under FIPPA.

## 50.7 Period of Survival

- (a) The obligations of IO and Project Co in Sections 50.1 to 50.6 will cease on the date that is 3 years after the Termination Date.

## 51. PERSONAL INFORMATION

### 51.1 General

- (a) Project Co acknowledges the importance of maintaining the confidentiality and privacy of Personal Information.
- (b) Project Co shall, and shall require each Project Co Party to, only collect, hold, process, use, store and disclose Personal Information with the prior consent of IO and: (i) shall not collect, hold, process, use or store Personal Information except to the extent necessary to perform Project Co's obligations under this Project Agreement; and (ii) shall not disclose Personal Information or otherwise permit access to or make Personal Information available to any person except as expressly permitted or instructed by IO.
- (c) Project Co shall, and shall require each Project Co Party to, at all times treat Personal Information as strictly confidential and shall comply with all applicable requirements of the Output Specifications and the requirements of Applicable Law, including FIPPA, the *Personal Information Protection and Electronic Documents Act* (Canada) and any other Canadian federal or provincial legislation now in force or that may in the future come into force governing the collection, use, disclosure and protection of personal information applicable to Project Co, each Project Co Party or to the Project Operations.
- (d) All Project Operations that involve or may involve the collection, use, storage, processing or any other handling of Personal Information shall be performed by Project Co and each Project Co Party within Canada, and Project Co shall, and shall cause each Project Co Party to, not store, process, communicate, transfer, access or permit or enable direct or remote access to any Personal Information outside of Canada.
- (e) Project Co shall, and shall cause each Project Co Party to, implement, maintain and adhere to appropriate policies, procedures and controls to ensure that Personal Information is not stored or processed in, communicated or transferred to, or accessed

from, outside of Canada, and that the requirements of this Section 51 are otherwise complied with.

- (f) Project Co shall take all necessary and appropriate action, and shall require each Project Co Party to take all necessary and appropriate action, against any person who fails to comply with this Section 51.
- (g) Project Co shall allow IO on reasonable notice to inspect any Personal Information in the custody or possession of Project Co or each Project Co Party and to audit Project Co and each Project Co Party's compliance with this Section 51 including, without limitation, the measures used by Project Co and each Project Co Party to protect Personal Information, and otherwise promptly and properly respond to all reasonable inquiries of IO with respect to Project Co or each Project Co Party's handling of Personal Information.
- (h) Project Co shall not subcontract or delegate to any third party any of the Project Operations that involve or may involve the collection, use, storage, processing or any other handling of Personal Information without the express consent of IO and without obtaining written contractual commitments of such third party substantially the same as those of this Section 51.

### **51.2 Protection of Personal Information**

- (a) Project Co shall implement and use, and shall require each Project Co Party to implement and use, appropriate technical, organizational and physical security measures to protect Personal Information against loss, theft and unauthorized access, disclosure, copying, use, modification or disposal, and shall otherwise ensure that Project Co, the Project Co Parties, and its and their staff shall protect, secure and keep confidential any Personal Information.
- (b) Project Co shall and shall cause each Project Co Party to restrict access to Personal Information to only those authorized employees and permitted each Project Co Party that require access to such information to fulfil their job requirements in connection with the Project Operations and that are subject to obligations of confidentiality and Personal Information protection no less stringent than those of this Section 51.
- (c) Upon termination of this Project Agreement or upon request of IO, whichever comes first, Project Co shall immediately cease all use of and return to IO or, at the direction of IO, dispose of, destroy or render permanently anonymous all Personal Information, in each case using appropriate technical, organizational and physical security measures to protect Personal Information against loss, theft and unauthorized access, disclosure, copying, use or modification.
- (d) To the extent that any of the Project Operations involve or may involve destruction or disposal of Personal Information, including any disposal or destruction pursuant to (c) above, such activities shall include, at a minimum, irreversible destruction, shredding or

pulverizing of all documents, records or media containing Personal Information to a size or state that ensures that the document, record or other medium is permanently destroyed and that no information contained therein can be read, reconstructed or deciphered.

- (e) Project Co shall immediately inform IO of any actual or suspected loss, theft or accidental or unauthorized access, disclosure, copying, use, modification or destruction of Personal Information by Project Co or each of Project Co Party or any other breach of this Section 51.
- (f) IO may from time to time require that Project Co and any Project Co Party or member of its or their staff execute and deliver within two Business Days of such request an agreement satisfactory to IO, acting reasonably, requiring such person to keep Personal Information confidential.

### **51.3 Protection of Personal Information**

- (a) Project Co shall provide, and shall cause each Project Co Party to provide, in a timely manner, all necessary and reasonable information and co-operation to IO and to any regulatory or other governmental bodies or authorities with jurisdiction or oversight over Applicable Laws governing the collection, use, disclosure and protection of personal information in connection with any investigations, audits or inquiries made by any such bodies or authorities under such legislation.
- (b) To the extent of any conflict or inconsistency between this Section 51 and any other provision of this Project Agreement, this Section 51 shall prevail.

## **52. INSURANCE AND PERFORMANCE SECURITY**

### **52.1 General Requirements**

- (a) Project Co and IO shall comply with the provisions of Schedule 22 - Insurance and Performance Security Requirements.

### **52.2 No Relief from Liabilities and Obligations**

- (a) Neither compliance nor failure to comply with the insurance provisions of this Project Agreement shall relieve Project Co or IO of their respective liabilities and obligations under this Project Agreement.

## **53. TITLE**

### **53.1 Title**

- (a) Title to each item and part of the Facility that is purchased by Project Co, including any materials, supplies, equipment, facilities, parts and any other deliverable or component items, but not the risk of loss or damage or destruction thereto or thereof, shall pass to IO

(or as IO may direct) upon the receipt of such item on the Site, provided however that title to items of tangible personal property (as defined in the *Retail Sales Tax Act* (Ontario)) that comprise the Facility or are to be affixed or attached to the Facility prior to Substantial Completion shall pass to IO (or as IO may direct) at the time that such items are included in the Facility or affixed or attached to the Facility.

## 54. INDEMNITIES

### 54.1 Project Co Indemnities to IO

(a) Project Co shall indemnify and save harmless IO, each Government Entity and each of their respective directors, officers, employees, agents and representatives from and against any and all Direct Losses which may be suffered, sustained or incurred as a result of, in respect of, or arising out of any one or more of the following:

- (i) a failure by Project Co to achieve Substantial Completion by the Scheduled Substantial Completion Date or a failure by Project Co to achieve TIC Completion by the TIC Scheduled Completion Date;
- (ii) any physical loss of or damage to all or any part of the Site and the Facility, or to any equipment, assets or other property related thereto;
- (iii) the death or personal injury of any person;
- (iv) any physical loss of or damage to property or assets of any third party; or
- (v) any other loss or damage of any third party,

in each case, arising, directly or indirectly, out of, or in consequence of, or involving or relating to, the performance or any breach of this Project Agreement by Project Co or any act or omission of Project Co or any Project Co Party, except to the extent caused, or contributed to, by:

- (vi) the breach of this Project Agreement by IO; or
- (vii) in respect of Section 54.1(a)(i), any deliberate or negligent act or omission of IO, any IO Party or any Government Entity; or
- (viii) in respect of Sections 54.1(a)(ii), 54.1(a)(iii), 54.1(a)(iv) or 54.1(a)(v), any act or omission of IO or any IO Party or any Government Entity; or
- (ix) a deliberate or negligent act or omission of a Visitor that results in undue interference with Project Co's performance of the Project Co Services and Project Co has been unable to take commercially reasonable steps necessary to prevent, negate or mitigate the undue interference due to acting in accordance with a

recommendation or instruction of IO or an appropriate IO Party, except to the extent:

- (A) any such deliberate or negligent act or omission is caused or contributed to by Project Co or any Project Co Party; or
  - (B) Visitor is acting in accordance with a direction, recommendation or instruction of Project Co or any Project Co Party.
- (b) Project Co shall indemnify and save harmless IO, each Government Entity and each of their respective directors, officers, employees, agents and representatives from and against any and all Direct Losses which may be suffered, sustained, incurred or brought against them as a result of, in respect of, or arising out of any breach of a representation or warranty by Project Co herein.
- (c) Project Co shall indemnify and save harmless IO, each Government Entity and each of their respective directors, officers, employees, agents and representatives from and against any and all Direct Losses which may be suffered, sustained, incurred or brought against them as a result of, in respect of, arising out of, or involving or relating to any one or more of the following:
- (i) the performance by Project Co of this Project Agreement not in accordance with or in breach of the requirements of any Permits, Licences and Approvals, Applicable Law or requirements of Governmental Authorities, or the failure of Project Co to obtain all necessary Permits, Licences and Approvals in accordance with this Project Agreement; or
  - (ii) any Contamination on, in or under, or migrating to or from, the Site, except for Contamination for which IO or a Government Entity is responsible pursuant to Section 16.2(a),
- except to the extent that such Direct Losses are caused, or contributed to, by the breach of this Project Agreement by IO or by any act or omission of IO, any IO Party or any Government Entity.
- (d) Without prejudice to IO's rights under Section 43 and any other rights under this Project Agreement, if IO exercises its step-in rights under the Construction Contractor's Direct Agreement or the Service Provider's Direct Agreement, Project Co shall indemnify IO for all obligations of Project Co assumed by IO under the Construction Contract or the Service Contract, as the case may be, and for all reasonable costs and expenses incurred by IO in relation to the exercise of IO's rights.

#### **54.2 IO Indemnities to Project Co**

- (a) IO shall indemnify and save harmless Project Co and the Project Co Parties and each of their respective directors, officers, employees, agents and representatives from and



against any and all Direct Losses which may be suffered, sustained, incurred or brought against them as a result of, in respect of, or arising out of any one or more of the following:

- (i) the death or personal injury of any person arising, directly or indirectly, out of, or in consequence of, or involving or relating to, the performance or breach of this Project Agreement by IO or any act or omission of IO, any IO Party or any Government Entity, except to the extent caused, or contributed to, by the breach of this Project Agreement by Project Co or by any act or omission of Project Co or any Project Co Party;
- (ii) any physical loss of or damage to all or any part of any property or assets of Project Co or any Project Co Party, arising, directly or indirectly, out of, or in consequence of, or involving or relating to, breach of this Project Agreement by IO or any deliberate or negligent act or omission of IO, any IO Party or any Government Entity, except to the extent caused, or contributed to, by the breach of this Project Agreement by Project Co or by any act or omission of Project Co or any Project Co Party; and
- (iii) any physical loss of or damage to property or assets of any third party, or any other loss or damage of any third party, arising, directly or indirectly, out of, or in consequence of, or involving or relating to, breach of this Project Agreement by IO or any deliberate or negligent act or omission of IO, any IO Party or any Government Entity, except to the extent caused, or contributed to, by the breach of this Project Agreement by Project Co or by any act or omission of Project Co or any Project Co Party,

provided that there shall be excluded from the indemnity given by IO any liability for the occurrence of risks against which Project Co is required to insure under this Project Agreement to the extent of the proceeds available or that should have been available but for a failure by Project Co to comply with its obligations to properly insure under this Project Agreement.

- (b) IO shall indemnify and save harmless Project Co and its directors, officers, employees, agents and representatives from and against any and all Direct Losses which may be suffered, sustained, incurred or brought against them as a result of, in respect of, or arising out of any breach of a representation or warranty by IO herein.

### 54.3 Conduct of Claims

- (a) This Section 54.3 shall apply to the conduct of claims, made by a third person against a party having, or claiming to have, the benefit of an indemnity pursuant to this Project Agreement. The party having, or claiming to have, the benefit of the indemnity is referred to as the "**Beneficiary**" and the Party giving the indemnity is referred to as the "**Indemnifier**".

- (b) If the Beneficiary receives any notice, demand, letter or other document concerning any claim for which it appears that the Beneficiary is, or may become entitled to, indemnification under this Section 54, the Beneficiary shall give written notice to the Indemnifier as soon as reasonably practicable and in any event within 10 Business Days of receipt of the same. Such notice shall specify with reasonable particularity, to the extent that information is available, the factual basis for the claim and the amount of the claim.
- (c) Subject to Sections 54.3(d), 54.3(e) and 54.3(f), on the giving of such notice by the Beneficiary, where it appears that the Beneficiary is or may be entitled to indemnification from the Indemnifier in respect of all, but not part only, of the liability arising out of the claim, the Indemnifier shall (subject to providing the Beneficiary with a secured indemnity to the Beneficiary's reasonable satisfaction against all costs and expenses that the Beneficiary may incur by reason of such action) be entitled to dispute the claim in the name of the Beneficiary at the Indemnifier's own expense and take conduct of any defence, dispute, compromise, or appeal of the claim and of any incidental negotiations. The Beneficiary shall give the Indemnifier all reasonable cooperation, access and assistance for the purposes of considering and resisting such claim. The Beneficiary shall have the right to employ separate counsel in respect of such claim and the reasonable fees and expenses of such counsel shall be to the account of the Indemnifier only where representation of both the Indemnifier and Beneficiary by common counsel would be inappropriate due to any actual or potential conflicting interests between the Indemnifier and Beneficiary.
- (d) With respect to any claim conducted by the Indemnifier:
- (i) the Indemnifier shall keep the Beneficiary fully informed and consult with it about material elements of the conduct of the claim;
  - (ii) the Indemnifier shall not bring the name or reputation of the Beneficiary into disrepute;
  - (iii) the Indemnifier shall not pay, compromise or settle such claims without the prior consent of the Beneficiary, such consent not to be unreasonably withheld or delayed;
  - (iv) the Indemnifier shall not admit liability or fault to any third party without the prior consent of the Beneficiary, such consent not to be unreasonably withheld or delayed; and
  - (v) the Indemnifier shall use commercially reasonable efforts to have the Beneficiary named as a beneficiary under any release given by the persons bringing the claim to which this Section 54.3 relates.

- (e) The Beneficiary shall be free to pay or settle any such claim on such terms as it thinks fit and without prejudice to its rights and remedies under this Project Agreement if:
- (i) the Indemnifier is not entitled to take conduct of the claim in accordance with Section 54.3(c);
  - (ii) the Indemnifier fails to notify the Beneficiary of its intention to take conduct of the relevant claim within 10 Business Days of the notice from the Beneficiary under Section 54.3(b) or notifies the Beneficiary that the Indemnifier does not intend to take conduct of the claim; or
  - (iii) the Indemnifier fails to comply in any material respect with Section 54.3(d).
- (f) The Beneficiary shall be free at any time to give notice to the Indemnifier that the Beneficiary is retaining or taking over, as the case may be, the conduct of any defence, dispute, compromise or appeal of any claim, or of any incidental negotiations, to which Section 54.3(c) applies. For greater certainty, Project Co acknowledges and agrees that where IO is the Beneficiary, IO may retain or take over such conduct in any matter involving Personal Information or any matter involving public policy. On receipt of such notice the Indemnifier shall promptly take all steps necessary to transfer the conduct of such claim to the Beneficiary, and shall provide to the Beneficiary all relevant documentation and all reasonable cooperation, access and assistance for the purposes of considering and resisting such claim. If the Beneficiary gives any notice pursuant to this Section 54.3(f), then the Indemnifier shall be released from any liabilities arising under the applicable indemnity hereunder in respect of the applicable claim.
- (g) If the Indemnifier pays to the Beneficiary an amount in respect of an indemnity and the Beneficiary subsequently recovers, whether by payment, discount, credit, saving, relief or other benefit or otherwise, a sum or anything else of value (the "**Recovery Amount**") which is directly referable to the fact, matter, event or circumstances giving rise to the claim under the indemnity, the Beneficiary shall forthwith repay to the Indemnifier whichever is the lesser of:
- (i) an amount equal to the Recovery Amount less any out-of-pocket costs and expenses properly incurred by the Beneficiary in recovering the same; and
  - (ii) the amount paid to the Beneficiary by the Indemnifier in respect of the claim under the relevant indemnity,

provided that there shall be no obligation on the Beneficiary to pursue any Recovery Amount and that the Indemnifier is repaid only to the extent that the Recovery Amount, aggregated with any sum recovered from the Indemnifier, exceeds the loss sustained by the Beneficiary except, however, that if the Beneficiary elects not to pursue a Recovery Amount, the Indemnifier shall be entitled to require an assignment to it of the right to do so.

- (h) Any person taking any of the steps contemplated by this Section 54.3 shall comply with the requirements of any insurer who may have an obligation to provide an indemnity in respect of any liability arising under this Project Agreement.

#### **54.4 Mitigation - Indemnity Claims**

- (a) For greater certainty, Section 60.4 applies to any indemnity given under this Project Agreement and any such indemnity shall not extend to Direct Losses which could have been reduced or avoided by the Beneficiary complying with such Section.

### **55. LIMITS ON LIABILITY**

#### **55.1 Indirect Losses**

- (a) Subject to Section 55.1(b), without prejudice to IO's rights under the Payment Mechanism, or the Parties' rights in respect of payments provided for herein, the indemnities under this Project Agreement shall not apply and there shall be no right to claim damages for breach of this Project Agreement, in tort or on any other basis whatsoever, to the extent that any loss claimed by either Party is:

- (i) for punitive, exemplary or aggravated damages;
- (ii) for loss of profits, loss of use, loss of production, loss of business or loss of business opportunity; or
- (iii) is a claim for consequential loss or for indirect loss of any nature suffered or allegedly suffered by either Party,

(collectively, "**Indirect Losses**").

- (b) With respect to the indemnity in Section 54.1(a)(i) only, the exceptions in Sections 55.1(a)(ii) and (iii) shall not apply as a result of, or in relation to, IO's loss of use of the Facility or a portion thereof, which for the purposes of Section 54.1(a)(i), shall be Direct Losses.

#### **55.2 No Liability in Tort**

- (a) Subject to the indemnities provided herein, none of IO, the IO Parties or any Government Entity shall be liable in tort to Project Co or any Project Co Party, and neither Project Co nor any Project Co Party shall be liable in tort to IO, any IO Party or any Government Entity in respect of any negligent act or omission of any such person relating to or in connection with this Project Agreement and no such person shall bring such a claim.

#### **55.3 Sole Remedy**

- (a) Subject to:

- (i) any other rights of IO expressly provided for in this Project Agreement; and
- (ii) IO's right to claim, on or after termination of this Project Agreement, the amount of its reasonable costs, losses, damages and expenses suffered or incurred by it as a result of rectifying or mitigating the effects of any breach of this Project Agreement by Project Co except to the extent that the same has already been recovered by IO pursuant to this Project Agreement or has been taken into account to reduce any compensation payable by IO pursuant to Section 47,

the sole remedy of IO in respect of a failure to provide the Project Co Services in accordance with this Project Agreement shall be the operation of the Payment Mechanism.

- (b) Nothing in Section 55.3(a) shall prevent or restrict the right of IO to seek injunctive relief or a decree of specific performance or other discretionary remedies of a court of competent jurisdiction.
- (c) Notwithstanding any other provision of this Project Agreement, and except to the extent recovered under any of the insurances required pursuant to Schedule 22 - Insurance and Performance Security Requirements, neither Party shall be entitled to recover compensation or make a claim under this Project Agreement, or any other agreement in relation to the Project, in respect of any loss that it has incurred (or any failure of the other Party) to the extent that the Party has already been compensated in respect of that loss or failure pursuant to this Project Agreement, or otherwise.

#### 55.4 Maximum Liability

- (a) Subject to Section 55.4(b), the maximum aggregate liability of each Party in respect of all claims under Section 54 shall not exceed **[REDACTED]**. This limit shall be index linked and shall be exclusive of any insurance or performance security proceeds received or which will be received pursuant to policies maintained in accordance with Schedule 22 - Insurance and Performance Security Requirements. This limit shall not apply in cases of wilful misconduct or deliberate acts of wrongdoing.
- (b) Project Co's maximum aggregate liability in respect of all claims under Section 54.1(a)(i) shall not exceed **[REDACTED]**. This limit shall be index linked and shall be exclusive of any insurance or performance security proceeds received or which will be received pursuant to policies maintained in accordance with Schedule 22 - Insurance and Performance Security Requirements. This limit shall not apply in cases of wilful misconduct or deliberate acts of wrongdoing.
- (c) Nothing in this Section 55.4 shall restrict, limit, prejudice or in any other way impair the rights and/or remedies of the Parties under any other provision of this Project Agreement.

**56. DISPUTE RESOLUTION PROCEDURE**

- (a) All Disputes shall be resolved in accordance with, and the Parties shall comply with, Schedule 24 - Dispute Resolution Procedure.

**57. ASSIGNMENT, SUBCONTRACTING AND CHANGES IN CONTROL****57.1 Project Co Assignment**

- (a) Project Co shall not assign, transfer, charge, dispose of or otherwise alienate any interest in this Project Agreement, the Construction Contract, the Service Contract or any agreement entered into in connection with this Project Agreement without the prior written consent of IO, not to be unreasonably withheld or delayed, provided however that no assignment, transfer, charge, disposition or other alienation shall be permitted to a person where that person or its Affiliates is a Restricted Person or a person whose standing or activities are inconsistent with (1) the Province's reputation or integrity, or (2) the nature of the Province's corrections system, so as to affect public confidence in that system.
- (b) Section 57.1(a) shall not apply to the grant of any security for any loan made to Project Co under the Lending Agreements provided that any grantee of such security shall enter into the Lenders' Direct Agreement in relation to the exercise of its rights, if IO so requires.

**57.2 IO Assignment**

- (a) IO may assign, transfer, dispose of or otherwise alienate any interest in this Project Agreement or any agreement in connection with this Project Agreement to which Project Co and IO are parties:
- (i) to the Province;
  - (ii) to any minister of the Crown;
  - (iii) to a Crown agency having the legal capacity, power, authority and ability to become a party to and to perform the obligations of IO under this Project Agreement provided that such person confirms in writing to Project Co that it will perform all of IO's obligations hereunder and under the other Project Documents to which IO is a party in respect of the period from and after the assignment; and
  - (iv) in circumstances other than those described in Sections 57.2(a)(i) to 57.2(a)(iii), with the prior written consent of Project Co, not to be unreasonably withheld or delayed; provided that the person to whom any such assignment, transfer, disposition or other alienation is made has the capacity to perform, and confirms in writing to Project Co that it will perform all the obligations of IO hereunder and under any agreement in connection with this Project Agreement to which

Project Co and IO are parties in respect of the period from and after the assignment.

- (b) IO shall not be released of any of its obligations under this Project Agreement except upon an assignment, transfer, disposition or other alienation of its interest in this Project Agreement in accordance with this Section 57.2.

### **57.3 Subcontractors**

- (a) Project Co shall not subcontract any interest in this Project Agreement, the Construction Contract or the Service Contract, and shall not permit the Construction Contractor or the Service Provider to subcontract any interest in the Construction Contract or Service Contract, to a Restricted Person, or any Affiliate thereof, or a person whose standing or activities are inconsistent with (1) the Province's reputation or integrity, or (2) the nature of the Province's corrections system, so as to affect public confidence in that system.
- (b) Project Co shall not terminate, agree to the termination of or replace the Construction Contractor or the Service Provider unless Project Co has complied with Sections 7.2(a), 57.3(c) and 57.3(d) or received the prior written consent of IO, not to be unreasonably withheld or delayed.
- (c) Subject to Section 57.3(d), if either the Construction Contract or the Service Contract shall at any time lapse, terminate or otherwise cease to be in full force and effect, whether by reason of expiry, default or otherwise, with the effect that the Construction Contractor or the Service Provider, as the case may be, shall cease to act in relation to the Project, Project Co shall forthwith appoint a replacement, subject to IO's prior written consent, acting reasonably, as to the suitability of the replacement.
- (d) It is a condition of replacement of the Construction Contractor or Service Provider that, and Project Co shall require that, any replacement enter into a contract upon the same or substantially similar terms as the person so replaced and into a direct agreement on the same terms as the Direct Agreement entered into by the person so replaced, unless any material variations are approved by IO, acting reasonably.

### **57.4 Changes in Ownership and Control**

- (a) No Change in Ownership of Project Co, or any person owning, directly or indirectly, beneficially or otherwise, an interest in Project Co, shall be permitted:
  - (i) where the person acquiring the ownership interest is a Restricted Person or a person whose standing or activities are inconsistent with (1) the Province's reputation or integrity, or (2) the nature of the Province's corrections system, so as to affect public confidence in that system; or
  - (ii) if such Change in Ownership would have a material adverse effect on the performance of the Project Operations or the MCSCS Services.

- (b) Prior to the third anniversary following the Substantial Completion Date, IO shall be entitled to receive a 50 per cent share of any Excess Equity Gain arising from a Change in Ownership of Project Co.
- (c) Subject to Sections 57.4(a) and (b), no Change in Control of Project Co, or any person owning, directly or indirectly, beneficially or otherwise, an interest in Project Co, shall be permitted without the prior written consent of IO not to be unreasonably withheld or delayed (which consent may include reasonable conditions).
- (d) This Section 57.4 shall not apply to a Change in Ownership or Change in Control of companies whose equity securities are listed on a recognized stock exchange.
- (e) Whether or not Project Co is required to obtain IO's consent pursuant to this Section 57.4, Project Co shall provide notice to IO of any Change in Ownership or Change in Control of Project Co, or any person owning, directly or indirectly, beneficially or otherwise, an interest in Project Co, as the case may be, within five Business Days of such Change in Ownership or Change in Control, and such notification shall include a statement identifying the then current owners and their respective holdings in the ownership interests of Project Co, or any person owning, directly or indirectly, beneficially or otherwise, an interest in Project Co, as the case may be.

## 57.5 IO Due Diligence

- (a) Project Co shall promptly reimburse IO for IO's reasonable due diligence costs (including fees of professional advisors) in connection with any consent required of IO pursuant to, or IO determination of Project Co's compliance with, Section 57.1, 57.3 or 57.4 whether or not such consent is granted.

## 58. PROHIBITED ACTS

### 58.1 Definition

- (a) The term "**Prohibited Act**" means:
  - (i) offering, giving or agreeing to give to IO or any public body (or anyone employed by or acting on their behalf), or to any family member of such person, any gift or consideration of any kind as an inducement or reward:
    - (A) for doing or not doing, or for having done or not having done, any act in relation to the obtaining or performance of this Project Agreement or any other agreement with IO or any public body in connection with the Project; or
    - (B) for showing or not showing favour or disfavour to any person in relation to this Project Agreement or any other agreement with IO or any public body in connection with the Project;



provided that this Section 58.1(a)(i) shall not apply to Project Co or any Project Co Party (or anyone employed by or acting on their behalf) providing consideration to IO or any public body in the ordinary course, or as reasonably necessary, to fulfill or comply with the obligations and liabilities of Project Co under this Project Agreement or any other agreement with IO or any public body in connection with the Project;

- (ii) entering into this Project Agreement or any other agreement with IO or any public body in connection with the Project if a commission or a fee has been paid or has been agreed to be paid by Project Co, or on its behalf or to its knowledge, IO or any public body (or anyone employed by or acting on their behalf), or to any family member of such person, unless, before the relevant agreement is entered into, particulars of any such commission or fee have been disclosed in writing to IO, provided that this Section 58.1(a)(ii) shall not apply to a fee or commission paid by Project Co or any Project Co Party (or anyone employed by or acting on their behalf) to IO or any public body pursuant to an agreement where such fee or commission is paid in the ordinary course, or as reasonably necessary, to fulfill or comply with the obligations and liabilities of Project Co under this Project Agreement or any other agreement with IO or any public body in connection with the Project without contravening the intent of this Section 58;
- (iii) breaching or committing any offence under Applicable Law in respect of corrupt or fraudulent acts in relation to this Project Agreement or any other agreement with IO or any public body in connection with the Project; or
- (iv) defrauding or attempting to defraud or conspiring to defraud IO or any other public body.

## 58.2 Remedies

- (a) If Project Co or any Project Co Party (or anyone employed by or acting on their behalf) commits any Prohibited Act, then IO shall be entitled to act in accordance with the following:
  - (i) if the Prohibited Act is committed by Project Co or by an employee acting under the direction of a director or officer of Project Co, then IO may give written notice to Project Co and Section 43 shall apply;
  - (ii) if the Prohibited Act is committed by an employee of Project Co acting independently of a direction of a director or officer of Project Co, then IO may give written notice to Project Co and Section 43 shall apply, unless, within 30 days of receipt of such notice, Project Co terminates the employee's employment and ensures that the relevant part of the Project Operations shall be performed by another person;

- (iii) if a Prohibited Act is committed by a Project Co Party or by an employee of that Project Co Party not acting independently of a direction of a director or officer of that Project Co Party, then IO may give written notice to Project Co and Section 43 shall apply, unless, within 30 days of receipt of such notice, Project Co terminates the relevant Subcontract and ensures that the relevant part of the Project Operations shall be performed by another person, where relevant, in accordance with Section 57.3;
  - (iv) if the Prohibited Act is committed by an employee of a Project Co Party acting independently of a direction of a director or officer of that Project Co Party, then IO may give notice to Project Co and Section 43 shall apply, unless, within 30 days of receipt of such notice, Project Co causes the termination of the employee's employment and ensures that the relevant part of the Project Operations shall be performed by another person; and
  - (v) if the Prohibited Act is committed on behalf of Project Co or a Project Co Party by a person not specified in Sections 58.2(a)(i) to 58.2(a)(iv), then IO may give notice to Project Co and Section 43 shall apply, unless, within 30 days of receipt of such notice, Project Co causes the termination of such person's employment or the appointment of their employer and, if necessary, ensures that the relevant part of the Project Operations shall be performed by another person.
- (b) Any notice of termination under this Section 58.2 shall specify:
- (i) the nature of the Prohibited Act;
  - (ii) the identity of the person whom IO believes has committed the Prohibited Act; and
  - (iii) the date of termination in accordance with the applicable provisions of this Project Agreement.
- (c) Without prejudice to its other rights or remedies under this Section 58.2, IO shall be entitled to recover from Project Co any Direct Loss sustained in consequence of any breach of this Section 58.

### **58.3 Permitted Payments**

- (a) Nothing contained in this Section 58 shall prevent Project Co or any other person from paying any proper commission, fee or bonus whether to its employees within the agreed terms of their employment or otherwise, and such commission fee or bonus shall not constitute a Prohibited Act.

**58.4 Notification**

- (a) Project Co shall notify IO of the occurrence and details of any Prohibited Act promptly on Project Co becoming aware of its occurrence.

**58.5 Replacement of Project Co Party**

- (a) Where Project Co is required to replace any Project Co Party pursuant to this Section 58, the party replacing such Project Co Party shall from the time of the replacement be deemed to be a Project Co Party and the provisions of this Project Agreement shall be construed accordingly.

**59. NOTICES**

**59.1 Notices to Parties**

- (a) All notices, requests, demands, instructions, certificates, consents and other communications (each being a “**Notice**”) required or permitted under this Project Agreement shall be in writing (whether or not “written notice” or “notice in writing” is specifically required by the applicable provision of this Project Agreement) and served by sending the same by registered mail, facsimile or by hand, as follows:

If to IO:

Infrastructure Ontario  
777 Bay Street  
6<sup>th</sup> Floor  
Toronto, Ontario

Fax No.: [REDACTED]

Attn.: Senior Vice President, Project Development  
and Construction

With a copy to:

Infrastructure Ontario  
777 Bay Street  
6<sup>th</sup> Floor  
Toronto, Ontario

Fax No.: [REDACTED]

Attn.: Vice President, Project Delivery  
Toronto South Detention Centre

If to Project Co: Integrated Team Solutions  
(Justice Infrastructure) Partnership  
5000 Yonge Street  
Suite 1805  
Toronto, Ontario  
M2N 7E9

Fax No. [REDACTED]

Attn: Vice President

## 59.2 Notices to Representatives

- (a) In addition to the notice requirements set out in Section 59.1, where any Notice is to be provided or submitted to the IO Representative or the Project Co Representative it shall be provided or submitted by sending the same by registered mail, facsimile or by hand, as follows:

If to Project Co Representative: 89 Queensway Avenue  
Suite 800  
Mississauga, Ontario  
L5B 2V2

Fax No. [REDACTED]

Attn: [REDACTED]

If to the IO Representative: Infrastructure Ontario  
777 Bay Street  
6<sup>th</sup> Floor  
Toronto, Ontario

Fax No.: [REDACTED]

Attn.: Vice President, Project Delivery  
Toronto South Detention Centre

## 59.3 Facsimile

- (a) Where any Notice is provided or submitted to a Party via facsimile, an original of the Notice sent via facsimile shall promptly be sent by regular mail or registered mail. For greater certainty, a notice given via facsimile shall not be invalid by reason only of a Party's failure to comply with this Section 59.3.

**59.4 Change of Address**

- (a) Either Party to this Project Agreement may, from time to time, change any of its contact information set forth in Sections 59.1 or 59.2 by prior Notice to the other Party, and such change shall be effective on the Business Day that next follows the recipient Party's receipt of such Notice unless a later effective date is given in such Notice.

**59.5 Deemed Receipt of Notices**

- (a) Subject to Sections 59.5(b), 59.5(c) and 59.5(d):
- (i) a Notice given by registered mail shall be deemed to have been received on the third Business Day after mailing;
  - (ii) a Notice given by hand delivery shall be deemed to have been received on the day it is delivered; and
  - (iii) a Notice given by facsimile shall be deemed to have been received on the day it is transmitted by facsimile.
- (b) If the Party giving the Notice knows or ought reasonably to know of difficulties with the postal system which might affect negatively the delivery of mail, any such Notice shall not be mailed but shall be made or given by personal delivery or by facsimile transmission in accordance with this Section 59.
- (c) If any Notice delivered by hand or transmitted by facsimile is so delivered or transmitted, as the case may be, either on a day that is not a Business Day or on a Business Day after 4:00 p.m. (recipient's local time), then such Notice shall be deemed to have been received by such recipient on the next Business Day.
- (d) A Notice given by facsimile shall be deemed to have been received by the recipient on the day it is transmitted only if a facsimile transmission report (maintained by the sender) indicates that the transmission of such Notice was successful.

**59.6 Service on IO**

- (a) Where any Notice is required to be served on IO, the obligation to serve such Notice shall be fulfilled by serving it on IO in accordance with the provisions of this Section 59.

**60. GENERAL****60.1 Amendments**

- (a) This Project Agreement may not be varied, amended or supplemented except by an agreement in writing signed by duly authorized representatives of the Parties and stating

on its face that it is intended to be an amendment, restatement or other modification, as the case may be, to this Project Agreement.

## **60.2 Waiver**

- (a) No waiver made or given by a Party under or in connection with this Project Agreement shall be binding or effective unless the waiver is in writing, signed by an authorized representative of the Party giving such waiver, and delivered by such Party to the other Parties. No waiver made with respect to any right, power or remedy in one instance will be deemed to be a waiver with respect to any other instance involving the exercise of such right, power, or remedy or with respect to any other right, power, or remedy.
- (b) Failure by either Party to exercise any of its rights, powers or remedies hereunder or its delay to do so shall not constitute a waiver of those rights, powers or remedies. The single or partial exercise of a right, power or remedy shall not prevent its subsequent exercise or the exercise of any other right, power or remedy.

## **60.3 Relationship Between the Parties**

- (a) The Parties are independent contractors. This Project Agreement is not intended to and does not create or establish between the Parties, or between IO and any Project Co Party, any relationship as partners, joint venturers, employer and employee, master and servant, or (except as provided in this Project Agreement), of principal and agent, and does not create or establish any relationship whatsoever between IO and any representative or employee of Project Co or the Project Co Parties.
- (b) The Parties further agree that:
  - (i) except as expressly provided in this Project Agreement, neither Party shall be, or be deemed to be, an agent of the other Party, and neither Party shall have authority hereunder to represent it that is an agent of the other Party, or to accept any order, or enter into any contract or agreement, or make any representations or warranties of any kind to any person, or to assume or create any obligation, express or deemed, on behalf of or binding, or purportedly binding upon, the other Party;
  - (ii) neither Party shall be required to make or pay employment benefits, contributions for Employment Insurance, Canada Pension Plan, Workers' Compensation Board or other similar levies with respect to any persons employed or engaged by the other Party;
  - (iii) except as otherwise expressly provided in this Project Agreement, each Party shall be free from the control of the other Party as to the manner in which it shall perform its obligations, or cause same to be performed, under this Project Agreement; and

- (iv) any person which a Party may engage as an agent, employee, subcontractor or otherwise, to perform such Party's obligations under this Project Agreement, as permitted hereby, shall, unless the Parties otherwise agree in writing, be engaged by such Party to act solely on behalf of such Party, and such person shall not act, or be deemed to act, on behalf of the Party that did not engage its services.

#### **60.4 General Duty to Mitigate**

- (a) IO and Project Co shall at all times take commercially reasonable steps to minimize and mitigate any loss for which the relevant Party is entitled to bring a claim against the other Party pursuant to this Project Agreement.

#### **60.5 Actual Knowledge**

- (a) Without limitation to its actual knowledge and/or such knowledge which it, at law, may from time to time, be deemed to have, Project Co and IO shall, for all purposes of this Project Agreement, be deemed to have such knowledge in respect of the Project as is actually held (or ought reasonably to be held) by their respective directors and officers.

#### **60.6 Entire Agreement**

- (a) Except where provided otherwise in this Project Agreement, this Project Agreement constitutes the entire agreement between the Parties in connection with its subject matter and supersedes all prior representations, communications, negotiations and understandings, whether oral, written, express or implied, concerning the subject matter of this Project Agreement.

#### **60.7 No Reliance**

- (a) Each of the Parties acknowledge that:
  - (i) it has not entered into this Project Agreement on the basis of and does not rely, and has not relied, upon any statement or representation, whether negligent or innocent, or warranty or other provision, whether oral, written, express or implied, made or agreed to by any person, whether a Party to this Project Agreement or not, except those expressly made, given or repeated in this Project Agreement and the only remedy or remedies available in respect of any misrepresentation or untrue statement made to it shall be those expressly provided for in this Project Agreement; and
  - (ii) this Section 60.7 shall not apply to any statement, representation or warranty made fraudulently, or to any provision of this Project Agreement which was induced by fraud, for which the remedies available shall be all those available under the law governing this Project Agreement.

**60.8 Severability**

- (a) Each provision of this Project Agreement shall be valid and enforceable to the fullest extent permitted by law. If any provision of this Project Agreement is declared invalid, unenforceable or illegal by the courts of a competent jurisdiction, such provision may be severed and such invalidity, unenforceability or illegality shall not prejudice or affect the validity, enforceability and legality of the remaining provisions of this Project Agreement. If any such provision of this Project Agreement is invalid, unenforceable or illegal, the Parties shall, acting in good faith, promptly negotiate new provisions to eliminate such invalidity, unenforceability or illegality and to restore this Project Agreement as near as possible to its original intent and effect.

**60.9 Enurement**

- (a) This Project Agreement and any other agreement entered into in connection with the Project to which both IO and Project Co are parties shall enure to the benefit of, and be binding on, IO and Project Co and their respective successors and permitted transferees and assigns.

**60.10 Governing Law and Jurisdiction**

- (a) This Project Agreement, and each of the documents contemplated by or delivered under or in connection with this Project Agreement, shall be governed by and construed in accordance with the laws of Ontario and the laws of Canada applicable therein and shall be treated in all respects as an Ontario contract, without regard to conflict of laws principles.
- (b) Subject to Schedule 24 - Dispute Resolution Procedure, both Parties hereby irrevocably attorn to the exclusive jurisdiction of the courts of the Province of Ontario and all courts competent to hear appeals therefrom.

**60.11 Cumulative Remedies**

- (a) Except as otherwise set forth in this Project Agreement, the rights, powers and remedies of each Party set forth in this Project Agreement are cumulative and are in addition to and without prejudice to any other right, power or remedy that may be available to such Party under this Project Agreement.

**60.12 Further Assurance**

- (a) Each Party shall do all things, from time to time, and execute all further documents necessary to give full effect to this Project Agreement.



**60.13 Costs**

- (a) Each Party shall be responsible for paying its own costs and expenses incurred in connection with the negotiation, preparation and execution and delivery of this Project Agreement.

**60.14 Language of Agreement**

- (a) Each of the parties acknowledges having requested and being satisfied that this Project Agreement and related documents be drawn in English. Chacune des parties reconnaît avoir demandé que ce document et ses annexes soient rédigés en anglais et s'en déclare satisfaite.
- (b) For greater certainty, all correspondence, notices, drawings, test reports, certificates, specifications, information, operating and maintenance instructions, name plates, identification labels, instructions and notices to the public and staff and all other written, printed or electronically readable matter required in accordance with, or for purposes envisaged by, this Project Agreement shall be in English.

**60.15 Proof of Authority**

- (a) IO and Project Co each reserve the right to require any person executing this Project Agreement on behalf of the other Party to provide proof, in a form acceptable to IO or Project Co, as applicable, that they have the requisite authority to execute this Project Agreement on behalf of and to bind IO or Project Co, as applicable.

**60.16 Counterparts**

- (a) This Project Agreement may be executed in one or more counterparts. Any single counterpart or a set of counterparts executed, in either case, by all the Parties shall constitute a full, original and binding agreement for all purposes. Counterparts may be executed either in original or faxed form provided that any Party providing its signature in faxed form shall promptly forward to the other Party an original signed copy of this Project Agreement which was so faxed.

**60.17 Government Entities as Third Party Beneficiaries**

- (a) The provisions of Sections 3.1(b), 6.1, 6.2(a), 6.3(a), 6.4(a), 8.1(d), 9.2(a)(ii), 9.5(a)(v), 16.1(a), 18.3(h), 26.4(b), 33.8(b), 34.2(e), 49.9(a), 49.11, 50, 54.1 and 55.2(a) are:
  - (i) intended for the benefit of each Government Entity and, if set out in the relevant Section, each Government Entity's directors, officers, employees, board appointees, agents and representatives, and shall be enforceable by each of such persons and his or her heirs, executors, administrators and other legal representatives (collectively, the "Third Party Beneficiaries"); and

- (ii) are in addition to, and not in substitution for, any other rights that the Third Party Beneficiaries may have by contract or otherwise.
  
- (b) IO shall hold the rights and benefits of Sections 3.1(b), 6.1, 6.2(a), 6.3(a), 6.4(a), 8.1(d), 9.2(a)(ii), 9.5(a)(v), 16.1(a), 18.3(h), 26.4(b), 33.8(b), 34.2(e), 49.9(a), 49.11, 50, 54.1 and 55.2(a) in trust for and on behalf of the Third Party Beneficiaries and IO hereby accepts such trust and agrees to hold the benefit of and enforce performance of such covenants on behalf of the Third Party Beneficiaries.

*[Signature pages follow]*

IN WITNESS WHEREOF the Parties have executed this Project Agreement as of the date first above written.

**ONTARIO INFRASTRUCTURE  
PROJECTS CORPORATION**, as agent for  
Her Majesty The Queen in Right of Ontario, as  
represented by the Minister of Energy and  
Infrastructure

Per:

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Name: **[REDACTED]**  
Title: Senior Vice President,  
Infrastructure Lending and  
CFO

Per:

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Name: **[REDACTED]**  
Title: Senior Vice President,  
Project Delivery

I/We have authority to bind the corporation.

*[Remainder of this page is intentionally left blank]*

**INTEGRATED TEAM SOLUTIONS  
(JUSTICE INFRASTRUCTURE)  
PARTNERSHIP, [REDACTED],**

**[REDACTED]**

Per:

\_\_\_\_\_  
Name:  
Title:

Per:

\_\_\_\_\_  
Name:  
Title:

**[REDACTED]**

Per:

\_\_\_\_\_  
Name:  
Title:

Per:

\_\_\_\_\_  
Name:  
Title:

I/We have authority to bind the corporation.

## SCHEDULE 1

## DEFINITIONS AND INTERPRETATION

1. **Definitions.** In the Project Agreement, unless the context otherwise requires:
- 1.1 “**Account Trustee**” has the meaning given in Schedule 27 - Insurance Trust Agreement.
- 1.2 “**Additional Contractors**” means any independent contractor (not being, for the avoidance of doubt, the Construction Contractor, the Service Provider or Project Co) or IO’s own forces, engaged by IO to carry out the Additional Works.
- 1.3 “**Additional Project Co Equipment**” means all equipment approved by the Equipment Steering Committee as Additional Project Co Equipment.
- 1.4 “**Additional Works**” means those works in relation to the Facility which are not Works or Project Co Services and which is to be carried out by an Additional Contractor, including;
- (a) works or services to be performed either before or after Substantial Completion;  
or
  - (b) works or services IO requires to be performed prior to Substantial Completion with respect to;
    - (i) installation of information technology, communication equipment, and telephone equipment at the Facility; or
    - (ii) installation of anything similar to the above;
      - A) which is reasonably required in connection with the Facility; and
      - B) that does not fall within the scope of any Works;
- 1.5 “**Adjusted Estimated Fair Value**” has the meaning given in Schedule 20 - Compensation on Termination.
- 1.6 “**Adjusted Highest Qualifying Tender Price**” has the meaning given in Schedule 20 - Compensation on Termination.
- 1.7 “**Affiliate**” means, with respect to any person, any other person who directly or indirectly controls, is controlled by, or is under direct or indirect common control with, such person, and includes any person in like relation to an Affiliate. A person shall be deemed to “**control**” another person if such person possesses, directly or indirectly, the power to direct or cause the direction of the management and policies of such other person, whether through the ownership of voting securities, by contract or otherwise; and the term “**controlled**” shall have a similar meaning..

- 1.8 “**Affiliated Person**” has the meaning given in Schedule 28 - Benchmarking and Market Testing Procedure.
- 1.9 “**Aggregate Energy Target**” has the meaning given in Schedule 29 – Energy Matters.
- 1.10 “**Ancillary Documents**” means the Construction Contract, Service Contract, [REDACTED] and the Performance Security.
- 1.11 “**Annual Renewable Energy Generation**” has the meaning given in Schedule 29 – Energy Matters.
- 1.12 “**Annual Renewable Energy Generation Minimum Threshold**” has the meaning given in Schedule 29 – Energy Matters.
- 1.13 “**Annual Service Payment**” has the meaning given in Schedule 18 – Payment Mechanism.
- 1.14 “**Anticipated Final Completion Date**” has the meaning given in Section 24.11(a) of the Project Agreement.
- 1.15 “**Anticipated Substantial Completion Date**” has the meaning given in Section 24.7(a) of the Project Agreement.
- 1.16 “**Applicable Law**” means:
- (a) any statute or proclamation or any delegated or subordinate legislation including regulations and by-laws;
  - (b) any Authority Requirement; and
  - (c) any judgment of a relevant court of law, board, arbitrator or administrative agency which is a binding precedent in the Province of Ontario,
- in each case, (1) in force in the Province of Ontario, or otherwise binding on Project Co, any Project Co Party, IO or any IO Party.
- 1.17 “**Appointed Representative**” has the meaning given in Schedule 4 – Lenders' Direct Agreement.
- 1.18 “**Appointed Representative Notice**” has the meaning given in Schedule 4 – Lenders' Direct Agreement.
- 1.19 “**Approved Site Plan**” means the plans and drawings for the Project which have been approved by the City of Toronto.
- 1.20 “**As Built Drawings**” means drawings prepared by Project Co in a format and with content and details that IO, acting reasonably, considers appropriate.

- 1.21 “**Associated Liabilities**” has the meaning given in Section 33.8(b) of the Project Agreement.
- 1.22 “**Authority Requirements**” means any order, direction, directive, request for information, policy, administrative interpretation, guideline or rule of or by any Governmental Authority.
- 1.23 “**Availability Condition**” has the meaning given in Schedule 18 – Payment Mechanism.
- 1.24 “**Availability Failure**” has the meaning given in Schedule 18 – Payment Mechanism.
- 1.25 “**Availability Failure Deduction**” has the meaning given in Schedule 18 – Payment Mechanism.
- 1.26 “**Background Information**” means any and all drawings, reports (including the Environmental Reports and the Geotechnical Reports), studies, data, documents, or other information, given or made available to Project Co or any Project Co Party by IO or any IO Party, or which was obtained from or through any other sources prior to Commercial Close.
- 1.27 “**Bank**” has the meaning given in Schedule 27 - Insurance Trust Agreement.
- 1.28 “**Base Case Equity IRR**” means [REDACTED].
- 1.29 “**Bedding-In Period**” has the meaning given in Schedule 18 – Payment Mechanism.
- 1.30 “**Benchmark Price**” has the meaning given in Schedule 28 - Benchmarking and Market Testing Procedure.
- 1.31 “**Benchmarking Exercise**” has the meaning given in Schedule 28 - Benchmarking and Market Testing Procedure.
- 1.32 “**Benchmarking Proposal**” has the meaning given in Schedule 28 - Benchmarking and Market Testing Procedure.
- 1.33 “**Beneficiary**” has the meaning given in Section 54.3(a) of the Project Agreement.
- 1.34 “**Building Code**” means the regulations made under Section 34 of the *Building Code Act, 1992* (Ontario), as amended or replaced from time to time.
- 1.35 “**Building Permit**” means the building permit issued by the City of Toronto with respect to the construction of the Facility on the Site.
- 1.36 “**Business Day**” means any day other than a Saturday, a Sunday, a statutory holiday in the Province or any day on which banks are not open for business in the City of Toronto, Ontario.
- 1.37 “**Business Opportunities**” has the meaning given in Section 4.1(a) of the Project Agreement.

- 1.38 “**CaGBC**” means the Canadian Green Building Council.
- 1.39 “**Canadian and Industry Standards**” means, at the applicable time, those standards, practices, methods and procedures applicable to Good Industry Practice.
- 1.40 “**Canadian GAAP**” shall be deemed to be the generally accepted accounting principles, from time to time approved by the Canadian Institute of Chartered Accountants, or any successor institute, applicable as at the date on which such calculation is made or required to be made in accordance with generally accepted accounting principles, as such principles may be amended or varied by International Financial Reporting Standards then in effect in Canada, in any case consistently applied from one period to the next.
- 1.41 “**Capital Expenditure**” means capital expenditure as interpreted in accordance with Canadian GAAP.
- 1.42 “**Cash Allowance Account**” means [REDACTED].
- 1.43 “**Certification Services**” has the meaning given in Schedule 6 – Independent Certifier Agreement.
- 1.44 “**Certification Services Variation**” has the meaning given in Schedule 6 – Independent Certifier Agreement.
- 1.45 “**Change in Control**” means, with respect to a person:
- (a) any Change in Ownership, where the effect of such change is to result in control of the decisions made by or on behalf of such person subsequently being with a different entity or entities than prior to such change;
  - (b) any other change in respect of the power to elect a majority of the directors of the person or otherwise control the decisions made on behalf of such person; or
  - (c) any other change of direct or indirect power to direct or cause the direction of the management, actions or policies of such person.
- 1.46 “**Change in Law**” means the coming into effect or repeal (without re-enactment or consolidation) in Ontario of any Applicable Law, or any amendment or variation of any Applicable Law, including any judgment of a relevant court of law which changes binding precedent in Ontario, in each case after the date of the Project Agreement.
- 1.47 “**Change in Ownership**” means, with respect to a person, any change in ownership, whether beneficial or otherwise, of any of the shares or units of ownership of such person, or in the direct or indirect power to vote or transfer any of the shares or units of ownership of such person.
- 1.48 “**Change of Authorization Event**” has the meaning given in Schedule 27 - Insurance Trust Agreement.



- 1.49 “**Change of Authorization Notice**” has the meaning given in Schedule 27 - Insurance Trust Agreement.
- 1.50 “**CLA**” means the *Construction Lien Act* (Ontario).
- 1.51 “**Commercial Close**” means the date of the Project Agreement.
- 1.52 “**Commissioning Tests**” means all commissioning tests:
- (a) described in Schedule 11 – Outline Commissioning Program;
  - (b) required by Applicable Law, Canadian and Industry Standards or CSA Standards;
  - (c) recommended by the manufacturer of any part of the Facility or Equipment; and
  - (d) required to be included in the Final Commissioning Program by the Independent Certifier, the IO Commissioning Agent or the IO Representative during its development pursuant to 24.2 of the Project Agreement.
- 1.53 “**Compensation Date**” has the meaning given in Schedule 20 - Compensation on Termination.
- 1.54 “**Compensation Event**” has the meaning given in Section 39.1(a) of the Project Agreement.
- 1.55 “**Confidant**” has the meaning given in Section 50.6(a)(i) of the Project Agreement.
- 1.56 “**Confidential Information**” means all confidential and proprietary information which is supplied or made available by or on behalf of a Party, whether before or after Commercial Close.
- 1.57 “**Construction Contract**” means the construction contract between Project Co and the Construction Contractor dated on or about the date of Financial Close.
- 1.58 “**Construction Contractor**” means [REDACTED] engaged by Project Co to perform the Works and any substitute building contractor engaged by Project Co as may be permitted by the Project Agreement.
- 1.59 “**Construction Contractor’s Direct Agreement**” means the direct agreement between IO, Project Co, the Construction Contractor and [REDACTED] in the form set out in Schedule 5-1 - Construction Contractor’s Direct Agreement.
- 1.60 “**Construction Document Submittals**” has the meaning given in Section 18.3(c)(ii) of the Project Agreement.
- 1.61 [REDACTED].
- 1.62 “**Construction Quality Plan**” means such document included in Schedule 9 – Design Quality Plan and Construction Quality Plan.

- 1.63 “**Contamination**” means the presence of any Hazardous Substance in the environment, except Hazardous Substances present in the environment in concentrations below applicable standards as set by Applicable Laws. If Contamination is present in soil, surface water or groundwater, then the soil, surface water or groundwater, as applicable, containing the Contamination shall also be deemed to be Contamination for the purposes of the Project Agreement.
- 1.64 “**Contract Material**” has the meaning given in Schedule 6 – Independent Certifier Agreement.
- 1.65 “**Contract Month**” has the meaning given in Schedule 18 – Payment Mechanism.
- 1.66 “**Contract Year**” has the meaning given in Schedule 18 - Payment Mechanism.
- 1.67 “**Correctional Services Functionality**” means the ability of the Facility to enable IO and MCSCS to carry out all of the MCSCS Services, in a safe, secure and efficient manner and in particular achieving a balance between circulation, proximity, appropriate room adjacencies and the security requirements of a correctional facility in accordance with the requirements of the Output Specifications.
- 1.68 “**Correctional Services Functionality Report**” has the meaning given in Section 18.6(b) of the Project Agreement.
- 1.69 “**Corrective Maintenance**” means any maintenance, repair or restoration of equipment, systems, building structure, components or finishes, which maintenance, repair or restoration is conducted in order to remedy a breakdown of such equipment, system, building structure, component or finish or is conducted in order to achieve standard operating performance for such equipment, system, building structure, component or finish, and includes, without limitation, repairing collateral damage related to equipment beyond the immediate component that failed, minor repairs to interior finishes of the Facility (e.g. painting, etc.) and exterior finishes of the Facility (e.g. minor paving, sidewalks, etc.), but excludes, for greater certainty, Preventive Maintenance, Predictive Maintenance, Small Works and Lifecycle Maintenance.
- 1.70 “**Countdown Notice**” has the meaning given in Section 24.7(a) of the Project Agreement.
- 1.71 “**CPI**” means CPI-XFET, as published by Statistics Canada from time to time, or failing such publication, such other index as the Parties may agree, or as may be determined in accordance with Schedule 24 - Dispute Resolution Procedure, most closely resembles such index.
- 1.72 “**CPIC**” means the Canadian Police Information Center.
- 1.73 “**CPI<sub>n</sub>**” is the value of CPI on April 1 of the relevant Contract Year “n”, to be determined by reference to the relevant index in the month immediately preceding the indexation date.

- 1.74 “**CPIo**” is the value of CPI at Financial Close, to be determined by reference to the relevant index in the month immediately preceding Financial Close.
- 1.75 “**CSA Standards**” means, at the applicable time, the Canadian Standards Association standards.
- 1.76 “**CSIS**” means the Canadian Security Intelligence Service.
- 1.77 “**Custodian**” has the meaning given in Section 34.1(a) of the Project Agreement.
- 1.78 “**Custody Agreement**” has the meaning given in Section 34.1(a) of the Project Agreement.
- 1.79 “**Deduction**” has the meaning given in Schedule 18 – Payment Mechanism.
- 1.80 “**Default Interest Rate**” means simple interest at an annual rate equal to 2% over the rate of interest per annum quoted by [REDACTED] from time to time as its reference rate for Canadian Dollar demand loans made to its commercial customers in Canada and which it refers to as its “prime rate”, as such rate may be changed by it from time to time.
- 1.81 “**Default Notice**” has the meaning given in Schedule 4 – Lenders' Direct Agreement.
- 1.82 “**Default Period**” has the meaning given in Schedule 27 – Insurance Trust Agreement.
- 1.83 “**Delay Events**” has the meaning given in Section 38.1(a) of the Project Agreement.
- 1.84 “**Design and Construction Output Specifications**” means the design and construction output specifications contained in Part A of Schedule 12 – Output Specifications.
- 1.85 “**Design Compliance Consultant**” means [REDACTED].
- 1.86 “**Design Data**” means all data, drawings, reports, documents, plans, software, formulae, calculations, manuals, designs, materials, works and other data relating to the design, construction, testing, commissioning or operation of the Facility, but excluding (i) Intellectual Property of third parties, other than Project Co Parties, such as CAD software, that is used only in the process of design and construction, and (ii) Intellectual Property of third parties, other than Project Co Parties, such as building authorization software, that is used only in the building operating systems.
- 1.87 “**Design Development Submittals**” has the meaning given in Section 18.3(c)(i) of the Project Agreement.
- 1.88 “**Design Quality Plan**” means such document included in Schedule 9 – Design Quality Plan and Construction Quality Plan.
- 1.89 “**Design Team**” means:  
  
[REDACTED]

- engaged by Project Co to design the Facility and any substitute design team engaged by Project Co as may be permitted by the Project Agreement.
- 1.90 “**Design Workshops**” has the meaning given in Section 18.5(a) of the Project Agreement.
- 1.91 “**Designated Project Co Employee**” means:
- (a) every person employed or engaged by Project Co or a Project Co Party who is:
    - (ii) to carry out any of the responsibilities of Project Co under the Project Agreement during the Operational Term or to provide any of the Project Co Services; or
    - (iii) identified by name in any proposal submitted by Project Co or a Project Co Party or who is hired in replacement of any person so named;
  - (b) every person employed, engaged or hired by Project Co or a Project Co Party in connection with the construction of the Facility who is involved in the installation, testing or repair of:
    - (i) computer, phone or other communications or information technology wiring, cables or equipment; or
    - (ii) security features of the Facility, including all security related equipment or devices, locks, monitors, listening mechanisms, motion detectors, cameras or alarms; or
  - (c) every other person otherwise designated as a Designated Project Co Employee by IO from time to time.
- 1.92 “**Development Approval**” means development permits, building permits, zoning approvals and any other planning or development permit, consent or applicable permits, licences and approvals required from time to time for construction of the Facility.
- 1.93 “**Development Charges**” has the meaning given in Section 17.1(c) of the Project Agreement.
- 1.94 “**Development Charges Invoice**” has the meaning given in Section 17.1(c) of the Project Agreement.
- 1.95 “**Direct Agreements**” means the Construction Contractor’s Direct Agreement and the Service Provider’s Direct Agreement.
- 1.96 “**Direct Cost**” has the meaning given in Schedule 19 – Variation Procedure.
- 1.97 “**Direct Losses**” means all damage, losses, liabilities, penalties, fines, assessments, claims, actions, costs, expenses (including the cost of legal or professional services, legal

costs being on a full indemnity basis), proceedings, demands and charges whether arising under statute, contract or at common law, except Indirect Losses.

- 1.98 “**Discount Rate**” has the meaning given in Schedule 20 - Compensation on Termination.
- 1.99 “**Discreet Energy Target**” has the meaning given in Schedule 29 – Energy Matters.
- 1.100 “**Discriminatory Change in Law**” means any Change in Law, the effect of which is to discriminate directly against or impose additional Taxes which apply specifically to:
- (a) facilities whose design, construction, financing and facilities management are procured by a contract similar to the Project Agreement in relation to other similar facilities;
  - (b) the Facility in relation to other facilities similar to a correctional facility;
  - (c) Project Co in relation to other persons; or
  - (d) persons undertaking projects for design, construction, financing and facilities management that are procured by a contract similar to the Project Agreement in relation to other persons undertaking similar projects procured on a different basis,
- except that such Change in Law shall not be a Discriminatory Change in Law:
- (e) where it is in response to any act or omission on the part of Project Co which contravenes Applicable Law (other than an act or omission rendered illegal by virtue of the Discriminatory Change in Law itself);
  - (f) solely on the basis that its effect on Project Co is greater than its effect on other companies; or
  - (g) where such Change in Law is a change in Taxes that affects companies generally.
- 1.101 “**Dispute**” has the meaning given in Schedule 24 - Dispute Resolution Procedure.
- 1.102 “**Dispute Resolution Procedure**” means the procedure set out in Schedule 24 - Dispute Resolution Procedure.
- 1.103 “**Distribution**” has the meaning given in Schedule 25 - Refinancing.
- 1.104 “**Draft Proposal**” has the meaning given in Schedule 28 - Benchmarking and Market Testing Procedure.
- 1.105 “**Electronic Security System Integration Quality Plan**” means such document included in Schedule 33 – Electronic Security System Integration Quality Plan.
- 1.106 “**Electronic Security System Integration Services**” means those services set out in Schedule 12 – Output Specifications relating to the installation, integration, operation and

maintenance of the electronic security systems throughout the Facility, including, CCTV, security and fire alarms.

- 1.107 **“Emergency”** means any situation, event, occurrence, or multiple occurrences that:
- (a) constitutes or may constitute a hazard to or jeopardizes or may jeopardize the health and/or safety of persons;
  - (b) causes or may cause damage or harm to property, buildings and/or equipment; or
  - (c) materially interferes with or prejudices or may materially interfere with or prejudice the safe operation of the Facility, any part of the Site, the conduct of the Project Operations and/or the conduct of the MCSCS Services,
- and which, in the opinion of IO, requires immediate action to prevent and/or mitigate the occurrence (or risk of the occurrence) of the foregoing.
- 1.108 **“Employee Termination Payments”** has the meaning given in Schedule 20 - Compensation on Termination.
- 1.109 **“Encumbrance”** means any mortgage, lien, pledge, judgment, execution, charge, security interest, restriction, claim or encumbrance of any nature whatsoever, including claims of the Workplace Safety and Insurance Board, Canada Revenue Agency, and other Governmental Authorities.
- 1.110 **“Enforcement Action”** has the meaning given in Schedule 4 – Lenders' Direct Agreement.
- 1.111 **“Enforcement Event”** has the meaning given in Schedule 4 – Lenders' Direct Agreement.
- 1.112 **“Environmental and Sustainability Services”** has the meaning given in Part B of Schedule 12 – Output Specifications.
- 1.113 **“Environmental Reports”** means [REDACTED].
- 1.114 **“Equipment”** means the In-Contract Equipment, the Project Co Equipment and the Additional Project Co Equipment, if any, but for clarity does not include the MCSCS Equipment or Existing Equipment.
- 1.115 **“Equipment Invoice”** has the meaning given in Section 21.6(a) of the Project Agreement.
- 1.116 **“Equipment List”** means the list in Schedule 14 – Equipment.
- 1.117 **“Equipment Procurement Fee”** means [REDACTED].

- 1.118 “**Equipment RFP**” means the request for proposals to be prepared by Project Co for the procurement of any of the Project Co Equipment and Additional Project Co Equipment in accordance with Section 21 of this Project Agreement.
- 1.119 “**Equipment Steering Committee**” has the meaning given in Section 21.4(a) of the Project Agreement.
- 1.120 “**Equity Capital**” means the aggregate (without double counting) of, all subscribed share capital, shareholder loans and other contributed capital of Project Co, excluding, for greater certainty, any amounts advanced to Project Co under the Lending Agreements that has a fixed return without equity participation, step-up rights or rights to share in Project Co’s excess cash flow, and a coupon rate equal to or less than 150% of the coupon rate for senior debt under the Lending Agreements.
- 1.121 “**Equity IRR**” has the meaning given in Schedule 25 - Refinancing.
- 1.122 “**Equity Sale IRR**” means the Equity IRR calculated to the date of any sale of Equity Capital calculated by taking into account the full Implied Equity Value, together with all Distributions paid in respect of the Equity Capital, and the actual timing of payment of all such amounts.
- 1.123 “**Escrow Account**” has the meaning given in Schedule 21 - Expiry Transition Procedure.
- 1.124 “**Estimate**” has the meaning given in Schedule 19 - Variation Procedure.
- 1.125 “**Estimated Fair Value**” has the meaning given in Schedule 20 - Compensation on Termination.
- 1.126 “**Estimated Increased Maintenance Costs**” has the meaning given in Section 26.3(b) of the Project Agreement.
- 1.127 “**Event**” has the meaning given in Schedule 18 – Payment Mechanism.
- 1.128 “**Excess Equity Gain**” means an amount equal to the greater of zero and the difference between:
- (a) the amount paid in consideration of the percentage of Equity Capital (as at Financial Close) sold in a particular sale of Equity Capital; and
  - (b) the Threshold Equity Sale Amount.
- 1.129 “**Excluded Person**” has the meaning given in Schedule 28 - Benchmarking and Market Testing Procedure.
- 1.130 “**Excusing Cause**” has the meaning given in Section 40.1(a) of the Project Agreement.
- 1.131 “**Exempt Refinancing**” has the meaning given in Schedule 25 - Refinancing.
- 1.132 “**Exercise Date**” has the meaning given in Schedule 4 - Lenders’ Direct Agreement.

- 1.133 “**Existing Equipment**” means the equipment designated as “Existing Equipment” in Schedule 14 – Equipment.
- 1.134 “**Existing Facilities**” means the Mimico Correctional Centre located at 130 Horner Avenue, Toronto, Ontario.
- 1.135 “**Expert**” has the meaning given in Schedule 24 - Dispute Resolution Procedure.
- 1.136 “**Expiry Date**” means the 30<sup>th</sup> anniversary of the original Scheduled Substantial Completion Date, without taking into account any extensions to such date pursuant to Section 38 of the Project Agreement.
- 1.137 “**Expiry Lifecycle Costs**” has the meaning given in Schedule 21 - Expiry Transition Procedure.
- 1.138 “**Expiry Transition Amount**” has the meaning given in Schedule 21 - Expiry Transition Procedure.
- 1.139 “**Expiry Transition Procedure**” means the procedure for Expiry Transition described in Schedule 21 - Expiry Transition Procedure.
- 1.140 “**Expiry Transition Requirements**” has the meaning given in Schedule 21 - Expiry Transition Procedure.
- 1.141 “**Expiry Transition Security**” has the meaning given in Schedule 21 - Expiry Transition Procedure.
- 1.142 “**Expiry Transition Works**” has the meaning given in Schedule 21 - Expiry Transition Procedure.
- 1.143 “**Expiry Transition Works Costs**” has the meaning given in Schedule 21 - Expiry Transition Procedure.
- 1.144 “**Facilities Management Committee**” has the meaning given in Section 12.1(a) of the Project Agreement.
- 1.145 “**Facility**” means:
- (a) all buildings, facilities and other structures;
  - (b) the Plant;
  - (c) all site services, utilities, roadways and parking spaces required to support such buildings, facilities and structures;
  - (d) all supporting systems, infrastructure and improvements;
  - (e) all other works, improvements and demolitions to occur on the Site; and



- (f) all buildings, facilities, structures, site services, utilities, roadways, parking spaces, supporting systems and infrastructure related to the TIC,
- in each case required to meet the Output Specifications and whether or not in the course of construction, installation or completion.
- 1.146 “**Facility Condition Report**” has the meaning given in Schedule 21 - Expiry Transition Procedure.
- 1.147 “**Facility Volunteers**” means persons volunteering at the Facility, as authorized by MCSCS.
- 1.148 “**Failure Points**” has the meaning given in Schedule 18 – Payment Mechanism.
- 1.149 “**Failure Type**” has the meaning given in Schedule 18 – Payment Mechanism.
- 1.150 “**Fee**” has the meaning given in Schedule 6 – Independent Certifier Agreement.
- 1.151 “**Final Commissioning Program**” has the meaning given in Section 24.2 of the Project Agreement.
- 1.152 “**Final Completion**” means the completion of the Works in accordance with the Project Agreement, including completion of all Final Minor Deficiencies and the Remaining Works, other than any minor work which is seasonal in nature and cannot be completed by the Final Completion Date.
- 1.153 “**Final Completion Certificate**” means the certificate to be issued by the Independent Certifier in accordance with Section with Section 24.15(d) of the Project Agreement.
- 1.154 “**Final Completion Countdown Notice**” means the notice to be delivered by Project Co in accordance with Section 24.11(a) of the Project Agreement.
- 1.155 “**Final Completion Date**” means the date on which Final Completion is achieved as evidenced by the Final Completion Certificate, as such date shall be stated therein.
- 1.156 “**Final Completion Notice**” has the meaning given in Section 24.15(b) of the Project Agreement.
- 1.157 “**Final Facility Condition Report**” has the meaning given in Schedule 21 - Expiry Transition Procedure.
- 1.158 “**Final Minor Deficiencies**” means any defect, deficiencies and items of outstanding work arising from or related to the Remaining Works, including any outstanding Minor Deficiencies, but not including any items of minor work which are seasonal in nature and cannot be completed by the Final Completion Date.
- 1.159 “**Final Minor Deficiencies List**” has the meaning given in Section 24.12(a) of the Project Agreement.

- 1.160 “**Financial Close**” means the first date that funding is available under the Lending Agreements.
- 1.161 “**Financial Close Target Date**” means the date of the Project Agreement.
- 1.162 “**Financial Model**” means the computer spreadsheet model for the Project incorporating statements of Project Co’s cashflows including all expenditure, revenues, financing and taxation of the Project Operations together with the profit and loss accounts and balance sheets for Project Co throughout the Project Term accompanied by details of all assumptions, calculations and methodology used in their compilation and any other documentation necessary or desirable to operate the model.
- 1.163 “**FIPPA**” means the *Freedom of Information and Protection of Privacy Act* (Ontario).
- 1.164 “**Five Year Maintenance Plan**” means the rolling plan to be prepared by or on behalf of Project Co for the maintenance of the Facility in accordance with the requirements of Part B of Schedule 12 - Output Specifications and the other provisions of the Project Agreement during each five year period, which plan shall be based, in part, on the Project Co Proposal Extracts.
- 1.165 “**FM Output Specifications**” means the facilities management output specifications contained in Part B of Schedule 12 – Output Specifications.
- 1.166 “**Force Majeure**” has the meaning given in Section 42.1(a) of the Project Agreement.
- 1.167 “**Functional Area**” has the meaning given in Schedule 18 – Payment Mechanism.
- 1.168 “**Functional Part**” has the meaning given in Schedule 18 – Payment Mechanism.
- 1.169 “**Functional Unit**” has the meaning given in Schedule 18 – Payment Mechanism.
- 1.170 “**Future Phases**” has the meaning given in Schedule 35 – Term Sheet for Future Phases.
- 1.171 “**Gainshare Adjustment**” has the meaning given in Schedule 29 – Energy Matters.
- 1.172 “**General Management Services**” has the meaning given in Part B of Schedule 12 – Output Specifications.
- 1.173 “**General Provisions Services**” means the obligations set out in Section 1.2 and 1.3 of Part B of Schedule 12 – Output Specifications.
- 1.174 “**Geotechnical Reports**” means [REDACTED].
- 1.175 “**Good Industry Practice**” means using standards, practices, methods and procedures to a good commercial standard, conforming to Applicable Law and exercising that degree of skill and care, diligence, prudence and foresight which would reasonably and ordinarily be expected from a qualified, skilled and experienced person engaged in a similar type of undertaking under the same or similar circumstances.

- 1.176 “**Government Entity**” means one or more of the Province, MEI, IO, ORC and MCSCS.
- 1.177 “**Government Sensitive Information**” means any information which is designated as such by the Province from time to time, or which a reasonable person, having regard to the circumstances, would regard as sensitive, including (i) all confidential information that is designated as such by Applicable Law, (ii) all information that relates to the security systems of the Facility and of detention centres in Ontario generally, (iii) any record, the disclosure of which could be injurious to the interests of the Province, and (iv) any information that discloses the identity or whereabouts of a police informant or undercover officer.
- 1.178 “**Governmental Authority**” means any federal, provincial, territorial, regional, municipal or local governmental authority, quasi-governmental authority, court, government or self-regulatory organization, commission, board, tribunal, organization, or any regulatory, administrative or other agency, or any political or other subdivision, department, or branch of any of the foregoing, having legal jurisdiction in any way over IO, any aspect of the performance of the Project Agreement or the operation of the Facility or the MCSCS Services, in each case to the extent it has or performs legislative, judicial, regulatory, administrative or other functions within its jurisdiction.
- 1.179 “**Grounds Maintenance and Landscaping Services**” has the meaning given in Part B of Schedule 12 – Output Specifications.
- 1.180 “**GST**” means the tax payable and imposed pursuant to Part IX of the *Excise Tax Act* (Canada), and any successor legislation thereto.
- 1.181 “**H&S Conviction**” has the meaning given in Section 43.1(a)(xvii) of the Project Agreement.
- 1.182 “**Hazardous Substances**” means any contaminant, pollutant, dangerous substance, toxic substance, liquid waste, industrial waste, gaseous waste, hauled liquid waste, hazardous material, or hazardous substance as defined or identified pursuant to any Applicable Law.
- 1.183 “**Help Desk**” has the meaning given in Schedule 18 – Payment Mechanism.
- 1.184 “**Help Desk Services**” has the meaning given in Part B of Schedule 12 – Output Specifications.
- 1.185 “**Heritage Guidelines and Protocols**” means the Government of Ontario’s Best Practice Guidelines for the Treatment of Human Skeletal Remains Discovered Outside a Licensed Cemetery and the Cultural Heritage Protocol Agreement between ORC and the Ministry of Culture and Communications.
- 1.186 “**HVAC**” means heating, ventilation and air conditioning.
- 1.187 “**Hydro Cash Allowance**” means the amount of [REDACTED] for Hydro Connection Work.

- 1.188 “**Hydro Connection Work**” means the work described in Section G4010, Item 10 of Part A of Schedule 12 – Output Specifications.
- 1.189 “**Implied Equity Value**” means the amount paid in consideration of a percentage of Equity Capital divided by the percentage of Equity Capital (as at Financial Close) sold in a particular sale of Equity Capital.
- 1.190 “**In-Contract Equipment**” means all equipment specified in Part A of Schedule 12 – Output Specifications to be purchased, installed or commissioned by Project Co, but for clarity does not include the Project Co Equipment, the Additional Project Co Equipment, if any, the Existing Equipment and the MCSCS Equipment.
- 1.191 “**Indebtedness Notice**” has the meaning given in Schedule 4 – Lenders' Direct Agreement.
- 1.192 “**Indemnifiable Taxes**” has the meaning given in Section 33.8(b) of the Project Agreement.
- 1.193 “**Indemnifier**” has the meaning given in Section 54.3(a) of the Project Agreement.
- 1.194 “**Independent Certifier**” means the person appointed as the Independent Certifier pursuant to the Independent Certifier Agreement and as may be permitted pursuant to the Project Agreement.
- 1.195 “**Independent Certifier Agreement**” means the contract entered into between Project Co, IO and the Independent Certifier in substantially the form attached hereto as Schedule 6 - Independent Certifier Agreement.
- 1.196 “**Independent Inspector**” has the meaning given in Schedule 21 - Expiry Transition Procedure.
- 1.197 “**Indirect Losses**” has the meaning given in Section 55.1(a) of the Project Agreement.
- 1.198 “**Individual Representatives**” has the meaning given in Section 9.7(k) of the Project Agreement.
- 1.199 “**Inmate Visitors**” means persons visiting Inmates at the Facility, as authorized by MCSCS.
- 1.200 “**Inmates**” means persons under the supervision, care and custody of MCSCS at the Facility.
- 1.201 “**Innovation Proposal**” has the meaning given in Section 37.2(b) of the Project Agreement.
- 1.202 “**Insurance Policies**” has the meaning given in Schedule 27 - Insurance Trust Agreement.

- 1.203 “**Insurance Proceeds**” has the meaning given in Schedule 27 - Insurance Trust Agreement.
- 1.204 “**Insurance Review Date**” has the meaning given in Schedule 22 – Insurance and Performance Security Requirements.
- 1.205 “**Insurance Trust Agreement**” means the insurance trust agreement to be entered into between IO, the Lenders’ Agent, Project Co and the Account Trustee in the form set out in Schedule 27 - Insurance Trust Agreement.
- 1.206 “**Intellectual Property**” means, in connection with a specified subject matter, on a worldwide basis, all registered or unregistered Trade-Marks, trade names, patents, copyrights, trade secrets, designs, rights of publicity, mask work rights, utility models and other industrial or intangible property rights of a similar nature, all grants and registrations worldwide in connection with the foregoing and all other rights with respect thereto existing other than pursuant to grant or registration; all applications for any such grant or registration, all rights of priority under international conventions to make such applications and the right to control their prosecution, and all amendments, continuations, divisions and continuations-in-part of such applications; and all corrections, reissues, patents of addition, extensions and renewals of any such grant, registration or right.
- 1.207 “**Intellectual Property Rights**” means all Intellectual Property in or associated with the Project Data, and all Intellectual Property which, or the subject matter of which, is at any time before or after Commercial Close, created, brought into existence or acquired by Project Co, any Project Co Party or by other third parties (for such third parties’ use by or on behalf of or for the benefit of Project Co) for any or all of the purposes of:
- (a) the Works, including the design and construction of the Facility (excluding Intellectual Property of third parties, such as CAD software, that is used only in the process of design and construction);
  - (b) the Project Co Services, including the operation, maintenance, improvement and testing of the Facility;
  - (c) any other Project Operations; or
  - (d) the Project Agreement.
- 1.208 [REDACTED]
- 1.209 “**Invoice Date**” has the meaning given in Schedule 20 - Compensation on Termination.
- 1.210 “**IO**” or “**Infrastructure Ontario**” means the non-share capital corporation continued under the Ontario Infrastructure Projects Corporation Act, S.O. 2006, e.9, Schedule I, as amended and includes any successors to IO or persons exercising delegated power and the Minister’s authority, as agent for Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and Infrastructure.

- 1.211 “**IO Commissioning**” means the commissioning activities to be carried out by IO in accordance with the Final Commissioning Program.
- 1.212 “**IO Commissioning Agent**” means the person appointed by IO as its commissioning agent.
- 1.213 “**IO Commissioning Period**” means the period during which IO is performing the IO Commissioning.
- 1.214 “**IO Commissioning Tests**” means all commissioning tests required to be performed by IO pursuant to the Final Commissioning Program.
- 1.215 “**IO Default Termination Sum**” has the meaning given in Schedule 20 - Compensation on Termination.
- 1.216 “**IO Event of Default**” has the meaning given in Section 44.1(a) of the Project Agreement.
- 1.217 “**IO Party**” means any of IO’s agents, contractors and subcontractors of any tier and its or their directors, officers and employees, but excluding Project Co and any Project Co Party, and the “**IO Parties**” shall be construed accordingly.
- 1.218 “**IO Project Documents**” has the meaning given in Schedule 4 – Lenders' Direct Agreement.
- 1.219 “**IO Representative**” means the person designated as such by IO on or prior to Commercial Close and any permitted replacement.
- 1.220 “**IO Taxes**” means taxes, or payments in lieu of taxes, imposed on IO and property taxes for which IO is responsible pursuant to Section 33 of the Project Agreement.
- 1.221 “**IO TIC Commissioning**” has the meaning given in Schedule 34 – Toronto Intermittent Centre.
- 1.222 “**IO Trade-Marks**” means any and all Trade-Marks used by IO in any manner whatsoever.
- 1.223 “**IO Work**” has the meaning given in Schedule 19 - Variation Procedure.
- 1.224 “**IPFP Framework**” has the meaning given in the recitals to the Project Agreement.
- 1.225 “**Irrecoverable Tax**” has the meaning given in Section 33.4(b) of the Project Agreement.
- 1.226 [REDACTED]
- 1.227 [REDACTED]
- 1.228 [REDACTED]

- 1.229 “**Joint Insurance Cost Report**” has the meaning given in Schedule 22 – Insurance and Performance Security Requirements.
- 1.230 “**Jointly Developed Materials**” has the meaning given in Section 49.5(a) of the Project Agreement.
- 1.231 “**Junior Debt Amount**” has the meaning given in Schedule 20 – Compensation on Termination.
- 1.232 “**Junior Debt Makewhole**” has the meaning given in Schedule 20 – Compensation on Termination.
- 1.233 “**Junior Debt Service Amount**” means, for any period, the principal and interest payable by Project Co or any Project Co Party to the Junior Lenders in the normal course under the Lending Agreements.
- 1.234 “**Junior Lenders**” [REDACTED]
- 1.235 “**LEED**” means Leadership in Energy & Environmental Design.
- 1.236 “**LEED Rating System**” means certification under LEED® Canada-NC Version 1.0 (December 2004) and LEED Rating System Addendum to LEED® Canada-NC Version 1.0 (March 2007).
- 1.237 “**LEED Silver Rating**” means the achievement of a “Silver” rating from the CaGBC, with respect to the CaGBC’s Leadership in Energy & Environmental Design (LEED) Green Building Rating System For New Construction And Major Renovations, LEED® Canada-NC Version 1.0 (December 2004) and LEED Rating System Addendum to LEED® Canada-NC Version 1.0 (March 2007).
- 1.238 “**Lender Representative**” has the meaning given in Schedule 4 – Lenders' Direct Agreement.
- 1.239 “**Lenders**” means all or any of the persons who provide financing to Project Co in respect of the Project Operations under the Lending Agreements and, where the context so permits, prospective financiers or lenders.
- 1.240 “**Lenders’ Agent**” has the meaning given in Schedule 4 - Lenders’ Direct Agreement.
- 1.241 “**Lenders’ Direct Agreement**” means the direct agreement to be entered into between IO, the Lenders’ Agent and Project Co in the form set out in Schedule 4 - Lenders’ Direct Agreement.
- 1.242 “**Lending Agreements**” has the meaning given in Schedule 20 - Compensation on Termination.
- 1.243 “**Lifecycle Maintenance**” means maintenance of furnishings and equipment over its lifetime.

- 1.244 “**Lifecycle Payment**” has the meaning given in Schedule 18 – Payment Mechanism.
- 1.245 “**Lifecycle Replacement**” means the planned or scheduled replacement, refreshment and/or refurbishment of building systems, equipment and fixtures that have reached the end of their useful service life during the Project Term, as contemplated in Section 3.3.3 of Part B of Schedule 12 – Output Specifications and “**Lifecycle Replacement Plan**” means the plan to be prepared by or on behalf of Project Co for the Lifecycle Replacement in accordance with the FM Output Specifications and the other provisions of the Project Agreement.
- 1.246 “**Liquid Market**” has the meaning given in Schedule 20 - Compensation on Termination.
- 1.247 “**Longstop Date**” has the meaning given in Section 43.1(a)(ii) of the Project Agreement.
- 1.248 “**Maintenance Work**” means any work performed or required to be performed after Substantial Completion for maintenance or repair of the Facility in accordance with the requirements of the Project Agreement.
- 1.249 [REDACTED]
- 1.250 “**Market Tested Services**” has the meaning given in Schedule 28 - Benchmarking and Market Testing Procedure.
- 1.251 “**Market Testing**” has the meaning given in Schedule 28 - Benchmarking and Market Testing Procedure.
- 1.252 “**Market Testing Date**” has the meaning given in Schedule 28 - Benchmarking and Market Testing Procedure.
- 1.253 “**Market Testing Meeting**” has the meaning given in Schedule 28 - Benchmarking and Market Testing Procedure.
- 1.254 “**Market Value Availability Deduction Amount**” has the meaning given in Schedule 20 - Compensation on Termination.
- 1.255 “**Maximum Service Payment**” has the meaning given in Schedule 20 - Compensation on Termination.
- 1.256 “**MCSCS**” means Her Majesty The Queen in Right of Ontario, as represented by the Minister of Community Safety and Correctional Services, and includes any successors thereto or persons exercising delegated power and the Minister’s authority.
- 1.257 “**MCSCS Collective Agreement**” has the meaning given in Part B of Schedule 12 – Output Specifications.
- 1.258 “**MCSCS Equipment**” means the information technology and any other equipment that will be procured and installed in the Facility by MCSCS.



- 1.259 “**MCSCS FM Services**” has the meaning given in the FM Output Specifications.
- 1.260 “**MCSCS HR Policy**” means MCSCS’ human resource policies and guidelines, as they may be amended from time to time and provided to Project Co in writing.
- 1.261 “**MCSCS Security Event**” means an event or series of events that (i) disrupt the normal daily operations of the Facility and adversely impact or threaten to adversely impact the safety and security of individuals and/or the Facility, and (ii) restrict Project Co’s physical access to the Site or the Facility (in excess of the access restrictions routinely in place for Project Co with respect to the Site or Facility), provided that the additional restriction on access to the Site or Facility has been approved by the Superintendent or the Superintendent’s designate.
- 1.262 “**MCSCS Services**” means correctional and detention centre management services, and related services provided by the Province, its ministries and its agencies and the correctional and detention centre managements services as described in the Output Specifications, and includes the MCSCS FM Services.
- 1.263 “**MCSCS Visitors**” means persons authorized by MCSCS to visit the Facility, except Inmate Visitors.
- 1.264 “**Medical Contamination**” means a disease carrying agent which cleaning and prevention of infection or contamination techniques in use in accordance with Good Industry Practice and the Project Agreement cannot substantially prevent or cannot substantially remove with the result that:
- (a) it is unsafe to admit staff, inmates or visitors to the relevant area or to use the area for the purpose for which it is intended; and
  - (b) the area cannot be made safe for the admission of staff, inmates or visitors.
- 1.265 “**MEI**” means Her Majesty The Queen in Right of Ontario as represented by the Minister of Energy and Infrastructure, and includes any successors thereto or persons exercising delegated power under the Minister’s authority.
- 1.266 “**MGS**” means Her Majesty The Queen in Right of Ontario, as represented by the Minister of Government Services, and includes any successors thereto or persons exercising delegated power and the Minister’s authority.
- 1.267 “**Minor Deficiencies**” means any defects, deficiencies and items of outstanding Work (including in relation to seasonal work) arising from or related to the work required to achieve Substantial Completion and, which would not materially impair (i) IO’s use and enjoyment of the Facility, (ii) the performance of the MCSCS Services or (iii) the performance of the Project Co Services by Project Co, taking into account the nature of the Facility. Any defects, deficiencies and items of outstanding works located inside the security perimeters of the Facility that compromise safety, security or emergency response capability shall be deemed not to be Minor Deficiencies.

- 1.268 “**Minor Deficiencies List**” has the meaning given in Section 24.8(a) of the Project Agreement.
- 1.269 “**Monitoring Notice**” has the meaning given in Section 29.4(a) of the Project Agreement.
- 1.270 “**Monthly Equipment Payment**” has the meaning given in Section 21.6(a) of the Project Agreement.
- 1.271 “**Monthly Equipment Payment Estimate**” has the meaning given in Section 21.3(h) of the Project Agreement.
- 1.272 “**Monthly Service Payment**” has the meaning given in Schedule 18 - Payment Mechanism.
- 1.273 “**MSDS**” means the material safety data sheets prescribed by the applicable WHMIS legislation.
- 1.274 “**New Agreement**” has the meaning given in Schedule 20 - Compensation on Termination.
- 1.275 “**New Project Co**” has the meaning given in Schedule 20 - Compensation on Termination.
- 1.276 “**No Default Interest Rate**” means the rate of interest per annum quoted by the Bank of Montreal from time to time as its reference rate for Canadian Dollar demand loans made to its commercial customers in Canada and which it refers to as its “prime rate”, as such rate may be changed by it from time to time.
- 1.277 “**Non-Default Termination Sum**” has the meaning given in Schedule 20 – Compensation on Termination.
- 1.278 “**Non-Resident**” means a person that is, at the relevant time, a non-resident of Canada for the purposes of the *Income Tax Act* (Canada).
- 1.279 “**Normal Wear and Tear**” means wear and tear that is reasonable given the use and age of the Facility (notwithstanding that any furniture, decorative fittings, finishes (including paintwork, fabric and special finishes), floor coverings and soft furnishings would be obsolete on the Expiry Date, but is still functional and operable), and consistent with wear and tear that could reasonably be expected to exist at a facility similar to the Facility, operating in a similar environment and similar circumstances and of a similar age, but does not include any degradation in the functionality or operability of the Facility, including furniture, decorative fittings, finishes (including paintwork, fabric and special finishes), floor coverings and soft furnishings (even if obsolete on the Expiry Date) so that the Facility or any element of the Facility (subject to the exceptions specified in Section 2.2 of Schedule 21 - Expiry Transition Procedure) fails to meet the Output Specifications, or fails to comply with Applicable Law.
- 1.280 “**Notice**” has the meaning given in Section 59.1(a) of the Project Agreement.

- 1.281 “**Notice of Dispute**” has the meaning given in Schedule 24 - Dispute Resolution Procedure.
- 1.282 “**Notice Period**” has the meaning given in Schedule 4 – Lenders' Direct Agreement.
- 1.283 “**Novation Date**” has the meaning given in Schedule 4 – Lenders' Direct Agreement.
- 1.284 “**Novation Notice**” has the meaning given in Schedule 4 – Lenders' Direct Agreement.
- 1.285 “**Occupancy Permit**” means all Permits, Licences and Approvals required for the occupancy of the Facility in compliance with Applicable Law.
- 1.286 “**Operational Policies, Procedures and Practices**” means such policies, procedures and practices to be developed pursuant to the Output Specifications and the Final Commissioning Program.
- 1.287 “**Operational Policies, Procedures and Practices Outline**” has the meaning given in Part B of Schedule 12 – Output Specifications.
- 1.288 “**Operational Term**” means the period from the Substantial Completion Date until the end of the Project Term.
- 1.289 “**ORC**” means Ontario Realty Corporation.
- 1.290 “**Order**” has the meaning given in Schedule 27 - Insurance Trust Agreement.
- 1.291 “**Outline Commissioning Program**” means the schedule setting out the standards, specifications, procedures and other requirements for the performance and completion of the commissioning activities of the Parties outlined in Schedule 11 – Outline Commissioning Program.
- 1.292 “**Output Specifications**” means, collectively, the Design and Construction Output Specifications, the Phase 1 Site Enabling Works Specifications and the FM Output Specifications.
- 1.293 “**PA Parties**” or “**PA Party**” has the meaning given in Schedule 6 – Independent Certifier Agreement.
- 1.294 “**Painshare Adjustment**” has the meaning given in Schedule 29 – Energy Matters.
- 1.295 [REDACTED]
- 1.296 “**Party**” means either IO or Project Co, and “**Parties**” means both IO and Project Co.
- 1.297 “**Party Representative**” and “**Party Representatives**” have the meanings given in Schedule 24 - Dispute Resolution Procedure.
- 1.298 “**Payment Adjustment Report**” has the meaning given in Section 32.6(i)(ii) of the Project Agreement.

- 1.299 **“Payment Commencement Date”** means the date that is two Business Days after the Substantial Completion Date.
- 1.300 **“Payment Mechanism”** means Schedule 18 – Payment Mechanism.
- 1.301 **“Payment Periods”** means the payment periods of one calendar month (as adjusted in this definition) established by IO for each Contract Year, provided that the first Payment Period in the first Contract Year, and the last Payment Period in the last Contract Year may be a shorter period as a result of the timing of the Payment Commencement Date and the Expiry Date within the Payment Periods otherwise established in accordance with the foregoing.
- 1.302 **“Performance Audit”** has the meaning given in Section 26.8(a) of the Project Agreement.
- 1.303 **“Performance Indicator”** has the meaning given in Part B of Schedule 12 – Output Specifications.
- 1.304 **“Performance Monitoring Program”** or **“PMP”** has the meaning given in Part B of Schedule 12 – Output Specifications.
- 1.305 **“Performance Monitoring Report”** means the performance monitoring report contemplated by the FM Output Specifications in Part B of Schedule 12 – Output Specifications.
- 1.306 **“Performance Security”** means the performance security required pursuant to Article 19 of Schedule 22 – Insurance and Performance Security Requirements.
- 1.307 **“Permits, Licences and Approvals”** means all permissions, consents, approvals, certificates, permits, licences, statutory agreements and authorizations to be obtained by Project Co in accordance with the Project Agreement and as required by Applicable Law, and all necessary consents and agreements from any third parties (including any Development Approval), needed to perform the Project Operations in accordance with the Project Agreement.
- 1.308 **“Permitted Borrowing”** means:
- (a) any advance to Project Co under the Lending Agreements;
  - (b) any additional financing approved by IO in accordance with Section 1.9 of Schedule 19 - Variation Procedure; and
  - (c) any amendment, waiver or exercise of a right under the Lending Agreements made during the Step-In Period that does not increase IO’s liabilities under the Project Agreement whether actual or contingent, present or future, known or unknown.

- 1.309 “**Personal Information**” means all personal information (as the term “**personal information**” is defined in FIPPA) in the possession, custody or control of Project Co or a Project Co Party, that IO discloses, transfers or provides access to Project Co or a Project Co Party in connection with the Project Operations or that Project Co or a Project Co Party otherwise collects, handles or of which it otherwise comes into possession in connection with the Project Operations, other than personal information of the employees of Project Co or a Project Co Party and other than personal information that is (i) wholly unrelated to the Project Operations, and (ii) not derived directly or indirectly from IO in respect of the Project.
- 1.310 “**Pest Control Services**” has the meaning given in Part B of Schedule 12 – Output Specifications.
- 1.311 “**Phase 1 Site Enabling Works**” means the demolition and excavation activities set out in Appendix 1 to Part A of Schedule 12 – Output Specifications.
- 1.312 “**Phase 1 Site Enabling Works Specifications**” means the demolition and excavation specifications contained in Appendix 1 to Part A of Schedule 12 – Output Specifications.
- 1.313 “**Plant**” means all buildings, building services, infrastructure, building fabric, and mechanical and electrical services, including, for clarity, the Renewable Energy Structure, which are required to meet the operational needs of IO as defined in Schedule 12 – Output Specifications.
- 1.314 “**Plant Services**” has the meaning given in Part B of Schedule 12 – Output Specifications.
- 1.315 “**Plant Services Information Management System**” has the meaning given in Schedule 12 – Output Specifications.
- 1.316 “**Post Termination Service Amount**” has the meaning given in Schedule 20 - Compensation on Termination.
- 1.317 “**Predictive Maintenance**” means equipment maintenance based on measuring the condition of equipment to assess whether it is likely to fail during a future period and taking appropriate maintenance or repair action to avoid the likelihood of the failure. The condition of the equipment may be monitored by equipment performance, human senses or testing such as vibration analysis, oil testing and infrared testing.
- 1.318 “**Pre-Existing Environmental Site Conditions**” means the environmental condition of the Site as set out in the Environmental Reports.
- 1.319 “**Preferred Service Tenderer**” has the meaning given in Schedule 28 - Benchmarking and Market Testing Procedure.
- 1.320 “**Preventive Maintenance**” is a scheduled and/or frequency-based maintenance regime designed to ensure that building components, equipment and fixtures will achieve their

- expected design or service life, and will provide reliable functionality within the defined performance parameters and includes Lifecycle Maintenance.
- 1.321 “**Prohibited Act**” has the meaning given in Section 58.1(a) of the Project Agreement.
- 1.322 “**Prohibited Acts Termination Sum**” has the meaning given in Schedule 20 - Compensation on Termination.
- 1.323 “**Project**” has the meaning given in the recitals to the Project Agreement.
- 1.324 “**Project Agreement**” has the meaning given in the recitals to the Project Agreement.
- 1.325 “**Project Agreement Arbitration**” has the meaning given in Schedule 24- Dispute Resolution Procedure.
- 1.326 “**Project Co**” has the meaning given in the introductory paragraph of the Project Agreement.
- 1.327 “**Project Co Commissioning**” means the commissioning activities to be carried out by Project Co prior to the issuance of the Substantial Completion Certificate in accordance with the Outline Commissioning Program.
- 1.328 “**Project Co Commissioning Coordinator**” means the person appointed by Project Co as its commissioning agent.
- 1.329 “**Project Co Commissioning Tests**” means all commissioning tests required to be performed by Project Co pursuant to the Final Commissioning Program.
- 1.330 “**Project Co Equipment**” means the equipment designated as “Project Co Equipment” in Schedule 14 – Equipment and shall include all TIC Equipment.
- 1.331 “**Project Co Event of Default**” has the meaning given in Section 43.1(a) of the Project Agreement.
- 1.332 “**Project Co IP**” means all data, documents, drawings, reports, plans, software, formulae, calculations and other designs, works or materials, and the Intellectual Property therein, which is at any time before or after Commercial Close, created, brought into existence, acquired or licensed by Project Co or any Project Co Party outside the scope of this Project Agreement and used in connection with the Project.
- 1.333 “**Project Co Party**” means:
- (a) the Construction Contractor;
  - (b) the Service Provider;
  - (c) any person engaged by Project Co, the Construction Contractor, and/or the Service Provider from time to time as may be permitted by the Project Agreement

to procure or manage the provision of the Project Operations (or any of them);  
and

- (d) in respect of each of the above, their subcontractors of any tier, agents, employees, officers and directors,

and “**Project Co Parties**” shall be construed accordingly.

1.334 “**Project Co Proposal Extracts**” has the meaning given in Schedule 31 – Project Co Proposal Extracts.

1.335 “**Project Co Representative**” means the person designated as such by Project Co on or prior to Commercial Close and any permitted replacement.

1.336 “**Project Co Services**” means the services to be performed by Project Co as set out in the FM Output Specifications, as such services may from time to time be varied in accordance with the Project Agreement, and for greater certainty, excludes the MCSCS Services.

1.337 “**Project Co TIC Commissioning**” has the meaning given in Schedule 34 – Toronto Intermittent Centre.

1.338 “**Project Co TIC Services**” has the meaning given in Schedule 34 – Toronto Intermittent Centre.

1.339 “**Project Co Variation Notice**” has the meaning given in Schedule 19 - Variation Procedure.

1.340 “**Project Data**” means:

- (a) all Design Data;
- (b) all operation and maintenance manuals contemplated by Section 24.5 of the Project Agreement;
- (c) all drawings, reports, documents, plans, software, formulae, calculations and other data relating to the provision of the Project Co Services; and
- (d) any other materials, works, documents and/or data acquired, brought into existence or used in relation to the Project Operations or the Project Agreement,

other than the Project Co IP, the Jointly Developed Materials, the Background Information and the Intellectual Property of third parties that is used only in the process of design and construction, such as CAD software.

1.341 “**Project Documents**” means the Ancillary Documents and the Lending Agreements.

1.342 “**Project Know-How**” means all ideas, concepts, alternatives, methodologies, processes, recommendations and suggestions developed by or through Project Co or any Project Co

Party and revealed to or discovered by IO, whether before or after Commercial Close, which may be connected in any way to:

- (a) the Works, including the design and construction of the Facility;
- (b) the Project Co Services, including the operation , maintenance, improvement and testing of the Facility;
- (c) any other Project Operations; or
- (d) the Project Agreement.

1.343 **“Project Operations”** means:

- (a) the performance of the Works;
- (b) the delivery of the Project Co Services; and
- (c) the performance of all other obligations of Project Co under the Project Agreement.

1.344 **“Project Term”** means the period commencing on Commercial Close and expiring at midnight on the Termination Date.

1.345 **“Proprietor”** has the meaning given in Section 50.6(a) of the Project Agreement.

1.346 **“Prospective Service Tenderers”** has the meaning given in Schedule 28 - Benchmarking and Market Testing Procedure.

1.347 **“Province”** or **“Crown”** means Her Majesty the Queen in Right of Ontario.

1.348 **“Qualification Criteria”** has the meaning given in Schedule 20 - Compensation on Termination.

1.349 **“Qualifying Bank”** has the meaning in Schedule 25 - Refinancing.

1.350 **“Qualifying Bank Transaction”** has the meaning in Schedule 25 - Refinancing.

1.351 **“Qualifying Refinancing”** has the meaning given in Schedule 25 - Refinancing.

1.352 **“Qualifying Service Tender”** has the meaning given in Schedule 28 - Benchmarking and Market Testing Procedure.

1.353 **“Qualifying Tender”** has the meaning given in Schedule 20 - Compensation on Termination.

1.354 **“Qualifying Tenderer”** has the meaning given in Schedule 20 - Compensation on Termination.



- 1.355 “**Quality Failure**” has the meaning given in Schedule 18 – Payment Mechanism.
- 1.356 “**Quality Plans**” has the meaning given in Section 13.1(a) of the Project Agreement.
- 1.357 “**Recoverable Tax**” has the meaning given in Section 33.4(c) of the Project Agreement.
- 1.358 “**Recovery Amount**” has the meaning given in Section 54.3(g) of the Project Agreement.
- 1.359 “**Rectification**” has the meaning given in Schedule 18 – Payment Mechanism.
- 1.360 “**Rectification Costs**” has the meaning given in Schedule 20 - Compensation on Termination.
- 1.361 “**Rectification Time**” has the meaning given in Schedule 18 – Payment Mechanism.
- 1.362 “**Refinancing**” has the meaning given in Schedule 25 - Refinancing.
- 1.363 “**Refinancing Financial Model**” has the meaning given in Schedule 25 - Refinancing.
- 1.364 “**Refinancing Gain**” has the meaning given in Schedule 25 - Refinancing.
- 1.365 “**Reimbursement Event**” has the meaning given in Section 30.5(a) of the Project Agreement.
- 1.366 “**Relevant Change in Law**” means a Discriminatory Change in Law or a Specific Change in Law.
- 1.367 “**Relevant Conviction**” means any offense in Canada or elsewhere:
- (a) for which a record exists under the *Criminal Records Act*; and
  - (b) otherwise designated as a Relevant Conviction by IO from time to time, having regard to the secure nature of the Site and the Facility,
- and that conviction remains in effect at that time and is one for which a pardon has not been granted.
- 1.368 “**Relief Event**” has the meaning given in Section 41.1(a), as applicable, of the Project Agreement.
- 1.369 “**Remaining Works**” means all of the Works to be completed under the Project Agreement described as those phases occurring after Substantial Completion pursuant to Part A of Schedule 12 – Output Specifications, including, for clarity, the Works designated as “Phase 4 Site Finalization Works” in Part A of Schedule 12 – Output Specifications.
- 1.370 “**Remaining Works Letter of Credit**” means a demand letter of credit in the form contained in Schedule 26B – Remaining Works Letter of Credit in the amount of 125% of the value of the Remaining Works as determined by the Independent Certifier.

- 1.371 “**Renewable Energy**” means energy generated by the Renewable Energy Structure, expressed in megajoules and measured in accordance with Schedule 36 – Renewable Energy.
- 1.372 “**Renewable Energy Report**” has the meaning given in Part B of Schedule 12 – Output Specifications.
- 1.373 “**Renewable Energy Structure**” has the meaning given in Schedule 29 – Energy Matters.
- 1.374 “**Replacement Lifecycle**” means the cycle, expressed in years, for which a material or system or other item is expected to remain in good condition and, if applicable, operating order, (Normal Wear and Tear excepted) before requiring complete replacement.
- 1.375 “**Request for Payment Approval**” is defined in Section 17.2(d) of the Project Agreement.
- 1.376 “**Request for Proposals**” or “**RFP**” means the request for proposals issued in respect of the Project and dated October 17, 2008.
- 1.377 “**Response Time**” has the meaning given in Schedule 18 – Payment Mechanism.
- 1.378 “**Restricted Person**” means any person who, or any member of a group of persons acting together, any one of which:
- (a) has, directly or indirectly, its principal or controlling office in a country that is subject to any economic or political sanctions imposed by Canada or Ontario;
  - (b) has as its primary business the illegal manufacture, sale, distribution or promotion of narcotics substances or arms, or is or has been involved in terrorism;
  - (c) in the case of an individual, he or she (or in the case of a legal entity, any of the members of its board of directors or its senior executive managers) has been sentenced to imprisonment or otherwise given a custodial sentence, other than a suspended sentence, for any criminal offence or for any offence under any Provincial statute, other than offences under the *Highway Traffic Act* or corresponding legislation in any other jurisdiction, or under any municipal laws, less than five years prior to the date at which the consideration of whether such individual is a “**Restricted Person**” is made hereunder;
  - (d) has as its primary business the acquisition of distressed assets or investments in companies or organizations which are or are believed to be insolvent or in a financial standstill situation or potentially insolvent;
  - (e) is subject to a material claim of IO or the Province under any proceedings (including regulatory proceedings) which have been concluded or are pending at the time at which the consideration of whether such person is a “**Restricted Person**” is made hereunder, and which (in respect of any such pending claim, if it

were to be successful) would, in IO's view, in either case, be reasonably likely materially to affect the ability of Project Co to perform its obligations under the Project Agreement; or

- (f) has a material interest in the production of tobacco products.
- 1.379 “**Review Procedure**” means the procedure set out in Schedule 8 – Review Procedure.
- 1.380 “**Revised Facility Condition Report**” has the meaning given in Schedule 21 - Expiry Transition Procedure.
- 1.381 “**RFP Submission Deadline**” means May 27, 2009.
- 1.382 “**RST**” means the tax payable and imposed pursuant to the *Retail Sales Tax Act* (Ontario), and any successor legislation thereto.
- 1.383 “**Safety Plan**” means the safety plan included in the Project Co Proposal Extracts.
- 1.384 “**Schedule**” means a schedule to the Project Agreement.
- 1.385 “**Scheduled Final Completion Date**” means 60 days following Substantial Completion.
- 1.386 “**Scheduled Maintenance**” means, where that term is specifically defined for all or any Section of Part B of Schedule 12 - Output Specifications, the meaning it is given therein, but only in respect of that Section of Part B of Schedule 12 - Output Specifications to which such definition applies, and in all other instances means all maintenance and other work which Project Co is to perform in accordance with the Project Agreement, including the Output Specifications and the Scheduled Maintenance Plan, and the performance of any replacement, refreshment and/or refurbishment of building systems, equipment and fixtures in accordance with the Lifecycle Replacement Plan.
- 1.387 “**Scheduled Maintenance Plan**” means the plan to be prepared by or on behalf of Project Co for the maintenance of the Facility in accordance with Part B of Schedule 12 - Output Specifications and the other provisions of the Project Agreement during each Contract Year, which plan shall be based, in part, on the Project Co Proposal Extracts.
- 1.388 “**Scheduled Substantial Completion Date**” means September 28, 2012, as such date may be extended pursuant to Section 38 of the Project Agreement.
- 1.389 “**Security**” has the meaning given in Schedule 4 - Lenders' Direct Agreement.
- 1.390 “**Security Clearance Check**” means:
- (a) a written declaration by an individual disclosing any unresolved charges and previous convictions under the offence provisions of federal statutes, including but not limited to the *Criminal Code (Canada)*, for which a pardon under the *Criminal Records Act (Canada)* has not been granted;

- (b) a police records check through CPIC and provincial and municipal police force records for information about the individual in relation to:
  - (i) convictions under the offence provisions of federal statutes, including but not limited to the *Criminal Code (Canada)*, for which a pardon under the *Criminal Records Act (Canada)* has not been granted;
  - (ii) findings of guilt in relation to federal statutes for which a court has granted a discharge;
  - (iii) charges laid under the offence provisions of any federal statutes that are unresolved; and
  - (iv) records of judicial orders in effect made in relation to the offence provisions of federal statutes; and
- (c) a police records check in other jurisdictions as deemed necessary by the information provided to IO during a Security Clearance Check; and
- (d) a driving records check if deemed necessary by IO considering the circumstances of Project Co Services.

1.391 “**Security Clearance Check Date**” means each of the following dates:

- (i) the date that is no later than 180 days prior to the Scheduled Substantial Completion Date;
- (ii) the fifth anniversary of the date set out in paragraph (i) above; and
- (iii) every fifth anniversary of the date determined in accordance with paragraph (ii) above.

1.392 “**Security Documents**” has the meaning given in Schedule 4 - Lenders’ Direct Agreement.

1.393 “**Security Screening Program**” means the security screening program operated by CSIS under the *Canadian Security Intelligence Service Act*.

1.394 “**Senior Debt Amount**” has the meaning given in Schedule 20 – Compensation on Termination.

1.395 “**Senior Debt Makewhole**” has the meaning given in Schedule 20 – Compensation on Termination.

1.396 “**Senior Debt Service Amount**” means [REDACTED].

1.397 “**Senior Lenders**” means [REDACTED].

- 1.398 “**Sensitive Information**” means financial or commercial information which would, if disclosed to a competitor of Project Co or any Project Co Party, give that competitor a competitive advantage over Project Co or such Project Co Party and thereby prejudice the business of Project Co or such Project Co Party.
- 1.399 “**Service Contract**” means the service contract between Project Co and the Service Provider dated on or about the date of Financial Close.
- 1.400 “**Service Failure**” has the meaning given in Schedule 18 – Payment Mechanism.
- 1.401 [REDACTED].
- 1.402 “**Service Provider**” means [REDACTED].
- 1.403 “**Service Provider’s Direct Agreement**” means the direct agreement between IO, Project Co, the Service Provider and [REDACTED], in the form set out in Schedule 5-2 - Service Provider’s Direct Agreement.
- 1.404 “**Service Submittal**” has the meaning given in Section 11.1 of Schedule 8 – Review Procedure.
- 1.405 “**Service Tender Requirements**” has the meaning given in Schedule 28 - Benchmarking and Market Testing Procedure.
- 1.406 “**Service Tender Validity Period**” has the meaning given in Schedule 28 - Benchmarking and Market Testing Procedure.
- 1.407 “**Service Tenderers**” has the meaning given in Schedule 28 - Benchmarking and Market Testing Procedure.
- 1.408 “**Severe Market Disruption**” means any occurrence of exceptional circumstances in financial markets in Europe, the United States of America and/or Canada, which:
- (a) result in the suspension or cessation of all or substantially all lending activity in national or relevant international capital or interbank markets; and
  - (b) adversely affect access by Project Co to such markets.
- 1.409 “**Severe MCSCS Security Event**” means a large-scale incident, from the actions of a significant portion of the Inmate population, with destruction of property, violence and threats to personal safety and institutional security at the Facility.
- 1.410 “**Severe MCSCS Security Event Loss**” means all incremental Direct Costs (including all applicable Taxes and all legal or professional services, legal costs being on a full indemnity basis) in excess of [REDACTED] incurred by Project Co as the result of a Severe MCSCS Security Event.

- 1.411 “**Shareholder(s)**” means the party or parties listed as shareholders in Schedule 3 - Project Co Information, as amended from time to time in accordance with the Project Agreement.
- 1.412 “**Shop Drawings**” means drawings, diagrams, illustrations, schedules, performance charts, brochures and other data which are to be provided by Project Co to illustrate details of a portion of the Works, indicating materials, methods of construction and attachment or anchorage, erection diagrams, connections, explanatory notes and other information necessary for completion of the Works.
- 1.413 “**Site**” means that part of lands that are legally described as PIN 07601-0035 (LT) being Part of Lots 1, 2, 3, 16, 17, 18 & 19 Plan 339 or Plan 389, lying west and north of a curved road being Horner Road; east and north of Part 1 on Reference Plan No. 64R-8839; east of Part 2, 9 and 10 on Reference Plan No. 64R-8839; south of the lands described in Instrument No. EB520411; south of Part 3 on Reference Plan No. 64R-12347; Part of Main Street (not open) east of Part 10 on Reference Plan No. 64R-8839 and west of Part 2 on Reference Plan No. 64R-7828, in the geographic township of Etobicoke, now City of Toronto; such part being shown outlined in heavy broken line on a drawing dated October 15, 2008, prepared by Stantec Architecture Ltd. for the Project and entitled “Overall Site Plan”, which drawing is numbered A-001 and is included in Part 4.2.2 of Part A of Schedule 12 - Output Specifications, but subject always to the terms and conditions set out in the Output Specifications.
- 1.414 “**Site Conditions**” means the condition of the Site, including the physical, geophysical, climatic, ecological, environmental, geotechnical and archaeological conditions.
- 1.415 “**Small Works**” means any works, including facilities and equipment, of a minor nature that are requested by IO to be performed having an individual cost or aggregate cost with other linked works, including facilities and equipment, of a minor nature, not exceeding [REDACTED] (index linked), or as otherwise agreed from time to time, but excluding any works, including facilities and equipment, which will increase the likelihood of an Event, will increase the cost to Project Co of performing the Project Operations or will materially hinder Project Co in the performance of the Project Co Services.
- 1.416 “**Specific Change in Law**” means any Change in Law that principally affects, or principally relates only to, the construction or operation of correctional facilities in the Province.
- 1.417 “**Standby Letter of Credit**” has the meaning given in Section 2.2(a) of the Project Agreement.
- 1.418 “**Start-Up Meeting**” has the meaning given in Section 18.4(a) of the Project Agreement.
- 1.419 “**Subcontractor**” means any subcontractor of Project Co engaged by or through Project Co to perform any of the Project Operations, including the Construction Contractor, the Service Provider, any Supplier or consultant, and any subcontractor of any other subcontractor at any tier.

- 1.420 “**Subcontractor Losses**” has the meaning given in Schedule 20 - Compensation on Termination.
- 1.421 “**Subcontracts**” means the contracts entered into by or between Project Co and any Subcontractor or between any Subcontractor at any tier, including the Construction Contractor and the Service Provider, and any other Subcontractor at any tier in relation to any aspect of the Project Operations.
- 1.422 “**Submittal**” means either a Works Submittal or a Service Submittal.
- 1.423 “**Subsequent Indebtedness Notice**” has the meaning given in Schedule 4 – Lenders' Direct Agreement.
- 1.424 “**Substantial Completion**” means the point at which the Facility, other than the Remaining Works, has been completed in accordance with the Project Agreement, the Occupancy Permit has been issued, a certificate of substantial performance of the Works is published pursuant to Section 32(1) of the CLA, and all requirements for Substantial Completion described in the Outline Commissioning Program, other than in respect of Minor Deficiencies, the Remaining Works, and the Final Minor Deficiencies, have been satisfied.
- 1.425 “**Substantial Completion Certificate**” means the certificate to be issued by the Independent Certifier in accordance with Section 24.4 of the Project Agreement.
- 1.426 “**Substantial Completion Date**” means the date on which Substantial Completion is achieved as evidenced by the Substantial Completion Certificate, as such date shall be stated therein.
- 1.427 “**Substantial Completion Notice**” has the meaning given in Section 24.4(b) of the Project Agreement.
- 1.428 “**Substantial Completion Payment**” means the amount of [REDACTED].
- 1.429 “**Substitute**” has the meaning given in Schedule 5-1 – Construction Contractor's Direct Agreement.
- 1.430 “**Suitable Substitute**” has the meaning given in Schedule 4 - Lenders’ Direct Agreement.
- 1.431 “**Superintendent**” means the superintendent designated pursuant to Section 20 of the *Ministry of Correctional Services Act*.
- 1.432 “**Supplier**” means a person who supplies to Project Co, or to any Subcontractor, any equipment, materials, supplies or services as part of, or for, the Project Operations.
- 1.433 “**System Integration Documentation**” has the meaning given in Section 49.12(b)(ii) of the Project Agreement.

- 1.434 “**System Integration Materials**” has the meaning given in Section 49.12(b)(i)(A) of the Project Agreement.
- 1.435 “**System Integration New Work**” has the meaning given in Section 49.12(d) of the Project Agreement.
- 1.436 “**System Integration Subcommittee**” has the meaning given in Section 12.2(a) of the Project Agreement.
- 1.437 “**Taxes**” means any and all taxes, levies, imposts, duties, fees, withholdings, assessments, deductions or charges whatsoever, imposed, assessed, levied or collected by any Governmental Authority, together with interest thereon and penalties with respect thereto, and includes all RST and GST except where stated to the contrary, provided however that “**Taxes**” shall not include the IO Taxes.
- 1.438 “**Technical Reports**” means the Environmental Reports and the Geotechnical Reports.
- 1.439 “**Tender Costs**” has the meaning given in Schedule 20 - Compensation on Termination.
- 1.440 “**Tender Process**” has the meaning given in Schedule 20 - Compensation on Termination.
- 1.441 “**Tender Process Monitor**” has the meaning given in Schedule 20 - Compensation on Termination.
- 1.442 “**Termination Date**” means the earlier of the Expiry Date and such earlier date, if any, on which termination of the Project Agreement takes effect in accordance with its terms.
- 1.443 “**Third Party Arbitration**” has the meaning given in Schedule 24 - Dispute Resolution Procedure.
- 1.444 “**Third Party Beneficiaries**” has the meaning given in Section 60.17(a)(i) of the Project Agreement.
- 1.445 “**Third Party Litigation**” has the meaning given in Schedule 24 - Dispute Resolution Procedure.
- 1.446 “**Threshold Equity Sale Amount**” means the amount which, if paid in consideration of the percentage of Equity Capital (as at Financial Close) sold in a particular sale of Equity Capital, would result in an Implied Equity Value that, if received in full on the day of the equity sale of Equity Capital, taken together with all Distributions paid in respect of the Equity Capital, and taking account of the actual timing of payment of all such amounts, would result in an Equity Sale IRR equal to the Threshold Equity Sale IRR.
- 1.447 “**Threshold Equity Sale IRR**” means [REDACTED].
- 1.448 “**TIC**” has the meaning given in Schedule 34 – Toronto Intermittent Centre.



- 1.449 “**TIC Annual Service Payment**” has the meaning given in Schedule 18 – Payment Mechanism.
- 1.450 “**TIC Completion**” has the meaning given in Schedule 34 – Toronto Intermittent Centre.
- 1.451 “**TIC Completion Date**” has the meaning given in Schedule 34 – Toronto Intermittent Centre.
- 1.452 “**TIC Completion Payment**” has the meaning given in Schedule 34 – Toronto Intermittent Centre.
- 1.453 “**TIC Completion Payment Date**” has the meaning given in Schedule 34 – Toronto Intermittent Centre.
- 1.454 “**TIC Construction Quality Plan**” has the meaning given in Schedule 34 – Toronto Intermittent Centre.
- 1.455 “**TIC Contract Year**” has the meaning given in Schedule 18 – Payment Mechanism.
- 1.456 “**TIC Design Quality Plan**” has the meaning given in Schedule 34 – Toronto Intermittent Centre.
- 1.457 “**TIC Equipment**” has the meaning given in Schedule 34 – Toronto Intermittent Centre.
- 1.458 “**TIC Equipment Invoice**” has the meaning given in Schedule 34 – Toronto Intermittent Centre.
- 1.459 “**TIC Final Completion**” has the meaning given in Schedule 34 – Toronto Intermittent Centre.
- 1.460 “**TIC Final Completion Date**” has the meaning given in Schedule 34 – Toronto Intermittent Centre.
- 1.461 “**TIC Interim Period**” has the meaning given in Schedule 34 – Toronto Intermittent Centre.
- 1.462 “**TIC Longstop Date**” has the meaning given in Schedule 34 – Toronto Intermittent Centre.
- 1.463 “**TIC Monthly Equipment Payment**” has the meaning given in Schedule 34 – Toronto Intermittent Centre.
- 1.464 “**TIC Monthly Service Payments**” has the meaning given in Schedule 18 – Payment Mechanism.
- 1.465 “**TIC Payment Commencement Date**” has the meaning given in Schedule 34 – Toronto Intermittent Centre.

- 1.466 “**TIC Payment Period**” has the meaning given in Schedule 34 – Toronto Intermittent Centre.
- 1.467 “**TIC Scheduled Completion Date**” has the meaning given in Schedule 34 – Toronto Intermittent Centre.
- 1.468 “**TIC Scheduled Final Completion Date**” has the meaning given in Schedule 34 – Toronto Intermittent Centre.
- 1.469 “**TIC Security Clearance Check Date**” has the meaning given in Schedule 34 – Toronto Intermittent Centre.
- 1.470 “**TIC Work**” has the meaning given in Schedule 34 – Toronto Intermittent Centre.
- 1.471 “**Title Encumbrances**” means the Encumbrances listed in Schedule 13 - Title Encumbrances and any other Encumbrance consented to by IO and reasonably required in connection with the development of the Facility and the Project Operations.
- 1.472 “**Trade-Marks**” means any registered or unregistered mark, trade-mark, service mark, distinguishing guise, logo, insignia, seal, design or symbol.
- 1.473 “**Transition**” has the meaning given in Section 24.17(a) of the Project Agreement.
- 1.474 “**Transition Advisor**” has the meaning given in Section 24.17(b) of the Project Agreement.
- 1.475 “**Transition Subcommittee**” has the meaning given in Section 24.17(a) of the Project Agreement.
- 1.476 “**Trust Property**” has the meaning given in Schedule 27 - Insurance Trust Agreement.
- 1.477 “**Unscheduled Maintenance Work**” has the meaning given in Section 26.4(a) of the Project Agreement.
- 1.478 “**Utilities**” means energy/power supplies and waste recovery, including electricity, natural gas/fuel oil, water, sanitary waste and storm water.
- 1.479 “**Utilities Management Services**” has the meaning given in Part B of Schedule 12 – Output Specifications.
- 1.480 “**Utilities Management Subcommittee**” has the meaning given in Section 12.2(a) of the Project Agreement.
- 1.481 “**Utility Company**” means any company or companies designated by Project Co to provide Utilities.
- 1.482 “**Vandalism**” means the intentional defacing of, destruction of or damage to any part or parts of the Facility or Site by any person whatsoever.

- 1.483 “**Variation**” has the meaning given in Schedule 19 - Variation Procedure.
- 1.484 “**Variation Confirmation**” has the meaning given in Schedule 19 - Variation Procedure.
- 1.485 “**Variation Directive**” has the meaning given in Schedule 19 - Variation Procedure.
- 1.486 “**Variation Enquiry**” has the meaning given in Schedule 19 - Variation Procedure.
- 1.487 “**Variation Procedure**” means the procedure set out in Schedule 19 - Variation Procedure.
- 1.488 “**Visitors**” means Inmate Visitors, MCSCS Visitors and Facility Volunteers.
- 1.489 “**Warning Notice**” has the meaning given in Section 29.3(a) of the Project Agreement.
- 1.490 “**Waste Management and Recycling Services**” has the meaning given in Part B of Schedule 12 – Output Specifications.
- 1.491 “**WHMIS**” means the system for the labeling and warning of Hazardous Substances used in the workplace, commonly referred to as a workplace hazardous materials information system, prescribed by Applicable Law over the delivery, storage and use of Hazardous Substances in the Province of Ontario.
- 1.492 “**Works**” means the design, construction, installation, testing, commissioning and completion of the Facility, including rectification of any Minor Deficiencies, and any other activities required to enable or facilitate the commencement of the Project Co Services, including the timely performance of all Security Checks, and includes the Phase 1 Site Enabling Works and the design, construction, installation, testing, commissioning and completion of the TIC, including the rectification of any TIC Minor Deficiencies and any other activities required to enable or facilitate commencement of the Project Co TIC Services.
- 1.493 “**Works Change in Law**” means any Change in Law that:
- (a) is not a Relevant Change in Law;
  - (b) occurs after the date of the Project Agreement;
  - (c) requires Project Co to perform any work of alteration, addition, demolition, extension or variation in the quality or function of the Facility which is not Maintenance Work or capital replacement work which Project Co would otherwise be required to perform in order to comply with its obligations under the Project Agreement; and
  - (d) was not reasonably foreseeable at the date of the Project Agreement by an experienced contractor carrying out activities and/or performing design and/or other operations similar to those to be carried out and/or performed by any Project Co Party in relation to the Project.

- 1.494 “**Works Committee**” has the meaning given in Section 11.1(a) of the Project Agreement.
- 1.495 “**Works Report**” means a report provided by Project Co as to the status and progress of the Works.
- 1.496 “**Works Schedule**” has the meaning given in Schedule 15 – Works Schedule.
- 1.497 “**Works Submittal**” has the meaning given in Section 1.1 of Schedule 8 – Review Procedure.
- 1.498 “**WSIB**” means the Ontario Workplace Safety and Insurance Board that is responsible for administering the *Workplace Safety and Insurance Act, 1997* (Ontario).
- 2. Interpretation.** The Project Agreement shall be interpreted according to the following provisions, unless the context requires a different meaning:
- 2.1 The tables of contents, headings, marginal notes and references to them in the Project Agreement are for convenience of reference only, shall not constitute a part of the Project Agreement, and shall not be taken into consideration in the interpretation of, or affect the meaning of, the Project Agreement.
- 2.2 Except where the context requires otherwise (irrespective of whether some, but not all, references in a Schedule specifically refer to that Schedule or to other portions of the Project Agreement) references to specific Sections, Clauses, Paragraphs, Subparagraphs, Schedules, and other divisions of the Project Agreement are references to such Sections, Clauses, Paragraphs, or Subparagraphs of, Schedules to, or divisions of the Project Agreement and the terms “Section” and “Clause” are used interchangeably and are synonymous.
- 2.3 Except where the context requires otherwise, references to specific Sections, Clauses, Paragraphs, Subparagraphs, Schedules, and other divisions of the Project Agreement followed by a number are references to the whole of the Section, Clause, Paragraph, Subparagraphs, Schedule or other division of the Project Agreement as applicable, bearing that number, including all subsidiary provisions containing that same number as a prefix.
- 2.4 Except where the context requires otherwise, references in the Output Specifications to specific Parts, Sections, Clauses, Paragraphs, Subparagraphs, Schedules, and other divisions of the Output Specifications shall be construed such that each such reference on a page of the Output Specifications will be read to be preceded by and to include the prefix Section number or other reference at the top of the applicable page, and all cross-references to any Section in Schedule 12 - Output Specifications shall be interpreted to include the applicable prefix Section number or other reference.
- 2.5 The Schedules to the Project Agreement are an integral part of the Project Agreement and a reference to the Project Agreement includes a reference to the Schedules.

- 2.6 All references in the Project Agreement to a Schedule shall be to a Schedule of the Project Agreement.
- 2.7 All capitalized terms used in a Schedule shall have the meanings given to such terms in Schedule 1 – Definitions and Interpretation, unless stated otherwise in a particular Schedule in which case such definition shall have the meaning given to it in that Schedule solely for the purposes of that Schedule.
- 2.8 The language of the Output Specifications and other documents comprising the Project Agreement is in many cases written in the imperative for brevity. Clauses containing instructions, directions or obligations are directed to Project Co and shall be construed and interpreted as if the words “Project Co shall” immediately preceded the instructions, directions or obligations.
- 2.9 Words importing persons or parties are to be broadly interpreted and include an individual, corporation, firm, partnership, joint venture, trust, unincorporated organization, Governmental Authority, unincorporated body of persons or association and any other entity having legal capacity, and the heirs, beneficiaries, executors, administrators or other legal representatives of a person in such capacity.
- 2.10 Unless the context otherwise requires, wherever used herein the plural includes the singular, the singular includes the plural, and each of the masculine, feminine and neuter genders include all other genders.
- 2.11 Unless otherwise provided in the Project Agreement, all accounting and financial terms used in the Project Agreement shall be interpreted and applied in accordance with Canadian GAAP.
- 2.12 References to any standard, principle, agreement or document include (subject to all relevant approvals and any other provisions of the Project Agreement concerning amendments) a reference to that standard, principle, agreement or document as amended, supplemented, restated, substituted, replaced, novated or assigned.
- 2.13 References to any Applicable Law, including any statutes or other Applicable Law specifically referred to herein, whether or not amendments or successors to such Applicable Law are referred to herein, are to be construed as references to that Applicable Law as from time to time amended or to any Applicable Law covering the same or similar subject matter from time to time replacing, extending, consolidating or amending the same.
- 2.14 References to a statute shall include all regulations, by-laws, ordinances and orders made under or pursuant to the statute.
- 2.15 References to persons shall include their successors and assigns. References to a public organization shall include their successors and assigns, and if a public organization ceases to exist or ceases to perform its functions without a successor or assign, references to such public organization shall be deemed to include a reference to any public

- organization or any organization or entity which has taken over either or both the functions and responsibilities of such public organization.
- 2.16 A reference in the Project Agreement or in any Project Document to any right, power, obligation or responsibility of any Governmental Authority shall be deemed to be a reference to the Governmental Authority that, pursuant to Applicable Laws has such right, power, obligation or responsibility at the relevant time.
- 2.17 References to a deliberate act or omission or deliberate or negligent act or omission of any IO Party or any Government Entity shall be construed having regard to the interactive nature of the activities of IO, the IO Parties and Project Co and further having regard to:
- (a) acts contemplated by the Output Specifications;
  - (b) acts or omissions in the ordinary course of the Project Co Services and expressly or reasonably inferred from the Output Specifications to be taken into account by Project Co in the performance of the Project Co Services; or
  - (c) acts otherwise provided for in the Project Agreement.
- 2.18 The words in the Project Agreement shall bear their natural meaning.
- 2.19 Each of Project Co's and IO's respective obligations shall be construed as separate obligations owed to the other.
- 2.20 References containing terms such as:
- (a) "hereof", "herein", "hereto", "hereinafter", and other terms of like import are not limited in applicability to the specific provision within which such references are set forth but instead refer to the Project Agreement taken as a whole; and
  - (b) "includes" and "including", whether or not used with the words "without limitation" or "but not limited to", shall not be deemed limited by the specific enumeration of items but shall, in all cases, be deemed to be without limitation and construed and interpreted to mean "includes without limitation" and "including without limitation".
- 2.21 In construing the Project Agreement, the rule known as the *ejusdem generis* rule shall not apply nor shall any similar rule or approach apply to the construction of the Project Agreement and, accordingly, general words introduced or followed by the word "other" or "including" or "in particular" shall not be given a restrictive meaning because they are followed or preceded (as the case may be) by particular examples intended to fall within the meaning of the general words.
- 2.22 Where the Project Agreement states that an obligation shall be performed "no later than" or "within" or "by" a stipulated date or event which is a prescribed number of days after a stipulated date or event the latest time for performance shall be 5:00 p.m. on the last day

- for performance of the obligation concerned, or, if that day is not a Business Day, 5:00 p.m. on the next Business Day.
- 2.23 Where the Project Agreement states that an obligation shall be performed “no later than” or “by” a prescribed number of days before a stipulated date or event or “by” a date which is a prescribed number of days before a stipulated date or event, the latest time for performance shall be 5:00 p.m. on the last day for performance of the obligation concerned, or if that day is not a Business Day, 5:00 p.m. on the next Business Day.
- 2.24 Where the Project Agreement states that an obligation shall be performed “on” a stipulated date, the latest time for performance shall be 5:00 p.m. on that day, or, if that day is not a Business Day, 5:00 p.m. on the next Business Day.
- 2.25 Any reference to time of day or date means the local time or date in Toronto, Ontario.
- 2.26 Unless otherwise indicated, time periods will be strictly construed.
- 2.27 Whenever the terms “will” or “shall” are used in the Project Agreement in relation to Project Co or IO they shall be construed and interpreted as synonymous and to read “Project Co shall” or “IO shall” as the case may be.
- 2.28 Any reference to currency is to Canadian currency and any amount advanced, paid or calculated is to be advanced, paid or calculated in Canadian currency.
- 2.29 Unless otherwise identified in the Project Agreement, all units of measurement in any documents submitted by Project Co to IO shall be in accordance with the SI system of units.
- 2.30 Terms not defined herein and used in the Project Agreement which have a technical meaning commonly understood by the correctional facilities sector in Ontario will be construed as having that meaning unless the context otherwise requires.
- 2.31 Save where expressly stated otherwise, references to amounts or sums expressed to be “indexed” or “index linked” are references to amounts or sums which require adjustment to reflect the effects of inflation. Such adjustment shall be calculated in accordance with the following formula:
- $$\text{Adjusted amount or sum} = \text{Amount or sum} \times \frac{\text{CPI}_n}{\text{CPI}_o}$$
- 2.32 Save where expressly stated otherwise, any determination of IRR pursuant to the Project Agreement shall be calculated in accordance with the Financial Model.
- 2.33 The terms “properly inferable”, “readily apparent” and “readily discoverable” as used in this Project Agreement, shall be interpreted by taking into consideration Project Co’s and any Project Co Party’s experience and the investigations, inspections and examinations of the Background Information and of the Site carried out by Project Co or by any Project Co Party during the Request for Proposals process or other due diligence including as

referred to in Section 16.1 of the Project Agreement; and by taking into consideration reasonable, normal course and industry standard investigations, inspections or other due diligence; in each case in accordance with Good Industry Practice.

- 2.34 Where Project Co is a general partnership, each partner shall be jointly and severally liable for Project Co's actions and any reference that a third party shall have no liability to Project Co shall be construed as the third party having no liability to Project Co or any of its partners.

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**SCHEDULE 2**

**COMPLETION DOCUMENTS**

In this Schedule 2, "certified" shall mean that the relevant document is certified as a true and complete copy in full force and effect and unamended as of the date of the relevant certificate by an officer or director of the relevant corporation.

**1. Documents to be delivered by Project Co**

Unless an original document is specifically required, a certified copy of each of the following documents (in each case, executed by the parties to such agreement other than IO and in form and substance satisfactory to IO, acting reasonably) is to be delivered by Project Co to IO on or prior to the Financial Close Target Date:

- 1.1 an original of the Project Agreement;
- 1.2 an original of the Custody Agreement;
- 1.3 an original of the Lenders' Direct Agreement;
- 1.4 an original of the Construction Contractor's Direct Agreement;
- 1.5 an original of the Service Provider's Direct Agreement;
- 1.6 an original of the Independent Certifier Agreement;
- 1.7 an original of the Insurance Trust Agreement;
- 1.8 an original notice of appointment of the Project Co Representative;
- 1.9 an original of the acknowledgement and undertaking in the form attached as Appendix A to this Schedule 2;
- 1.10 the Lending Agreements;
- 1.11 the Construction Contract;
- 1.12 the Service Contract;
- 1.13 a certificate of insurance and draft policies of insurance for the insurances required to be taken out by the Construction Contractor for the period prior to the Substantial Completion Date in accordance with the Project Agreement;
- 1.14 one (1) printed copy of the Financial Model and two (2) copies on CD-Rom;

- 1.15 a certificate of an officer of Project Co certifying:
  - (a) a true copy of the Financial Model audit report dated October 26, 2009 prepared by [REDACTED]; and
  - (b) that the Financial Model algorithms have not changed from the audit report referred to in (a) above;
- 1.16 a certificate of an officer of Project Co substantially in the form attached as Appendix B to this Schedule 2;
- 1.17 a certificate of an officer of the Construction Contractor substantially in the form attached as Appendix B to this Schedule 2;
- 1.18 a certificate of an officer of the Service Provider substantially in the form attached as Appendix B to this Schedule 2;
- 1.19 [REDACTED];
- 1.20 [REDACTED];
- 1.21 an original of the opinion from counsel to Project Co, the Construction Contractor, the Service Provider, [REDACTED] and such other Project Co Parties as IO may reasonably require substantially in the form attached as Appendix C to this Schedule 2 and otherwise acceptable to IO and its counsel; and
- 1.22 such other documents as the parties may agree, each acting reasonably.

**2. Documents to be delivered by IO**

Unless an original document is specifically required, a certified copy of each of the following documents (in each case, where IO is a party to such document, executed by IO and, if applicable, any IO Party or Governmental Authority) is to be delivered by IO to Project Co on or prior to the Financial Close Target Date:

- 2.1 an original of the Project Agreement;
- 2.2 an original of the Custody Agreement;
- 2.3 an original of the Lenders' Direct Agreement;
- 2.4 an original of the Construction Contractor's Direct Agreement;
- 2.5 an original of the Service Provider's Direct Agreement;
- 2.6 an original of the Independent Certifier Agreement;
- 2.7 an original of the Insurance Trust Agreement;

**Toronto South Detention Centre Project**

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- 2.8 an original notice of appointment of the IO Representative;
- 2.9 a reliance letter from [REDACTED]
- 2.10 a reliance letter from [REDACTED]
- 2.11 a reliance letter from [REDACTED]
- 2.12 a reliance letter from [REDACTED]
- 2.13 a certificate of an officer of IO substantially in the form attached as Appendix D to this Schedule 2; and
- 2.14 such other documents as the parties may agree, each acting reasonably.

APPENDIX A

FORM OF UNDERTAKING AND ACKNOWLEDGEMENT

**TO:** Ontario Infrastructure Projects Corporation ("**IO**")

**RE:** Project agreement (as amended, supplemented or modified from time to time, the "**Project Agreement**") dated the [•] day of [•], 2009 between IO and [•] ("**Project Co**")

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1. The undersigned acknowledges that:
  - (a) The Project will proceed as an alternative financing and procurement project under the MEI's *ReNew Ontario* infrastructure investment plan, and complies with the principles set out in the IPFP Framework.
  - (b) The IPFP Framework establishes five fundamental principles which guide the financing and procurement of public infrastructure projects in Ontario:
    - (i) The public interest is paramount.
    - (ii) Value for money must be demonstrable.
    - (iii) Appropriate public control/ownership must be preserved.
    - (iv) Accountability must be maintained.
    - (v) All processes must be fair, transparent and efficient.
  - (c) The IPFP Framework states that, consistent with the principle of appropriate public ownership/control, public ownership of assets will be preserved in the public sector.
2. The undersigned undertakes to comply with the any direction or order issued by MCSCS to IO to the extent that the direction or order affects the Project Operations.
3. Capitalized terms used but not defined herein have the respective meanings ascribed thereto in the Project Agreement.

**DATED** this \_\_\_\_ day of \_\_\_\_\_, 2009.

[•]

Per: \_\_\_\_\_  
Name  
Title

Per: \_\_\_\_\_  
Name  
Title

I/We have authority to bind the corporation.

## APPENDIX B

## FORM OF PROJECT CO/PROJECT CO PARTY OFFICER'S CERTIFICATE

Certificate of an Officer of  
[•]  
(the "Corporation")

AND TO: ONTARIO INFRASTRUCTURE PROJECTS CORPORATION ("IO")  
AND TO: [COUNSEL TO •]  
AND TO: [COUNSEL TO PROJECT CO]  
AND TO: [LENDERS' AGENT]  
AND TO: [COUNSEL TO LENDERS]

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I, [•], being the [•] of the Corporation and an authorized signatory of the Corporation and being duly authorized by the Corporation to deliver this certificate, hereby make the following certifications and confirmations for and on behalf of the Corporation and without incurring personal liability and that the same may be relied upon by you without further inquiry:

## 4. Constatting Documents

- (a) The Corporation is a subsisting corporation duly incorporated under the laws of [the Province of Ontario].
- (b) Attached hereto as **Schedule "A"** are true and complete copies of the articles, together with all amendments thereto, of the Corporation (the "**Articles**"). The Articles are in full force and effect on the date hereof and no other articles have been issued and no proceeding has been taken or is contemplated to the date hereof to authorize the Corporation to amend, surrender or cancel the Articles.
- (c) Attached hereto as **Schedule "B"** are true and complete copies of the by-laws of the Corporation (the "**By-laws**") enacted on or before the date hereof. The By-laws have been in full force and effect from and after the date thereof as set out therein and are in full force and effect, unamended as of the date hereof. No proceeding has been taken to the date hereof to authorize the Corporation to amend the By-laws and neither the directors nor the shareholders of the Corporation have passed, confirmed or consented to any resolutions amending or varying the By-laws.
- (d) Attached hereto as **Schedule "C"** is a true and complete copy of a unanimous shareholders' agreement between the shareholders of the Corporation and the Corporation (the "**Unanimous Shareholders' Agreement**") executed on or before the date hereof. The Unanimous Shareholders' Agreement has been in full

force and effect from and after the date thereof as set out therein and is in full force and effect, unamended as of the date hereof.

- (e) The minute books and corporate records of the Corporation made available to [●] are the original minute books and corporate records of the Corporation and contain all minutes of meetings, resolutions and proceedings of the shareholders and directors of the Corporation to the date hereof and there have been no meetings, resolutions or proceedings authorized or passed by the shareholders or directors of the Corporation to the date hereof not reflected in such minute books and corporate records. Such minute books and corporate records are true, complete and correct in all material respects and there are no changes, additions or alterations necessary to be made thereto to make such minute books and corporate records true, complete and correct in all material respects.
- (f) At the date hereof, no winding-up, liquidation, dissolution, insolvency, bankruptcy, amalgamation, arrangement, reorganization or continuation proceedings in respect of the Corporation have been commenced or are being contemplated by the Corporation, and the Corporation has no knowledge of any such proceedings having been commenced or contemplated in respect of the Corporation by any other party.
- (g) At the date hereof, the Corporation is up-to-date in the filing of all returns and other documents required to be filed by it by governmental authorities, including under corporate, securities and tax legislation, and no notice of any proceedings to cancel its certificate of incorporation or otherwise to terminate its existence has been received by the Corporation.
- (h) Pursuant to the Unanimous Shareholders' Agreement, the powers of the directors of the Corporation to manage the business and affairs of the Corporation, whether such powers arise from the [*Business Corporations Act (Ontario)* (the "Act")], the Articles or the By-laws of the Corporation, or otherwise, are restricted to the fullest extent permitted by law, and, in accordance with the Act and the Unanimous Shareholders' Agreement, the shareholders of the Corporation have and enjoy and may exercise and perform all the rights, powers, and duties of the directors of the Corporation to manage the business and affairs of the Corporation.
- (i) There are no provisions in the Articles, By-laws, Unanimous Shareholders' Agreement or in any other agreement binding on the Corporation which:
  - (i) restrict or limit the powers of the Corporation to enter into:
    - (1) a certain project agreement with IO made as of [●], 2008 (as the same may be amended, supplemented, restated or otherwise modified from time to time, the "**Project Agreement**") pursuant to which the Corporation will design, build, finance and maintain a new detention centre facility;

- (2) a lenders' direct agreement between the Corporation, IO and the Lenders' Agent;
- (3) a direct agreement between [●] (the "**Construction Contractor**"), the Corporation, [REDACTED] and IO;
- (4) a direct agreement between [●] (the "**Service Provider**"), the Corporation, [REDACTED] and IO; and
- (5) [NTD: List other documents delivered at Financial Close.],  
  
(collectively, the "**Documents**"); or
- (ii) restrict or limit the authority of the directors or shareholders of the Corporation by resolution to delegate the powers set out in subparagraph (i) to a director or an officer of the Corporation.

## 5. Resolutions

- (a) Annexed hereto, forming part hereof and marked as **Schedule "D"** are true and complete copies of the resolutions of the [directors/shareholders] of the Corporation (the "**Resolutions**"), which have been duly and validly passed in accordance with applicable law, constituting authority and approval for the Corporation, *inter alia*, to enter into the Documents. The Resolutions are the only resolutions of the Corporation pertaining to the subject matter thereof and the same are in full force and effect, unamended as of the date hereof.
- (b) The authorization, execution and delivery of each Document contemplated in the Resolutions, and the performance by the Corporation of its obligations thereunder, do not constitute or result in a violation or breach or default under:
  - (i) the Articles, By-laws or the Unanimous Shareholders' Agreement;
  - (ii) to the best of my knowledge and belief after due diligence, any order of any Canadian or [Ontario] governmental body by which it is bound;
  - (iii) to the best of my knowledge and belief after due diligence, the terms of any agreement or instrument under which any of its property or assets is bound; or
  - (iv) to the best of my knowledge and belief after due diligence, any writ, judgment, injunction, determination or award which is binding on the Corporation or any of its properties.
- (c) To the best of my knowledge and belief after due diligence, there is no claim, action, suit, proceedings, arbitration, investigation or inquiry before any governmental agency, court or tribunal, foreign or domestic, or before any private arbitration tribunal, pending or threatened against the Corporation, or involving its



properties or business. To the best of my knowledge and belief after due diligence, no administrative or court decree is outstanding in respect of the Corporation or its assets.

- (d) To the best of my knowledge and belief after due diligence, no consent, approval or other order of any Canadian or [Ontario] governmental authority which has not been obtained is required to permit the Corporation to execute and deliver the Documents.

**6. No Breach or Default**

Neither the execution and delivery by the Corporation of the Documents nor the consummation of the transactions therein contemplated nor the fulfilment or compliance with the terms thereof will contravene or result in a breach of any of the terms, conditions or provisions of, or constitute a default under the Articles, By-laws, Unanimous Shareholders' Agreement or under any other agreement binding on the Corporation.

**7. Specimen Signatures**

The persons whose names are set forth below are, at the date hereof, officers and/or directors of the Corporation, duly elected or appointed to the office or offices set forth opposite their respective names and authorized to execute the Documents on behalf of the Corporation. The signatures set forth opposite their respective names are the true signatures of those persons:

NAME	POSITION	SIGNATURE

**8. Capital**

Listed below are all of the issued and outstanding shares in the capital of the Corporation and the registered owner of such shares:

ISSUED SHARES	REGISTERED OWNER

Attached hereto as **Schedule "E"** are true copies of all certificates in respect of such issued and outstanding shares. The Corporation has issued no securities, including (without limitation) securities convertible or exchangeable into shares and/or securities in respect of debt, other than such issued and outstanding shares as are listed above.

DATED this \_\_\_\_\_ day of \_\_\_\_\_, 2009.

\_\_\_\_\_  
Name:  
Title:

APPENDIX C

FORM OF PROJECT CO/PROJECT CO PARTY OPINION

[INSERT DATE]

Ontario Infrastructure Projects Corporation  
777 Bay Street, 9th Floor  
Toronto, Ontario  
M5G 2E5

•  
Dear Sirs/Mesdames:

**Re: Toronto South Detention Centre Project**

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We have acted as counsel to [•] ("**Project Co**"), [•] (the "**Construction Contractor**") and [•] (the "**Service Provider**") in connection with the alternative financing and procurement transaction whereby Project Co has agreed to enter into a design, build, finance and maintain agreement for a new detention centre facility in Toronto, Ontario. **[NTD: Additional parties to be added depending on consortium structure and/or the financing package.]**

This opinion is being delivered to the Ontario Infrastructure Projects Corporation ("**IO**"), Ontario Infrastructure Projects Corporation and their counsel pursuant to Section 1.21 of Schedule 2 to the project agreement made as of [•], 2009 between IO and Project Co (as the same may be amended, supplemented, restated or otherwise modified from time to time, the "**Project Agreement**").

All capitalized terms used but not otherwise defined in this opinion shall have the respective meanings ascribed thereto in the Project Agreement.

In our capacity as counsel to Project Co, the Construction Contractor and the Service Provider, we have participated in the preparation and negotiation, and have examined an executed copy, of each of the following documents (unless otherwise indicated, all documents are dated as of [•], 2009):

1. the Project Agreement; and
2. the following project documents (collectively, the "**Implementation Documents**"):
  - (a) the Construction Contract;

- (b) the Service Contract;
- (c) the Lenders' Direct Agreement;
- (d) the Construction Contractor's Direct Agreement;
- (e) the Service Provider's Direct Agreement;
- (f) the Lending Agreements; and
- (g) **[the Performance Guarantees.]**

The Project Agreement and the Implementation Documents are hereinafter collectively referred to as the "**Documents**", and each is individually referred to as a "**Document**". **[NTD: Additional documents to be added depending on consortium structure and/or the financing package.]**

We are qualified to practise law in the Province of Ontario. We have made no investigation of the laws of any jurisdiction other than Ontario, and the opinions expressed below are confined to the laws of Ontario and the federal laws of Canada applicable therein as at the date hereof.

We do not act as corporate counsel to **[Project Co, the Construction Contractor or the Service Provider]**, nor have we participated in the general maintenance of their corporate records and corporate proceedings. Therefore, in expressing certain of the opinions below, we have, where indicated, relied exclusively, and without any independent investigation or enquiry, on certificates of public officials and a certificate of an officer of each of Project Co, the Construction Contractor and the Service Provider dated as of the date hereof (the "**Officer's Certificates**") as to certain factual matters.

### **Searches and Reliance**

We have conducted, or have caused to be conducted, the searches identified in Schedule "A" (the "**Searches**") for filings or registrations made in those offices of public record listed in Schedule "A". The Searches were conducted against the current name and all former names of Project Co, the Construction Contractor and the Service Provider (including, in each case, both the English and French versions, if any). The results of the Searches are set out in Schedule "A".

We have also made such investigations and examined originals or copies, certified or otherwise identified to our satisfaction, of such certificates of public officials and of such other certificates, documents and records as we have considered necessary or relevant for purposes of the opinions expressed below, including, without limitation, the Officer's Certificates.

We have relied exclusively, and without any independent investigation or enquiry, on the Officer's Certificates and the certificates of public officials with respect to certain factual matters.

In connection with the opinions set forth in paragraphs 1, 2 and 3 below, we have relied exclusively on Certificates of Status issued by the **[Ministry of Government Services (Ontario)]** of even date, copies of which are attached as Schedule "B".

**Toronto South Detention Centre Project**

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In connection with the opinions set forth in paragraphs 5, 8, 11, 17 and 20 below, we have relied exclusively, and without any independent investigation or enquiry, upon the opinion of [●] dated [●], 2009 (the "**CC Opinion**"), a copy of which has been delivered to you. To the extent that the CC Opinion contains assumptions, qualifications, limitations or definitions, or is expressed as relying on any certificate(s) or other documents identified therein, the opinions herein expressed in reliance on the CC Opinion should be read as incorporating the identical assumptions, qualifications, limitations, definitions and reliances.

In connection with the opinions set forth in paragraphs 6, 9, 12, 18 and 21 below, we have relied exclusively, and without any independent investigation or enquiry, upon the opinion of [●] dated [●], 2009 (the "**SP Opinion**"), a copy of which has been delivered to you. To the extent that the SP Opinion contains assumptions, qualifications, limitations or definitions, or is expressed as relying on any certificate(s) or other documents identified therein, the opinions herein expressed in reliance on the SP Opinion should be read as incorporating the identical assumptions, qualifications, limitations, definitions and reliances.

**Assumptions**

For the purposes of the opinions expressed herein, we have assumed:

1. The genuineness of all signatures, the authenticity of all documents submitted to us as originals, the conformity to originals of all documents submitted to us as certified, true, conformed, photostatic or notarial copies or facsimiles thereof and the authenticity of the originals of such certified, true, conformed, photostatic or notarial copies or facsimiles.
2. Each of the parties (other than Project Co, the Construction Contractor and the Service Provider) to each of the Documents is and was, at all relevant times, a subsisting corporation, partnership, limited partnership, limited liability company or trust, as applicable, under the laws of its jurisdiction of formation.
3. Each of the parties (other than Project Co, the Construction Contractor and the Service Provider) has (and had) the corporate power, authority and capacity to own its property and assets and to carry on its business as such business is now (or as was then) being carried on by it, has (or had) all requisite corporate power, authority and capacity to execute and deliver each Document to which it is party and to perform its obligations thereunder, has taken all necessary corporate action, as applicable, to authorize the execution and delivery of each Document to which it is a party and the performance of its obligations thereunder, and has duly executed and delivered each Document to which it is a party and each Document to which it is a party is a legal, valid and binding obligation of such party enforceable against it in accordance with its terms.
4. The completeness, truth and accuracy of all facts set forth in the Officer's Certificates.
5. The completeness, truth and accuracy of all facts set forth in official public records and certificates and other documents supplied by public officials.

6. Value has been given by each of the parties (other than Project Co, the Construction Contractor and the Service Provider) to Project Co, the Construction Contractor and the Service Provider.

**Opinions**

Based upon and subject to the foregoing, and to the qualifications, exceptions and limitations hereinafter expressed, we are of the opinion that, as of the date hereof:

*Incorporation and Existence*

1. Project Co is a corporation incorporated under the laws of **[the Province of Ontario]** and has not been dissolved.
2. The Construction Contractor is a corporation incorporated under the laws of **[the Province of Ontario]** and has not been dissolved.
3. The Service Provider is a corporation incorporated under the laws of **[the Province of Ontario]** and has not been dissolved.

*Corporate Power and Capacity*

4. Project Co has the corporate power and capacity to own or lease its properties and assets, to carry on its business as it is currently being conducted and as it is contemplated to be conducted under the Project Agreement, and to enter into and perform its obligations under each of the Documents to which it is a party.
5. The Construction Contractor has the corporate power and capacity to own or lease its properties and assets, to carry on its business as it is currently being conducted and as it is contemplated to be conducted under the Documents, and to enter into and perform its obligations under each of the Documents to which it is a party.
6. The Service Provider has the corporate power and capacity to own or lease its properties and assets, to carry on its business as it is currently being conducted and as it is contemplated to be conducted under the Documents, and to enter into and perform its obligations under each of the Documents to which it is a party.

*Corporate Authorization*

7. Project Co has taken all necessary corporate action to authorize the execution and delivery of, and the performance of its obligations under, each of the Documents to which it is a party.
8. The Construction Contractor has taken all necessary corporate action to authorize the execution and delivery of, and the performance of its obligations under, each of the Documents to which it is a party.

9. The Service Provider has taken all necessary corporate action to authorize the execution and delivery of, and the performance of its obligations under, each of the Documents to which it is a party.

*Execution and Delivery*

10. Project Co has duly executed and delivered each of the Documents to which it is a party.
11. The Construction Contractor has duly executed and delivered each of the Documents to which it is a party.
12. The Service Provider has duly executed and delivered each of the Documents to which it is a party.

*Enforceability*

13. Each of the Documents to which Project Co is a party constitutes a legal, valid and binding obligation of Project Co, enforceable against it in accordance with its terms.
14. Each of the Documents to which the Construction Contractor is a party constitutes a legal, valid and binding obligation of the Construction Contractor, enforceable against it in accordance with its terms.
15. Each of the Documents to which the Service Provider is a party constitutes a legal, valid and binding obligation of the Service Provider, enforceable against it in accordance with its terms.

*No Breach or Default*

16. The execution and delivery by Project Co of the Documents to which it is a party does not, and the performance by Project Co of its obligations under each such Document in accordance with its terms will not, breach or constitute a default under (i) its articles, by-laws or unanimous shareholders' agreement, or (ii) the provisions of any law, statute, rule or regulation to which Project Co is subject.
17. The execution and delivery by the Construction Contractor of the Documents to which it is a party does not, and the performance by the Construction Contractor of its obligations under each such Document in accordance with its terms will not, breach or constitute a default under (i) its articles, by-laws or unanimous shareholders' agreement, or (ii) the provisions of any law, statute, rule or regulation to which the Construction Contractor is subject.
18. The execution and delivery by the Service Provider of the Documents to which it is a party does not, and the performance by the Service Provider of its obligations under each such Document in accordance with its terms will not, breach or constitute a default under (i) its articles, by-laws or unanimous shareholders' agreement, or (ii) the provisions of any law, statute, rule or regulation to which the Service Provider is subject.

*Regulatory Approvals*

19. No authorization, consent, permit or approval of, or other action by, or filing with or notice to, any governmental agency or authority, regulatory body, court, tribunal or other similar entity having jurisdiction is required in connection with the execution and delivery by Project Co of the Documents to which it is a party and the performance of its obligations thereunder.
20. No authorization, consent, permit or approval of, or other action by, or filing with or notice to, any governmental agency or authority, regulatory body, court, tribunal or other similar entity having jurisdiction is required in connection with the execution and delivery by the Construction Contractor of the Documents to which it is a party and the performance of its obligations thereunder.
21. No authorization, consent, permit or approval of, or other action by, or filing with or notice to, any governmental agency or authority, regulatory body, court, tribunal or other similar entity having jurisdiction is required in connection with the execution and delivery by the Service Provider of the Documents to which it is a party and the performance of its obligations thereunder.

**Qualifications**

Our opinions herein are subject to the following qualifications and reservations, namely:

1. The enforceability of any Document and the rights and remedies set out therein or any judgment arising out of or in connection therewith is subject to and may be limited by any applicable bankruptcy, reorganization, winding-up, insolvency, moratorium or other laws of general application affecting creditors' rights from time to time in effect.
2. The enforceability of each of the Documents and the rights and remedies set out therein is subject to and may be limited by general principles of equity, and no opinion is given as to any specific remedy that may be granted, imposed or rendered, including equitable remedies such as those of specific performance and injunction, or the availability of equitable defences.
3. The enforceability of any Document will be subject to the limitations contained in the *Limitations Act, 2002* (Ontario), and we express no opinion as to whether a court may find any provision of any Document to be unenforceable as an attempt to vary or exclude a limitation period under that Act.
4. Pursuant to the *Currency Act* (Canada), a judgment in money rendered by a court in the Province of Ontario must be awarded in Canadian currency and such judgment may be based on a rate of exchange in effect other than the day of payment of the judgment.
5. To the extent that a particular contractual provision is characterized by a court as a penalty and not as a genuine pre-estimate of damages, it will not be enforceable.



**Toronto South Detention Centre Project**

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6. A court may not treat as conclusive those certificates and determinations which the Documents state are to be so treated.
7. A receiver or receiver and manager appointed pursuant to the provisions of any Document, for certain purposes, may not be treated by a court as being solely the agent of Project Co notwithstanding any agreement to the contrary.
8. The ability to recover or claim for certain costs or expenses may be subject to judicial discretion.
9. With respect to any provisions of the Documents pursuant to which the parties to such Documents are permitted or required to submit a dispute arising out of such Documents to arbitration, we express no opinion as to the enforceability of such arbitration provisions in all circumstances since under the *Arbitration Act, 1991* (Ontario) a court of competent jurisdiction in Ontario may, in its discretion and upon certain grounds, refuse to stay judicial proceedings in which event an arbitration under such arbitration provisions may not be commenced or continued. In addition, the *Arbitration Act, 1991* (Ontario) provides that a court may hear an appeal of an arbitration award on a question of law, or set aside an arbitration award or declare it invalid, in each case on certain prescribed grounds.
10. Any requirement in any of the Documents that interest be paid at a higher rate after than before default may not be enforceable.
11. The effectiveness of provisions which purport to relieve a person from a liability or duty otherwise owed may be limited by law, and provisions requiring indemnification or reimbursement may not be enforced by a court, to the extent that they relate to the failure of such person to perform such duty or liability.
12. No opinion is expressed as to the enforceability of any provision contained in any Document which purports to sever from the Document any provision therein which is prohibited or unenforceable under applicable law without affecting the enforceability or validity of the remainder of the document.
13. No opinion is expressed regarding any waiver of service of process, presentment, demand, protest or notice of dishonour which may be contained in any of the Documents.
14. Any award of costs is in the discretion of a court of competent jurisdiction.
15. The enforceability of rights of indemnity set out in the Documents may be limited under applicable law to the extent that they directly or indirectly relate to liabilities imposed by law on IO for which it would be contrary to public policy to require Project Co to indemnify IO or to the extent that they constitute the indirect enforcement of a foreign revenue or penal law.

This opinion is being delivered solely in connection with the transaction addressed herein and may not be relied upon by any person other than the addressees, and their successors and permitted assigns, or for any purpose other than the transaction addressed herein.

Yours very truly,

**[INSERT NAME OF LAW FIRM]**

## APPENDIX D

## FORM OF IO OFFICER'S CERTIFICATE

Certificate of an Officer of  
Ontario Infrastructure Projects Corporation  
(the "Corporation")

**TO:** [●] ("Project Co")

**AND TO:** [COUNSEL TO PROJECT CO]

**AND TO:** [●] (the "Lenders' Agent")

**AND TO:** [LENDERS' COUNSEL]

**RE:** Project Agreement (as amended, supplemented or modified from time to time, the "**Project Agreement**") dated the [●] day of [●], 2009 between the Corporation, as agent for Her Majesty The Queen in Right of Ontario, as represented by the Minister of Energy and Infrastructure, and Project Co.

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I, [●], being the [●] of the Corporation and an authorized signatory of the Corporation and being duly authorized by the Corporation to deliver this certificate, hereby make the following certifications and confirmations for and on behalf of the Corporation and without incurring personal liability and that the same may be relied upon by you without further inquiry:

1. Attached hereto as **Schedule "A"** is a true and complete copy of (i) the resolutions of the directors of the Corporation regarding the execution of public works projects assigned to the Corporation and certain other matters set forth therein; and (ii) an excerpt of the resolutions of the directors of the Corporation relating to delegation of signing authority (collectively, the "**Execution Resolutions**"), which have been duly and validly passed in accordance with applicable law. The Execution Resolutions are the only resolutions of the Corporation pertaining to the subject matter thereof and the same is in full force and effect, unamended as of the date hereof.
2. Attached hereto as **Schedule "B"** is a true and complete copy of the resolutions of the directors of the Corporation approving the selection of Project Co as the successful bidder for the Toronto South Detention Centre Project (the "**Project Resolutions**"). The Project Resolutions are the only resolutions of the Corporation pertaining to the subject matter thereof and the same is in full force and effect, unamended as of the date hereof.
3. Pursuant to Paragraph 5 of Section 3 of the Ontario Infrastructure Project Corporation Act, the Toronto South Detention Centre Project has been assigned to Infrastructure Ontario by letter of direction from the Minister of Energy and Infrastructure.
4. The following named persons, on or as of the date hereof, are duly elected or appointed officers of the corporation, as evidenced by the holding of the office or offices set forth opposite their names, are proper signing officers of the Corporation and are authorized to

execute and deliver Project Documents (as such a term is defined in the Execution Resolutions referenced in item 1(i) above) relating to the Toronto South Detention Centre Project on behalf of the Corporation. The signatures set forth opposite their respective names are the true signatures of those persons.

<b>NAME</b>	<b>POSITION</b>	<b>SIGNATURE</b>

DATED this \_\_\_\_\_ day of \_\_\_\_\_, 2009.

\_\_\_\_\_  
Name:  
Title:

12339843.1

**SCHEDULE 3**

**PROJECT CO INFORMATION**

Project Co represents and warrants that the following information is true and correct as of the date of this Project Agreement:

**A. Integrated Team Solutions (Justice Infrastructure) Partnership**

- 1. Name: Integrated Team Solutions (Justice Infrastructure) Partnership
- 2. Date of Formation: September 18, 2009
- 3. Jurisdiction of Formation: Manitoba
- 4. Partners **[REDACTED]**  
**[REDACTED]**
- 5. Loans:
 

<b>Name and address of registered holder</b>	<b>Nominal value of loan</b>
<b>[REDACTED]</b>	<b>[REDACTED]</b>
- 6. Other outstanding securities (including description of type of securities, name and address of holder and amount):  
**[REDACTED]**
- 7. Summary of any constitutional, contractual or other special voting rights, restrictions on powers of directors or similar matters relevant to the control of Project Co:  
**[REDACTED]**

**B.** **[REDACTED]**

**C.** **[REDACTED]**

**D.** **[REDACTED]**

12339835.1

**SCHEDULE 4**

**LENDERS' DIRECT AGREEMENT**

**THIS AGREEMENT** is made as of the 26<sup>th</sup> day of October, 2009

**BETWEEN:**

**ONTARIO INFRASTRUCTURE PROJECTS CORPORATION**, a non-share capital corporation continued under the *Ontario Infrastructure Projects Corporation Act*, S.O. 2006, c.9, Schedule I, as amended, as agent for Her Majesty The Queen in Right of Ontario, as represented by the Minister of Energy and Infrastructure

("IO")

**AND:**

**COMPUTERSHARE TRUST COMPANY OF CANADA**, in its capacity as security agent for and on behalf of the Lenders under the Lending Agreements

(the "**Lenders' Agent**")

**AND:**

**INTEGRATED TEAM SOLUTIONS (JUSTICE INFRASTRUCTURE) PARTNERSHIP [REDACTED]**

("Project Co")

**WHEREAS:**

- A. IO and Project Co have entered into the Project Agreement.
- B. The overriding priorities of IO in entering into and implementing the Project Agreement are to procure, operate and maintain a safe, secure and humane institutional environment at the Facility and to provide for community safety through effective offender supervision, care, custody and intervention thereby effecting positive behavioural change and the reintegration of offenders into the community as productive citizens.
- C. Under the Lending Agreements, financing is to be provided to Project Co by the Lenders to finance the Project Operations, conditional on, among other things, Project Co granting the Security to the Lenders' Agent.
- D. The Lenders' Agent has agreed to enter into this lenders' direct agreement (the "**Lenders' Direct Agreement**") with IO in relation to the Security, the exercise of its rights under

the Security Documents and the remedying of breaches by Project Co under the Project Agreement.

- E. With a view to ensuring that IO is able to properly and effectively discharge its duties, functions and responsibilities under Applicable Law, Project Co, the Lenders' Agent and the Lenders commit to working collaboratively, responsibly and cooperatively with IO throughout the Project Term.

**NOW THEREFORE** in consideration of the mutual covenants and agreements of the Parties hereinafter contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties covenant and agree as follows:

## **1. DEFINITIONS**

In this Lenders' Direct Agreement, unless the context otherwise requires:

- (a) "**Affiliate**" has the meaning given in the Project Agreement.
- (b) "**Appointed Representative**" means any of the following to the extent so identified in an Appointed Representative Notice:
  - (i) the Lenders' Agent, any Lender or any of their Affiliates;
  - (ii) a receiver or receiver and manager of Project Co appointed under the Security Documents;
  - (iii) a trustee in bankruptcy or court-appointed receiver of Project Co;
  - (iv) an administrator of Project Co;
  - (v) a person directly or indirectly owned or controlled by the Lenders' Agent and/or any of the Lenders; or
  - (vi) any other person approved by IO (such approval not to be unreasonably withheld or delayed).
- (c) "**Appointed Representative Notice**" has the meaning given in Section 8(b).
- (d) "**Business Day**" has the meaning given in the Project Agreement.
- (e) "**Construction Contract**" has the meaning given in the Project Agreement.
- (f) "**Construction Contractor**" has the meaning given in the Project Agreement.
- (g) "**Default Notice**" has the meaning given in Section 7(b)(i).
- (h) "**Direct Agreements**" has the meaning given in the Project Agreement.

- (i) "**Enforcement Action**" means any acceleration of amounts due and owing to the Lenders under any of the Lending Agreements and/or any enforcement proceeding or enforcement action commenced or taken under any of the Security Documents.
- (j) "**Enforcement Event**" means an event of default as defined in the Lending Agreements, or any other event which permits an Enforcement Action.
- (k) "**Exercise Date**" has the meaning given in Section 12(b).
- (l) "**Facility**" has the meaning given in the Project Agreement.
- (m) "**Failure Points**" has the meaning given in the Project Agreement.
- (n) "**Governmental Authority**" has the meaning given in the Project Agreement.
- (o) "**Indebtedness Notice**" has the meaning given in Section 7(b)(ii).
- (p) "**IO Project Documents**" means the Project Agreement and all other documents to which both IO and Project Co are parties pursuant to or in connection with the Project Agreement.
- (q) "**Lender Representative**" means a representative (which may be the Lenders' Agent) acting as agent or trustee for and on behalf of all of the lenders lending to a Suitable Substitute.
- (r) "**Lenders**" has the meaning given in the Project Agreement.
- (s) "**Lenders' Direct Agreement**" means this lenders' direct agreement.
- (t) "**Lending Agreements**" has the meaning given in the Project Agreement.
- (u) "**Longstop Date**" has the meaning given in the Project Agreement.
- (v) "**Monitoring Notice**" has the meaning given in the Project Agreement.
- (w) "**Notice Period**" means the period starting on the date of delivery of a Default Notice and ending 120 days later.
- (x) "**Novation Date**" has the meaning given in Section 10(a).
- (y) "**Novation Notice**" has the meaning given in Section 10(a).
- (z) "**Party**" means any of IO, Project Co or the Lenders' Agent, and "**Parties**" means all of IO, Project Co and the Lenders' Agent.
- (aa) "**person**" has the meaning given in the Project Agreement.



- (bb) "**Project**" has the meaning given in the Project Agreement.
- (cc) "**Project Agreement**" means the project agreement made on or about October 26, 2009 between IO and Project Co.
- (dd) "**Project Co Event of Default**" has the meaning given in the Project Agreement.
- (ee) "**Project Documents**" has the meaning given in the Project Agreement.
- (ff) "**Project Operations**" has the meaning given in the Project Agreement.
- (gg) "**Province**" has the meaning given in the Project Agreement.
- (hh) "**Refinancing**" has the meaning given in the Project Agreement.
- (ii) "**Restricted Person**" has the meaning given in the Project Agreement.
- (jj) "**Scheduled Substantial Completion Date**" has the meaning given in the Project Agreement.
- (kk) "**Security**" means the security interests granted by Project Co to the Lenders' Agent pursuant to the Security Documents.
- (ll) "**Security Documents**" means all security granted by Project Co to the Lenders (or any trustee or agent thereof, including the Lenders' Agent) pursuant to or in connection with the Lending Agreements, including but not limited to:
  - (i) [REDACTED]
- (mm) "**Service Provider**" has the meaning given in the Project Agreement.
- (nn) "**Step-In Date**" means the date on which IO receives a Step-In Notice from the Lenders' Agent.
- (oo) "**Step-In Notice**" means the notice given by the Lenders' Agent to IO pursuant to Section 8(a) stating that the Lenders' Agent is exercising its step-in rights under this Lenders' Direct Agreement.
- (pp) "**Step-In Period**" means the period from the Step-In Date up to and including the earlier of:
  - (i) the Step-Out Date;
  - (ii) the Termination Date (provided that IO has complied with its obligations in Section 7 of this Lenders' Direct Agreement);

- (iii) the date that a transfer of Project Co's rights and obligations under the IO Project Documents to a Suitable Substitute pursuant to Section 10 becomes effective; and
- (iv) if the Step-In Date occurs prior to the Substantial Completion Date, the earlier of:
  - (A) the date falling 180 days after the Longstop Date; or
  - (B) the date falling two years after the Step-In Date.
- (qq) "**Step-Out Date**" means the date falling 30 days after the date on which IO receives a Step-Out Notice.
- (rr) "**Step-Out Notice**" has the meaning given in Section 9(a).
- (ss) "**Subcontractor**" has the meaning given in the Project Agreement.
- (tt) "**Subsequent Indebtedness Notice**" has the meaning given in Section 7(c).
- (uu) "**Substantial Completion Date**" has the meaning given in the Project Agreement.
- (vv) "**Suitable Substitute**" means a person, approved in writing by IO in accordance with Sections 10(b) and 10(c), which:
  - (i) has the legal capacity, power and authority to become a party to and perform the obligations of Project Co under the IO Project Documents; and
  - (ii) employs individuals having the appropriate qualifications, experience and technical competence, and having the resources available to it (including committed financial resources and subcontracts) that are sufficient to enable it to perform the obligations of Project Co under the IO Project Documents.
- (ww) "**Termination Date**" has the meaning given in the Project Agreement.
- (xx) "**Warning Notice**" has the meaning given in the Project Agreement.
- (yy) "**Works**" has the meaning given in the Project Agreement.

## 2. INTERPRETATION

This Lenders' Direct Agreement shall be interpreted according to the following provisions, unless the context requires a different meaning:

- (a) The headings in this Lenders' Direct Agreement are for convenience of reference only, shall not constitute a part of this Lenders' Direct Agreement, and shall not

be taken into consideration in the interpretation of, or affect the meaning of, this Lenders' Direct Agreement.

- (b) Unless the context otherwise requires, references to specific Sections, Clauses, Paragraphs, Subparagraphs, and other divisions are references to such Sections, Clauses, Paragraphs, Subparagraphs, or divisions of this Lenders' Direct Agreement and the terms "Section" and "Clause" are used interchangeably and are synonymous.
- (c) Words importing persons or parties are to be broadly interpreted and include an individual, corporation, firm, partnership, joint venture, trust, unincorporated organization, Governmental Authority, unincorporated body of persons or association and any other entity having legal capacity, and the heirs, beneficiaries, executors, administrators or other legal representatives of a person in such capacity.
- (d) Unless the context otherwise requires, wherever used herein the plural includes the singular, the singular includes the plural, and each of the masculine, feminine and neuter genders include all other genders.
- (e) References to any standard, principle, agreement or document include (subject to all relevant approvals and any other provisions of this Lenders' Direct Agreement concerning amendments) a reference to that standard, principle, agreement or document as amended, supplemented, restated, substituted, replaced, novated or assigned.
- (f) The words in this Lenders' Direct Agreement shall bear their natural meaning.
- (g) References containing terms such as:
  - (i) "hereof", "herein", "hereto", "hereinafter", and other terms of like import are not limited in applicability to the specific provision within which such references are set forth but instead refer to this Lenders' Direct Agreement taken as a whole; and
  - (ii) "includes" and "including", whether or not used with the words "without limitation" or "but not limited to", shall not be deemed limited by the specific enumeration of items but shall, in all cases, be deemed to be without limitation and construed and interpreted to mean "includes without limitation" and "including without limitation".
- (h) In construing this Lenders' Direct Agreement, the rule known as the *ejusdem generis rule* shall not apply nor shall any similar rule or approach to the construction of this Lenders' Direct Agreement and, accordingly, general words introduced or followed by the word "other" or "including" or "in particular" shall not be given a restrictive meaning because they are followed or preceded (as the

case may be) by particular examples intended to fall within the meaning of the general words.

- (i) Where this Lenders' Direct Agreement states that an obligation shall be performed "no later than" or "within" or "by" a stipulated date or event which is a prescribed number of days after a stipulated date or event, the latest time for performance shall be 5:00 p.m. on the last day for performance of the obligation concerned, or, if that day is not a Business Day, 5:00 p.m. on the next Business Day.
- (j) Where this Lenders' Direct Agreement states that an obligation shall be performed "on" a stipulated date, the latest time for performance shall be 5:00 p.m. on that day, or, if that day is not a Business Day, 5:00 p.m. on the next Business Day.
- (k) Any reference to time of day or date means the local time or date in Toronto, Ontario.
- (l) Unless otherwise indicated, time periods will be strictly construed.
- (m) Whenever the terms "will" or "shall" are used in this Lenders' Direct Agreement they shall be construed and interpreted as synonymous and to read "shall".
- (n) Where Project Co is a general partnership, each partner shall be jointly and severally liable for Project Co's actions and any reference that a third party shall have no liability to Project Co shall be construed as the third party having no liability to Project Co or any of its partners.

### **3. CONFLICT OF DOCUMENTS**

In the event of any ambiguity, conflict or inconsistency between the provisions of this Lenders' Direct Agreement, the Project Agreement and either of the Direct Agreements, the provisions of this Lenders' Direct Agreement shall prevail and govern to the extent of such ambiguity, conflict or inconsistency.

### **4. TERM**

- (a) This Lenders' Direct Agreement shall terminate automatically on the earliest of:
  - (i) the date on which all amounts which may be or become owing to the Lenders under the Lending Agreements have been irrevocably paid in full;
  - (ii) the Termination Date (provided that IO has complied with its obligations in Section 7 of this Lenders' Direct Agreement); and
  - (iii) the date that any transfer of Project Co's rights and obligations under the IO Project Documents to a Suitable Substitute pursuant to Section 10 becomes effective and the agreements contemplated in Section 10(e)(iii) are executed and delivered by the parties thereto.

- (b) Within 30 days following its occurrence, the Lenders' Agent shall provide notice to IO of the date referred to in Section 4(a)(i).

**5. AGREEMENTS AND SECURITY**

- (a) Project Co and the Lenders' Agent shall not amend or modify the Lending Agreements, or any of them, except where Project Co is permitted to do so pursuant to Section 7.3(a) of the Project Agreement.
- (b) Project Co and IO shall not amend or modify the IO Project Documents (other than in accordance with the terms of those agreements) without the prior written consent of the Lenders' Agent, not to be unreasonably withheld or delayed, which consent shall not be withheld if the relevant amendment or modification shall not (i) materially adversely affect the ability of the Lenders to exercise their rights under the Security, (ii) materially adversely affect the value of the Security, or (iii) increase the liability of the Lenders or Project Co under the relevant agreement. The Lenders' Agent shall respond to any request for consent under this Section 5(b) within 30 days of receipt thereof.
- (c) Project Co acknowledges and consents to the arrangements set out in this Lenders' Direct Agreement, and agrees not to do or omit to do anything that may prevent any other Party from enforcing its rights under this Lenders' Direct Agreement.
- (d) The Lenders' Agent acknowledges having received a copy of the Project Agreement.
- (e) IO acknowledges having received copies of the Lending Agreements, and confirms that they are in form and substance satisfactory to IO as at the date of Financial Close.
- (f) IO acknowledges notice of and consents to the Security, and confirms that it has not received notice of any other security interest granted over Project Co's rights under any of the IO Project Documents.
- (g) IO agrees that any enforcement by the Lenders' Agent of a security interest in the Equity Capital of Project Co granted in favour of the Lenders' Agent as part of the Security following an Enforcement Event shall not constitute a Change in Ownership, Change in Control or Project Co Event of Default under the Project Agreement.
- (h) Project Co and the Lenders' Agent hereby authorize and instruct IO (and IO agrees) to pay all sums payable to Project Co under the Project Agreement as follows:
  - (i) in the case of the TIC Completion Payment, **[REDACTED]**,
  - (ii) in the case of the Substantial Completion Payment, **[REDACTED]**,

(iii) in the case of all other sums payable to Project Co., [REDACTED],

and Project Co and IO further agree that upon the occurrence of an Enforcement Event, if so directed in writing by the Lenders' Agent upon giving reasonable notice, IO shall pay any sum which it is obliged to pay to Project Co under the Project Agreement to a bank account specified by the Lenders' Agent.

- (i) IO shall provide the Lenders' Agent with copies of any Warning Notice, Monitoring Notice or notice of default given to Project Co under the Project Agreement at the same time such notice is given to Project Co.
- (j) Prior to the irrevocable payment in full of all amounts owing to the Lenders under the Lending Agreements, IO shall not take any action to wind-up, liquidate, dissolve or appoint a receiver or receiver and manager of Project Co or to institute or sanction a voluntary arrangement or any other bankruptcy or insolvency proceedings in relation to Project Co.

## **6. ENFORCEMENT OF SECURITY BY LENDERS' AGENT**

- (a) The Lenders' Agent shall promptly notify IO of any Enforcement Event, any Enforcement Action, any notice from the Lenders to Project Co to accelerate the maturity of any amounts owing by Project Co to the Lenders under the Lending Agreements or any notice from the Lenders to Project Co to demand repayment of any amounts owing by Project Co to the Lenders under the Lending Agreements.
- (b) The Lenders' Agent may assign, transfer or otherwise dispose of any right, title or interest it may have in, or rights or obligations it may have pursuant to, the Security Documents to a successor agent in accordance with the terms of the Lending Agreements except where:
  - (i) such assignment, transfer or other disposition would constitute a Refinancing and the provisions of Schedule 25 - Refinancing to the Project Agreement have not been complied with in connection therewith; or
  - (ii) the person to whom such assignment, transfer or other disposition is to be made, or an Affiliate of such person, is a Restricted Person or a person whose standing or activities may compromise (1) the Province's reputation or integrity, or (2) the nature of the Province's corrections system, so as to affect public confidence in that system.
- (c) Any Lender may assign, transfer or otherwise dispose of any right, title or interest it may have in, or rights or obligations it may have pursuant to, the Lending Agreements in accordance with the terms of the Lending Agreements.

**7. TERMINATION OF PROJECT AGREEMENT BY IO**

- (a) Subject only to the rights expressly afforded to the Lenders' Agent pursuant to, and the restrictions set forth in, this Section 7, IO may, at any time, serve notice terminating the Project Agreement if it is entitled to do so under the terms of the Project Agreement.
- (b) At any time other than during the Step-In Period (with the restriction on termination during the Step-In Period set out in Section 7(d)), IO shall not exercise any right it may have to terminate or serve notice terminating the Project Agreement for a Project Co Event of Default unless:
- (i) IO promptly delivers written notice (a "**Default Notice**") to the Lenders' Agent setting out the Project Co Event of Default in reasonable detail;
  - (ii) not later than 30 days after the date of a Default Notice, IO delivers written notice (an "**Indebtedness Notice**") to the Lenders' Agent setting out:
    - (A) all amounts owed by Project Co to IO and any other existing liabilities and unperformed obligations of Project Co to IO of which IO is aware (having made reasonable enquiry), in each case, as of the date on which IO sent the Default Notice; and
    - (B) all amounts which will become owing by Project Co to IO and any other liabilities and obligations of Project Co to IO of which IO is aware (having made reasonable enquiry), in each case, on or before the end of the Notice Period; and
  - (iii) the Notice Period has expired and the Lenders' Agent has not delivered a Step-In Notice.
- (c) At any time after IO sends an Indebtedness Notice but before IO receives a Step-In Notice, if IO discovers amounts that have become owing by Project Co to IO or any other liabilities or obligations of Project Co to IO that have come due but which were not included in the Indebtedness Notice, IO shall deliver written notice (a "**Subsequent Indebtedness Notice**") to the Lenders' Agent setting out those amounts, liabilities or obligations.
- (d) During the Step-In Period, IO shall not terminate the Project Agreement on grounds:
- (i) that the Lenders' Agent has served a Step-In Notice or enforced any Security Document; or
  - (ii) arising prior to the Step-In Date of which IO was aware (having made due inquiry) and whether or not continuing at the Step-In Date unless:

- (A) the grounds arose prior to the Substantial Completion Date, and the Substantial Completion Date does not occur on or before the date falling 180 days after the Longstop Date; or
  - (B) the grounds arose after the Substantial Completion Date, and neither the Appointed Representative nor Project Co, as the case may be, is diligently proceeding to cure any breach of the Project Agreement that:
    - (1) arose prior to the Step-In Date;
    - (2) is continuing and capable of being cured; and
    - (3) would have entitled IO to terminate the Project Agreement;  
or
  - (C) the grounds (whenever they first arose) did not give rise to any right to terminate the Project Agreement until after the Step-In Date; or
- (iii) arising solely in relation to Project Co.
- (e) IO shall be entitled to terminate the Project Agreement by written notice to Project Co and the Appointed Representative:
- (i) if any amount referred to in Section 7(b)(ii)(A) has not been paid to IO on or before the Step-In Date;
  - (ii) if any amount referred to in Section 7(b)(ii)(B) has not been paid on or before the last day of the Notice Period;
  - (iii) if amounts included in a Subsequent Indebtedness Notice have not been paid on or before the date falling 30 days after the date on which the Subsequent Indebtedness Notice is delivered to the Lenders' Agent; or
  - (iv) on grounds arising after the Step-In Date in accordance with the terms of the Project Agreement, provided that, except as otherwise provided in Section 10, Failure Points and/or Warning Notices that arose prior to the Step-In Date shall not be taken into account during the Step-In Period but such Failure Points and Warning Notices (to the extent applicable under the terms of the Project Agreement) shall be taken into account after the Step-Out Date.

## **8. STEP-IN RIGHTS**

- (a) Subject to Section 8(b) and without prejudice to rights of the Lenders' Agent to enforce the Security, the Lenders' Agent may give IO a Step-In Notice at any time:



- (i) during which a Project Co Event of Default is subsisting (whether or not a Default Notice has been served);
  - (ii) during the Notice Period; or
  - (iii) during which an Enforcement Event is subsisting.
- (b) At least 5 Business Days before the Lenders' Agent delivers a Step-In Notice, the Lenders' Agent shall deliver written notice (an "**Appointed Representative Notice**") to IO of:
- (i) its intention to deliver a Step-In Notice; and
  - (ii) the identity of its proposed Appointed Representative.
- (c) Upon issuance of a Step-In Notice, the Appointed Representative shall assume, jointly with Project Co, all of Project Co's rights under the IO Project Documents.
- (d) During the Step-In Period, IO shall deal with the Appointed Representative instead of Project Co in connection with all matters related to the IO Project Documents. Project Co agrees to be bound by all such dealings between IO and the Appointed Representative to the same extent as if they had been between IO and Project Co.

**9. STEP-OUT RIGHTS**

- (a) The Appointed Representative may, at any time during the Step-In Period, deliver written notice (a "**Step-Out Notice**") to IO to terminate the Step-In Period on the Step-Out Date.
- (b) On expiry of the Step-In Period:
- (i) the rights and obligations of the Appointed Representative in relation to IO under the IO Project Documents arising prior to the expiry of the Step-In Period will be assumed by Project Co to the exclusion of the Appointed Representative;
  - (ii) IO will no longer deal with the Appointed Representative and will deal with Project Co in connection with all matters related to the IO Project Documents; and
  - (iii) the Appointed Representative and IO shall be and hereby are released from all obligations and liabilities to one another under the IO Project Documents.
- (c) There will not be more than one Step-In Period in respect of any one Default Notice.

**10. NOVATION TO SUITABLE SUBSTITUTE**

- (a) Subject to Section 10(b), at any time:
  - (i) after an Enforcement Event has occurred;
  - (ii) during the Notice Period; or
  - (iii) during the Step-In Period,

the Lenders' Agent may deliver to IO and any Appointed Representative written notice (a "**Novation Notice**") that it wishes to transfer Project Co's rights and obligations under the IO Project Documents to a proposed transferee, together with all information reasonably necessary for IO to decide whether the proposed transferee is a Suitable Substitute. The Novation Notice shall specify a Business Day not less than 30 days from the date on which IO receives the Novation Notice ("**Novation Date**") for the transfer of Project Co's rights and obligations under the IO Project Documents to the proposed transferee in accordance with the provisions of Section 10(e).

- (b) IO shall promptly notify the Lenders' Agent of any additional information it requires in order to assess whether the proposed transferee is a Suitable Substitute. IO shall notify the Lenders' Agent, in writing, as to whether the person to whom the Lenders' Agent proposes to transfer Project Co's rights and liabilities under the IO Project Documents is approved by IO as a Suitable Substitute, on or before the date falling 30 days after the later of the date of receipt by IO of the Novation Notice and the date of receipt of any additional information requested by IO. For greater certainty, if IO fails to respond within such period, IO shall be deemed not to have approved the proposed transferee.
- (c) IO shall not unreasonably withhold or delay its approval of a proposed transferee as a Suitable Substitute, but it shall, without limitation, be reasonable for IO to withhold its approval if:
  - (i) there are unremedied breaches under the Project Agreement which are capable of being remedied by the Appointed Representative or the Suitable Substitute and there is no rectification plan acceptable to IO, acting reasonably, in respect of such breaches;
  - (ii) the proposed transferee is a Restricted Person or other person who is not permitted to be a Subcontractor pursuant to the Project Agreement; or
  - (iii) the proposed security interests to be granted by the Suitable Substitute to the Lender Representative are materially different from the Security, materially adversely affect the ability of the Suitable Substitute to perform under the IO Project Documents or have the effect of increasing any liability of IO, whether actual or potential.

- (d) If IO withholds its approval of a proposed transferee as a Suitable Substitute in accordance with Section 10(c), the Lenders' Agent may give one or more subsequent Novation Notices pursuant to the provisions of Section 10(a) containing changed particulars relating to the same proposed transferee or particulars relating to another proposed transferee which the Lenders' Agent has good cause to believe will be acceptable to IO, acting reasonably, provided that only one Novation Notice may be outstanding at any one time.
- (e) On the Novation Date:
  - (i) Project Co and IO will be released from their obligations under the IO Project Documents to each other, and the Suitable Substitute and IO will assume those same obligations towards each other;
  - (ii) each of the rights of Project Co against IO under the IO Project Documents and the rights of IO against Project Co under the IO Project Documents will be cancelled, and the Suitable Substitute and IO will acquire those same rights against each other;
  - (iii) the Parties will enter into, and the Lenders' Agent shall cause the Suitable Substitute and the Lender Representative to enter into, all such agreements or other documents as are reasonably necessary to give effect to the foregoing, including:
    - (A) an agreement between IO and the Suitable Substitute, on substantially the same terms as the Project Agreement; and
    - (B) an agreement among IO, the Suitable Substitute and the Lender Representative on substantially the same terms as this Lenders' Direct Agreement;
  - (iv) any Failure Points and Warning Notices that arose prior to the Novation Date shall be cancelled, provided that, where IO was entitled to make Deductions under Schedule 18 - Payment Mechanism arising from such Failure Points and Warning Notices and those Deductions have not yet been made against any payments to Project Co preceding the Novation Date, those outstanding Deductions shall still apply; and
  - (v) any subsisting ground for termination by IO of the Project Agreement will be deemed to have no effect and any subsisting Default Notice will be automatically revoked.

## **11. TRANSFERS**

IO shall, at Project Co's cost and expense, take whatever action the Lenders' Agent, the Appointed Representative or a Suitable Substitute may reasonably require for perfecting any assumption or transfer of or release pursuant to Sections 8, 9 or 10, including the

execution of any transfer or assignment, and the giving of any notice, order or direction and the making of any registration which, in each case, the Lenders' Agent, the Appointed Representative or the Suitable Substitute reasonably requires.

## 12. DIRECT AGREEMENTS

- (a) Notwithstanding any provision in the Direct Agreements, IO hereby undertakes that it will not exercise any rights it may have under or arising out of any of the Direct Agreements, except as provided in Sections 12(b) to 12(f) inclusive.
- (b) Following termination of the Project Agreement (other than as a result of a novation pursuant to this Lenders' Direct Agreement) in accordance with this Lenders Direct Agreement, IO shall from such date (the "**Exercise Date**") be entitled to exercise its rights under the Direct Agreements to step in to and/or novate the Construction Contract and/or the Service Contract in accordance with the Direct Agreements.
- (c) Following the Exercise Date, IO shall not do anything to prejudice the rights which are not transferred to it pursuant to the Direct Agreements.
- (d) Where all amounts which may be or become owing by Project Co to the Lenders under the Lending Agreements have been irrevocably paid in full, the Lenders' Agent shall promptly release and discharge all Security in respect of any Construction Contract or Service Contract assumed or novated by IO pursuant to a Direct Agreement.
- (e) Notwithstanding the terms of the Direct Agreements and any other provisions of this Section 12, each of the Construction Contractor and the Service Provider (and any guarantors thereof) shall remain responsible, and be liable, to Project Co in respect of all costs, claims, damages, losses and liabilities which shall have arisen out of or in connection with the Construction Contract and/or the Service Contract in respect of the period prior to the Exercise Date.
- (f) Without prejudice to Sections 12(a) to 12(e) inclusive, IO shall not, prior to the date on which this Lenders' Direct Agreement terminates:
  - (i) claim, recover, retain or receive (or seek to claim, recover, retain or receive) any amount under the Direct Agreements (and/or the Construction Contract and/or the Service Contract) from the Construction Contractor or the Service Provider;
  - (ii) take any action to wind-up, liquidate, dissolve or appoint a receiver or receiver and manager of the Construction Contractor and/or the Service Provider or to institute or sanction a voluntary arrangement or any other bankruptcy or insolvency proceedings in relation to the Construction Contractor and/or the Service Provider; or

- (iii) compete with the rights of the Lenders' Agent on a winding-up or other insolvency or bankruptcy of the Construction Contractor or the Service Provider, nor claim to be subrogated to any rights of the Lenders' Agent or any Lender.

IO agrees and undertakes that if it receives any amount in contravention of the provisions of this Section 12(f), it will immediately turn the same over to the Lenders' Agent for the account of the Lenders' Agent and the Lenders and, pending such payment, hold the same in trust for the Lenders' Agent and the Lenders.

### **13. ASSIGNMENT**

- (a) No Party to this Lenders' Direct Agreement may assign, transfer or otherwise dispose of any part of its rights or obligations under this Lenders' Direct Agreement save as provided in this Section 13.
- (b) Project Co may assign, transfer or otherwise dispose of the benefit of this Lenders' Direct Agreement to any person to whom Project Co assigns, transfers or otherwise disposes of its interest in the Project Agreement pursuant to Section 57.1 of the Project Agreement and the provisions of the Lending Agreements, and shall provide written notice to IO and the Lenders' Agent of such assignment, transfer or other disposition. Such assignee, as a condition precedent to any such assignment, transfer or other disposition, shall assume the obligations and acquire the rights of Project Co under this Lenders' Direct Agreement pursuant to an assumption agreement with, and in form and substance satisfactory to, IO and the Lenders' Agent, each acting reasonably. IO and the Lenders' Agent shall, at Project Co's cost and expense, do all things and execute all further documents as may be necessary in connection therewith.
- (c) IO may assign, transfer or otherwise dispose of the benefit of this Lenders' Direct Agreement to any person to whom IO assigns, transfers or otherwise disposes of its interest in the Project Agreement pursuant to Section 57.2 of the Project Agreement, and shall provide written notice to Project Co and the Lenders' Agent of such assignment, transfer or other disposition. Such assignee, as a condition precedent to any such assignment, transfer or other disposition, shall assume the obligations and acquire the rights of IO under this Lenders' Direct Agreement pursuant to an assumption agreement with, and in form and substance satisfactory to, Project Co and the Lenders' Agent, each acting reasonably. Project Co and the Lenders' Agent shall, at IO's cost and expense, do all things and execute all further documents as may be necessary in connection therewith.
- (d) The Lenders' Agent may only assign, transfer or otherwise dispose of any interest in this Lenders' Direct Agreement as permitted by the Lending Agreements, and shall provide written notice to Project Co and IO of such assignment, transfer or other disposition; provided that, notwithstanding any provision to the contrary in the Lending Agreements, the Lender's Agent may not assign, transfer or otherwise

dispose of any interest in this Lenders' Direct Agreement to a Restricted Person. The Lenders' Agent, as a condition precedent to any such assignment, transfer or other disposition, shall cause the assignee to enter into a new agreement with Project Co and IO on substantially the same terms as this Lenders' Direct Agreement and Project Co and IO shall enter into such new agreement with the assignee. Project Co and IO shall, at the Lenders' Agent's cost and expense, do all things and execute all further documents as may be necessary in connection therewith.

**14. NOTICES**

- (a) All notices, requests, demands, instructions, certificates, consents and other communications required or permitted under this Lenders' Direct Agreement shall be in writing (whether or not "written notice" or "notice in writing" is specifically required by the applicable provision of this Lenders' Direct Agreement) and served by sending the same by registered mail or by hand, as follows:

If to IO: Infrastructure Ontario  
777 Bay Street  
6<sup>th</sup> Floor  
Toronto, Ontario

Fax No.: [REDACTED]

Attn.: Senior Vice President, Project Development  
and Construction

With a copy to: Infrastructure Ontario  
777 Bay Street  
6<sup>th</sup> Floor  
Toronto, Ontario

Fax No.: [REDACTED]

Attn.: Vice President, Project Delivery  
Toronto South Detention Centre Project

If to the Lenders' Agent: Computershare Trust Company of Canada  
100 University Avenue  
9th Floor, North Tower  
Toronto, Ontario  
M5J 2Y1

Fax No.: [REDACTED]

Attn.: Manager, Corporate Trust

If to Project Co: Integrated Team Solutions (Justice Infrastructure)  
Partnership  
5000 Yonge Street  
Suite 1805  
Toronto, ON, M2N 7E9

Fax No.: [REDACTED]

Attn: Vice President

- (b) Any Party to this Lenders' Direct Agreement may, from time to time, change any of its contact information set forth in Section 14(a) by prior notice to the other Parties, and such change shall be effective on the Business Day that next follows the recipient Party's receipt of such notice unless a later effective date is given in such notice.
- (c) Subject to Sections 14(d) and 14(e):
  - (i) a notice given by registered mail shall be deemed to have been received on the third Business Day after mailing; and
  - (ii) a notice given by hand delivery shall be deemed to have been received on the day it is delivered.
- (d) If the Party giving the notice knows or ought reasonably to know of difficulties with the postal system which might affect negatively the delivery of mail, any such notice shall not be mailed but shall be made by personal delivery in accordance with this Section 14.
- (e) If any notice delivered by hand is so delivered either on a day that is not a Business Day or on a Business Day after 4:00 p.m. (recipient's local time), then such notice shall be deemed to have been received by such recipient on the next following Business Day.

## **15. AMENDMENTS**

This Lenders' Direct Agreement may not be varied, amended or supplemented except by an agreement in writing signed by duly authorized representatives of the Parties and stating on its face that it is intended to be an amendment, restatement or other modification, as the case may be, to this Lenders' Direct Agreement.

## **16. WAIVER**

- (a) No waiver made or given by a Party under or in connection with this Lenders' Direct Agreement shall be binding or effective unless the waiver is in writing, signed by an authorized representative of the Party giving such waiver, and delivered by such Party to the other Parties. No waiver made with respect to any

right, power or remedy in one instance will be deemed to be a waiver with respect to any other instance involving the exercise of such right, power, or remedy or with respect to any other right, power, or remedy.

- (b) Failure by any Party to exercise any of its rights, powers or remedies hereunder or its delay to do so shall not constitute a waiver of those rights, powers or remedies. The single or partial exercise of a right, power or remedy shall not prevent its subsequent exercise or the exercise of any other right, power or remedy.

**17. RELATIONSHIP BETWEEN THE PARTIES**

The Parties are independent contractors. This Lenders' Direct Agreement is not intended to and does not create or establish between the Parties any relationship as partners, joint venturers, employer and employee, master and servant, or, except as provided in this Lenders' Direct Agreement, of principal and agent.

**18. ENTIRE AGREEMENT**

Except where provided otherwise in this Lenders' Direct Agreement, this Lenders' Direct Agreement constitutes the entire agreement between the Parties in connection with its subject matter and supersedes all prior representations, communications, negotiations and understandings, whether oral, written, express or implied, concerning the subject matter of this Lenders' Direct Agreement.

**19. SEVERABILITY**

Each provision of this Lenders' Direct Agreement shall be valid and enforceable to the fullest extent permitted by law. If any provision of this Lenders' Direct Agreement is declared invalid, unenforceable or illegal by the courts of a competent jurisdiction, such provision may be severed and such invalidity, unenforceability or illegality shall not prejudice or affect the validity, enforceability and legality of the remaining provisions of this Lenders' Direct Agreement. If any such provision of this Lenders' Direct Agreement is invalid, unenforceable or illegal, the Parties shall, acting in good faith, promptly negotiate new provisions to eliminate such invalidity, unenforceability or illegality and to restore this Lenders' Direct Agreement as near as possible to its original intent and effect.

**20. ENUREMENT**

This Lenders' Direct Agreement shall enure to the benefit of, and be binding on, each of the Parties and their respective successors and permitted transferees and assigns.

**21. GOVERNING LAW AND JURISDICTION**

- (a) This Lenders' Direct Agreement shall be governed by and construed in accordance with the laws of Ontario and the laws of Canada applicable therein and shall be treated in all respects as an Ontario contract, without regard to conflict of laws principles.



- (b) The Parties agree that the courts of the Province of Ontario and all courts competent to hear appeals therefrom shall have exclusive jurisdiction to hear and settle any action, suit, proceeding or dispute in connection with this Lenders' Direct Agreement and hereby irrevocably attorn to the exclusive jurisdiction of such courts.

**22. DISPUTE RESOLUTION PROCEDURE**

The Parties agree that the dispute resolution procedure provided for in Schedule 24 - Dispute Resolution Procedure to the Project Agreement shall not apply to any dispute under this Lenders' Direct Agreement.

**23. FURTHER ASSURANCE**

Each Party shall do all things, from time to time, and execute all further documents necessary to give full effect to this Lenders' Direct Agreement.

**24. LANGUAGE OF AGREEMENT**

Each Party acknowledges having requested and being satisfied that this Lenders' Direct Agreement and related documents be drawn in English. Chacune des parties reconnaît avoir demandé que ce document et ses annexes soient rédigés en anglais et s'en déclare satisfaite.

**25. COUNTERPARTS**

This Lenders' Direct Agreement may be executed in one or more counterparts. Any single counterpart or a set of counterparts executed, in either case, by all the Parties shall constitute a full, original and binding agreement for all purposes. Counterparts may be executed either in original or faxed form provided that any Party providing its signature in faxed form shall promptly forward to such Party an original signed copy of this Lenders' Direct Agreement which was so faxed.

**26. CONFIDENTIALITY**

The Lenders' Agent agrees to comply with the obligations imposed on Project Co by the provisions of Section 50 of the Project Agreement, *mutatis mutandis*, provided that the Lenders' Agent will be permitted to disclose to any relevant regulatory authority only such Confidential Information as is necessary for the Lenders' Agent to comply with Applicable Law.

*[Signature pages follow]*

**IN WITNESS WHEREOF** the Parties have executed this Lenders' Direct Agreement as of the date first above written.

**ONTARIO INFRASTRUCTURE  
PROJECTS CORPORATION**

Per: \_\_\_\_\_  
Name: **[REDACTED]**  
Title: Senior Vice President,  
Infrastructure Lending and  
CFO

Per: \_\_\_\_\_  
Name: **[REDACTED]**  
Title: Senior Vice President,  
Project Delivery

I/We have authority to bind the corporation.

**COMPUTERSHARE TRUST  
COMPANY OF CANADA**, in its capacity  
as security agent for and on behalf of the  
Lenders under the Lending Agreements

Per: \_\_\_\_\_  
Name:  
Title:

Per: \_\_\_\_\_  
Name:  
Title:

I/We have authority to bind the corporation.

**INTEGRATED TEAM SOLUTIONS  
(JUSTICE INFRASTRUCTURE)  
PARTNERSHIP**, by its partners,

**[REDACTED]**

Per: \_\_\_\_\_  
Name:  
Title:

Per: \_\_\_\_\_  
Name:  
Title:

**[REDACTED]**

Per: \_\_\_\_\_  
Name:  
Title:

Per: \_\_\_\_\_  
Name:  
Title:

I/We have authority to bind the corporation.

12339824.1

**SCHEDULE 5-1**

**CONSTRUCTION CONTRACTOR'S DIRECT AGREEMENT**

**THIS AGREEMENT** is made as of the 26<sup>th</sup> day of October, 2009

**BETWEEN:**

**ONTARIO INFRASTRUCTURE PROJECTS CORPORATION**, a non-share capital corporation continued under the *Ontario Infrastructure Projects Corporation Act*, S.O. 2006, c.9, Schedule I, as amended, as agent for Her Majesty The Queen in Right of Ontario, as represented by the Minister of Energy and Infrastructure

("IO")

**AND:**

**INTEGRATED TEAM SOLUTIONS (JUSTICE INFRASTRUCTURE) PARTNERSHIP [REDACTED]**

("Project Co")

**AND:**

**ELLISDON CORPORATION**, a corporation incorporated under the laws of Ontario

(the "Construction Contractor")

**AND:**

[REDACTED]

**WHEREAS:**

- A. IO and Project Co have entered into the Project Agreement, which requires Project Co to enter into, and to cause the Construction Contractor and [REDACTED] to enter into, this Construction Contractor's Direct Agreement with IO.
- B. Project Co and the Construction Contractor have entered into the Construction Contract, which requires the Construction Contractor and [REDACTED] to enter into this Construction Contractor's Direct Agreement with IO.

**NOW THEREFORE** in consideration of the mutual covenants and agreements of the Parties hereinafter contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties covenant and agree as follows:

## 1. Definitions

In this Construction Contractor's Direct Agreement, unless the context otherwise requires:

- (a) "**Business Day**" has the meaning given in the Project Agreement.
- (b) "**Construction Contract**" has the meaning given in the Project Agreement.
- (c) "**Default Notice**" has the meaning given in Section 5(a).
- (d) "**Governmental Authority**" has the meaning given in the Project Agreement.
- (e) "**Lenders**" has the meaning given in the Project Agreement.
- (f) "**Lenders' Direct Agreement**" has the meaning given in the Project Agreement.
- (g) "**Party**" means IO, the Construction Contractor, [REDACTED] or Project Co, and "**Parties**" means IO, the Construction Contractor, [REDACTED] and Project Co.
- (h) "**Project**" has the meaning given in the Project Agreement.
- (i) "**Project Agreement**" means the project agreement made on or about October 26, 2009 between IO and Project Co.
- (j) "**Step-In Notice**" has the meaning given in Section 6(a).
- (k) "**Substitute**" has the meaning given in Section 6(a).
- (l) "**Works**" has the meaning given in the Project Agreement.

## 2. Interpretation

This Construction Contractor's Direct Agreement shall be interpreted according to the following provisions, unless the context requires a different meaning:

- (a) The headings in this Construction Contractor's Direct Agreement are for convenience of reference only, shall not constitute a part of this Construction Contractor's Direct Agreement, and shall not be taken into consideration in the interpretation of, or affect the meaning of, this Construction Contractor's Direct Agreement.
- (b) Unless the context otherwise requires, references to specific Sections, Clauses, Paragraphs, Subparagraphs, and other divisions are references to such Sections, Clauses, Paragraphs, Subparagraphs, or divisions of this Construction Contractor's Direct Agreement and the terms "Section" and "Clause" are used interchangeably and are synonymous.

- (c) Words importing persons or parties are to be broadly interpreted and include an individual, corporation, firm, partnership, joint venture, trust, unincorporated organization, Governmental Authority, unincorporated body of persons or association and any other entity having legal capacity, and the heirs, beneficiaries, executors, administrators or other legal representatives of a person in such capacity.
- (d) Unless the context otherwise requires, wherever used herein the plural includes the singular, the singular includes the plural, and each of the masculine, feminine and neuter genders include all other genders.
- (e) References to any standard, principle, agreement or document include (subject to all relevant approvals and any other provisions of this Construction Contractor's Direct Agreement concerning amendments) a reference to that standard, principle, agreement or document as amended, supplemented, restated, substituted, replaced, novated or assigned.
- (f) The words in this Construction Contractor's Direct Agreement shall bear their natural meaning.
- (g) References containing terms such as:
  - (i) "hereof", "herein", "hereto", "hereinafter", and other terms of like import are not limited in applicability to the specific provision within which such references are set forth but instead refer to this Construction Contractor's Direct Agreement taken as a whole; and
  - (ii) "includes" and "including", whether or not used with the words "without limitation" or "but not limited to", shall not be deemed limited by the specific enumeration of items but shall, in all cases, be deemed to be without limitation and construed and interpreted to mean "includes without limitation" and "including without limitation".
- (h) In construing this Construction Contractor's Direct Agreement, the rule known as the *ejusdem generis rule* shall not apply nor shall any similar rule or approach to the construction of this Construction Contractor's Direct Agreement and, accordingly, general words introduced or followed by the word "other" or "including" or "in particular" shall not be given a restrictive meaning because they are followed or preceded (as the case may be) by particular examples intended to fall within the meaning of the general words.
- (i) Where this Construction Contractor's Direct Agreement states that an obligation shall be performed "no later than" or "within" or "by" a stipulated date or event which is a prescribed number of days after a stipulated date or event, the latest time for performance shall be 5:00 p.m. on the last day for performance of the obligation concerned, or, if that day is not a Business Day, 5:00 p.m. on the next Business Day.

- (j) Where this Construction Contractor's Direct Agreement states that an obligation shall be performed "on" a stipulated date, the latest time for performance shall be 5:00 p.m. on that day, or, if that day is not a Business Day, 5:00 p.m. on the next Business Day.
- (k) Any reference to time of day or date means the local time or date in Toronto, Ontario.
- (l) Unless otherwise indicated, time periods will be strictly construed.
- (m) Whenever the terms "will" or "shall" are used in this Construction Contractor's Direct Agreement they shall be construed and interpreted as synonymous and to read "shall".
- (n) Where Project Co is a general partnership, each partner shall be jointly and severally liable for Project Co's actions and any reference that a third party shall have no liability to Project Co shall be construed as the third party having no liability to Project Co or any of its partners.

**3. Conflict in Documents**

- (a) In the event of ambiguities, conflicts or inconsistencies between or among this Construction Contractor's Direct Agreement, the Project Agreement and the Construction Contract, this Construction Contractor's Direct Agreement shall prevail.
- (b) In the event of ambiguities, conflicts or inconsistencies between or among this Construction Contractor's Direct Agreement and the Lenders' Direct Agreement, the Lenders' Direct Agreement shall prevail.

**4. Agreements**

- (a) Project Co and the Construction Contractor shall not amend, modify, or depart from the terms of the Construction Contract without the prior written consent of IO, acting reasonably, which consent shall not be withheld or delayed where such amendment, modification or departure does not materially and adversely affect the ability of Project Co to perform its obligations under this Construction Contractor's Direct Agreement and does not have the effect of increasing any liability of IO, whether actual or potential. Project Co and the Construction Contractor shall provide to IO a written copy of all such amendments, modifications or departures. The Parties acknowledge and agree that this Section 4(a) shall not apply to Variations provided for under the Project Agreement.
- (b) Each of the Parties acknowledges having received a copy of the Project Agreement and the Construction Contract.

- (c) If the Construction Contractor gives Project Co any notice of any default(s) under the Construction Contract that may give the Construction Contractor a right to terminate the Construction Contract or to treat it as having been repudiated by Project Co or to discontinue the Construction Contractor's performance thereunder, then the Construction Contractor shall concurrently provide IO with a copy of such notice and set out in reasonable detail the default(s).

## 5. No Termination by Construction Contractor without Default Notice

The Construction Contractor shall not exercise any right it may have to terminate the Construction Contract or to treat it as having been repudiated by Project Co or to discontinue the Construction Contractor's performance thereunder unless:

- (a) the Construction Contractor first delivers a written notice (a "**Default Notice**") to IO setting out in reasonable detail the default(s) on which the Construction Contractor intends to rely in terminating the Construction Contract or to treat it as having been repudiated by Project Co or to discontinue the Construction Contractor's performance thereunder; and
- (b) within a period of 5 Business Days of IO receiving the Default Notice:
  - (i) the default(s) on which the Construction Contractor intends to rely in terminating the Construction Contract or to treat it as having been repudiated by Project Co or to discontinue the Construction Contractor's performance thereunder have not been remedied; and
  - (ii) the Construction Contractor has not received a Step-In Notice from IO,

provided that if, within such period of 5 Business Days, IO agrees to pay the Construction Contractor's reasonable costs of continued performance, such period of 5 Business Days shall be extended to 45 days.

## 6. Step-In Rights

- (a) IO may at any time:
  - (i) within 5 Business Days or, if such period has been extended in accordance with Section 5, 45 days of IO receiving a Default Notice; or
  - (ii) if IO has not received a Default Notice and if IO's right to terminate the Project Agreement has arisen and is continuing,

deliver a notice (a "**Step-In Notice**") electing to replace Project Co under the Construction Contract either with IO or a third party designated by IO in the Step-In Notice (the "**Substitute**"), provided that IO can demonstrate to the Construction Contractor, acting reasonably, that the Substitute shall have sufficient financial resources, or shall be supported by a satisfactory guarantee, to carry out the obligations of the Substitute under the Construction Contract.



- (b) Subject to Section 6(d), upon receipt by the Construction Contractor of a Step-In Notice:
- (i) Project Co and the Construction Contractor will be deemed to be released from their existing and future obligations under the Construction Contract to each other (except with respect to any and all indemnities from Project Co or the Construction Contractor to the other in respect of the period prior to the receipt of the Step-In Notice), and IO or the Substitute, as applicable, and the Construction Contractor will be deemed to assume those same existing and future obligations towards each other (except in respect of the aforesaid indemnities);
  - (ii) the existing and future rights of Project Co against the Construction Contractor under the Construction Contract and vice versa will be deemed to be cancelled (except with respect to any and all indemnities from Project Co or the Construction Contractor to the other in respect of the period prior to the receipt of the Step-In Notice), and IO or the Substitute, as applicable, and the Construction Contractor will be deemed to acquire those same existing and future rights against each other (except in respect of the aforesaid indemnities), subject to any applicable credit from the Construction Contractor to IO if IO pays for the Construction Contractor's reasonable costs of continued performance pursuant to Section 5;
  - (iii) any guarantee, bond or covenant in favour of Project Co from any third party in respect of any term, provision, condition, obligation, undertaking or agreement on the part of the Construction Contractor to be performed, observed or carried out by the Construction Contractor as contained in, referred to, or inferred from the Construction Contract shall be assigned, novated or granted, as required by IO or the Substitute, as applicable, each acting reasonably, to IO or the Substitute, as applicable, and the Construction Contractor shall cause such assignment, novation or grant on substantially the same terms and conditions as the original guarantee, bond or covenant, provided however that where Project Co shall continue to hold, or shall continue to be entitled to or have rights under, such guarantee, bond or covenant as security for any obligations of the Construction Contractor, the assignment, novation or grant of the guarantee, bond or covenant to the extent of any such obligations to Project Co shall be conditional on the satisfaction of those obligations to Project Co; and
  - (iv) at IO's request, the Construction Contractor shall enter into, and shall cause [REDACTED] and any other guarantor, covenantor or surety under any guarantee, bond or covenant referred to in Section 6(b)(iii) to enter into, and IO shall or shall cause the Substitute to enter into, as applicable, all such agreements or other documents as reasonably necessary to give effect to the foregoing, including, without limitation, an agreement

between IO or the Substitute, as applicable, and the Construction Contractor, acceptable to IO and the Construction Contractor, each acting reasonably, on substantially the same terms as the Construction Contract.

- (c) Subject to Section 6(d), Project Co shall, at its own cost, cooperate fully with IO and the Substitute in order to achieve a smooth transfer of the Construction Contract to IO or the Substitute, as applicable, and to avoid or mitigate in so far as reasonably practicable any inconvenience, including the administration of the Construction Contract, ongoing supervisory activities and scheduling.
- (d) The rights granted by Sections 6(b) and (c) shall be of no force or effect if, at any time the Construction Contractor receives a Step-In Notice, the Construction Contractor has already received notice in writing from another entity entitled to the benefit of step-in rights relating to the Construction Contract that it is or has validly exercised those step-in rights. If the Construction Contractor receives any such notice on the same day as a Step-In Notice, the Step-In Notice shall be effective, except where the other notice is given by the Lenders, in which case such other notice and not the Step-In Notice shall be effective.
- (e) If IO gives a Step-In Notice within the time provided hereunder at any time after the Construction Contractor has terminated the Construction Contract or treated it as having been repudiated by Project Co or discontinued the Construction Contractor's performance thereunder in accordance with the terms of this Construction Contractor's Direct Agreement, the Construction Contractor agrees that the Construction Contract shall be reinstated and deemed to have continued despite any termination or treatment as having been repudiated, and IO shall pay the Construction Contractor's reasonable costs for re-commencing the obligations it has under the Construction Contract and the Construction Contractor shall be entitled to reasonable compensation and/or relief for re-commencing such obligations, having regard to the additional costs and delays incurred as a result of having terminated the Construction Contract or having treated it as being repudiated by Project Co or having discontinued its performance thereunder.

## **7. Construction Contractor Liability**

- (a) The liability of the Construction Contractor hereunder shall not be modified, released, diminished or in any way affected by:
  - (i) any independent inspection, investigation or enquiry into any matter which may be made or carried out by or for IO, or by any failure or omission to carry out any such inspection, investigation or enquiry; or
  - (ii) the appointment by IO of any other person to review the progress of or otherwise report to IO in respect of the Project, or by any action or omission of such person whether or not such action or omission might give rise to any independent liability of such person to IO,

provided always that nothing in this Section 7 shall modify or affect any rights which the Construction Contractor might have otherwise had to claim contribution from any other person whether under statute or common law.

- (b) In the event IO delivers a Step-In Notice, the Construction Contractor shall have no greater liability to IO or any Substitute than it would have had to Project Co under the Construction Contract, and the Construction Contractor shall be entitled in any proceedings by IO or any Substitute to rely on any liability limitations in the Construction Contract.

**8. Project Co as Party**

Project Co acknowledges and agrees that the Construction Contractor shall not be in breach of the Construction Contract by complying with its obligations hereunder.

**9. [REDACTED]**

**10. Assignment**

- (a) Project Co shall not, without the prior written consent of IO, assign, transfer, charge, subcontract, subparticipate or otherwise dispose of any interest in this Construction Contractor's Direct Agreement except to the extent entitled to do so under the Project Agreement.
- (b) IO may assign or otherwise dispose of the benefit of the whole or part of this Construction Contractor's Direct Agreement to any person to whom IO may assign or otherwise dispose of its interest in the Project Agreement pursuant to Section 57.2 of the Project Agreement but only in conjunction therewith, and shall provide written notice to Project Co and the Construction Contractor of such assignment or disposition.
- (c) The Construction Contractor shall not, without the prior written consent of IO and Project Co, assign, transfer, charge, subcontract, subparticipate or otherwise dispose of any interest in this Construction Contractor's Direct Agreement except as may be permitted under the Construction Contract.

**11. Notices**

- (a) All notices, requests, demands, instructions, certificates, consents and other communications required or permitted under this Construction Contractor's Direct Agreement shall be in writing (whether or not "written notice" or "notice in writing" is specifically required by the applicable provision of this Construction Contractor's Direct Agreement) and served by sending the same by registered mail, facsimile or by hand, as follows:

If to IO: Infrastructure Ontario  
777 Bay Street  
6<sup>th</sup> Floor  
Toronto, Ontario

Fax No.: [REDACTED]

Attn.: Senior Vice President, Project Development  
and Construction

With a copy to: Infrastructure Ontario  
777 Bay Street  
6<sup>th</sup> Floor  
Toronto, Ontario

Fax No.: [REDACTED]

Attn.: Vice President, Project Delivery  
Toronto South Detention Centre Project

If to Project Co: Integrated Team Solutions (Justice Infrastructure)  
Partnership  
5000 Yonge Street, Suite 1805  
Toronto, ON, M2N 7E9

Fax No.: [REDACTED]

Attn: Vice President

If to the Construction Contractor: EllisDon Corporation  
89 Queensway Avenue West  
Suite 800  
Mississauga, Ontario  
L5B 2V2

Fax No: [REDACTED]  
Attn: Senior Vice President, Construction

[REDACTED] [REDACTED]

- (b) Where any notice is provided or submitted to a Party via facsimile, an original of the notice sent via facsimile shall promptly be sent by regular mail or registered mail. For greater certainty, a notice given via facsimile shall not be invalid by reason only of a Party's failure to comply with this Section 11(b).

- (c) Any Party to this Construction Contractor's Direct Agreement may, from time to time, change any of its contact information set forth in Section 11(a) by prior notice to the other Parties, and such change shall be effective on the Business Day that next follows the recipient Party's receipt of such notice unless a later effective date is given in such notice.
- (d) Subject to Sections 11(e), 11(f) and 11(g):
  - (i) a notice given by registered mail shall be deemed to have been received on the third Business Day after mailing;
  - (ii) a notice given by hand delivery shall be deemed to have been received on the day it is delivered; and
  - (iii) a notice given by facsimile shall be deemed to have been received on the day it is transmitted by facsimile.
- (e) If the Party giving the notice knows or ought reasonably to know of difficulties with the postal system which might affect negatively the delivery of mail, any such notice shall not be mailed but shall be made or given by personal delivery or by facsimile transmission in accordance with this Section 11.
- (f) If any notice delivered by hand or transmitted by facsimile is so delivered or transmitted, as the case may be, either on a day that is not a Business Day or on a Business Day after 4:00 p.m. (recipient's local time), then such notice shall be deemed to have been received by such recipient on the next Business Day.
- (g) A notice given by facsimile shall be deemed to have been received by the recipient on the day it is transmitted only if a facsimile transmission report (maintained by the sender) indicates that the transmission of such notice was successful.

## **12. Amendments**

This Construction Contractor's Direct Agreement may not be varied, amended or supplemented except by an agreement in writing signed by duly authorized representatives of the Parties and stating on its face that it is intended to be an amendment, restatement or other modification, as the case may be, to this Construction Contractor's Direct Agreement.

## **13. Waiver**

- (a) No waiver made or given by a Party under or in connection with this Construction Contractor's Direct Agreement shall be binding or effective unless the waiver is in writing, signed by an authorized representative of the Party giving such waiver, and delivered by such Party to the other Parties. No waiver made with respect to any right, power or remedy in one instance will be deemed to be a waiver with

respect to any other instance involving the exercise of such right, power, or remedy or with respect to any other right, power, or remedy.

- (b) Failure by any Party to exercise any of its rights, powers or remedies hereunder or its delay to do so shall not constitute a waiver of those rights, powers or remedies. The single or partial exercise of a right, power or remedy shall not prevent its subsequent exercise or the exercise of any other right, power or remedy.

**14. Relationship Between the Parties**

The Parties are independent contractors. This Construction Contractor's Direct Agreement is not intended to and does not create or establish between the Parties any relationship as partners, joint venturers, employer and employee, master and servant, or, except as provided in this Construction Contractor's Direct Agreement, of principal and agent.

**15. Entire Agreement**

Except where provided otherwise in this Construction Contractor's Direct Agreement, this Construction Contractor's Direct Agreement constitutes the entire agreement between the Parties in connection with its subject matter and supersedes all prior representations, communications, negotiations and understandings, whether oral, written, express or implied, concerning the subject matter of this Construction Contractor's Direct Agreement.

**16. Severability**

Each provision of this Construction Contractor's Direct Agreement shall be valid and enforceable to the fullest extent permitted by law. If any provision of this Construction Contractor's Direct Agreement is declared invalid, unenforceable or illegal by the courts of a competent jurisdiction, such provision may be severed and such invalidity, unenforceability or illegality shall not prejudice or affect the validity, enforceability and legality of the remaining provisions of this Construction Contractor's Direct Agreement. If any such provision of this Construction Contractor's Direct Agreement is invalid, unenforceable or illegal, the Parties shall, acting in good faith, promptly negotiate new provisions to eliminate such invalidity, unenforceability or illegality and to restore this Construction Contractor's Direct Agreement as near as possible to its original intent and effect.

**17. Enurement**

This Construction Contractor's Direct Agreement shall enure to the benefit of, and be binding on, each of the Parties and their respective successors and permitted transferees and assigns.

**18. Governing Law and Jurisdiction**

- (a) This Construction Contractor's Direct Agreement shall be governed by and construed in accordance with the laws of Ontario and the laws of Canada applicable therein and shall be treated in all respects as an Ontario contract, without regard to conflict of laws principles.
- (b) The Parties agree that the courts of the Province of Ontario and all courts competent to hear appeals therefrom shall have exclusive jurisdiction to hear and settle any action, suit, proceeding or dispute in connection with this Construction Contractor's Direct Agreement and hereby irrevocably attorn to the exclusive jurisdiction of such courts.

**19. Further Assurance**

Each Party shall do all things, from time to time, and execute all further documents necessary to give full effect to this Construction Contractor's Direct Agreement.

**20. Language of Agreement**

Each Party acknowledges having requested and being satisfied that this Construction Contractor's Direct Agreement and related documents be drawn in English. Chacune des parties reconnaît avoir demandé que ce document et ses annexes soient rédigés en anglais et s'en declare satisfaite.

**21. Counterparts**

This Construction Contractor's Direct Agreement may be executed in one or more counterparts. Any single counterpart or a set of counterparts executed, in either case, by all the Parties shall constitute a full, original and binding agreement for all purposes. Counterparts may be executed either in original or faxed form provided that any Party providing its signature in faxed form shall promptly forward to such Party an original signed copy of this Construction Contractor's Direct Agreement which was so faxed.

*[Signature pages follow]*

**IN WITNESS WHEREOF** the Parties have executed this Construction Contractor's Direct Agreement as of the date first above written.

**ONTARIO INFRASTRUCTURE  
PROJECTS CORPORATION**

Per: \_\_\_\_\_  
Name: **[REDACTED]**  
Title: Senior Vice President,  
Infrastructure Lending and  
CFO

Per: \_\_\_\_\_  
Name: **[REDACTED]**  
Title: Senior Vice President,  
Project Delivery

I/We have authority to bind the corporation.

**INTEGRATED TEAM SOLUTIONS  
(JUSTICE INFRASTRUCTURE)  
PARTNERSHIP**, by its partners,

**[REDACTED]**

Per: \_\_\_\_\_  
Name:  
Title:

Per: \_\_\_\_\_  
Name:  
Title:



**[REDACTED]**

Per: \_\_\_\_\_  
Name:  
Title:

Per: \_\_\_\_\_  
Name:  
Title:

I/We have authority to bind the corporation.

**ELLISDON CORPORATION**

Per: \_\_\_\_\_  
Name:  
Title:

Per: \_\_\_\_\_  
Name:  
Title:

I/We have authority to bind the corporation.

**ELLISDON INC.**

Per: \_\_\_\_\_  
Name:  
Title:

Per: \_\_\_\_\_  
Name:  
Title:

I/We have authority to bind the corporation.

**SCHEDULE 5-2**

**SERVICE PROVIDER'S DIRECT AGREEMENT**

**THIS AGREEMENT** is made as of the 26<sup>th</sup> day of October, 2009

**BETWEEN:**

**ONTARIO INFRASTRUCTURE PROJECTS CORPORATION**, a non-share capital corporation continued under the *Ontario Infrastructure Projects Corporation Act*, S.O. 2006, c.9, Schedule I, as amended, as agent for Her Majesty The Queen in Right of Ontario, as represented by the Minister of Energy and Infrastructure

("IO")

**AND:**

**INTEGRATED TEAM SOLUTIONS (JUSTICE INFRASTRUCTURE) PARTNERSHIP [REDACTED]**

("Project Co")

**AND:**

**JOHNSON CONTROLS U.L.C.**, in its capacity as general partner for and on behalf of **JOHNSON CONTROLS L.P.**, a limited partnership formed under the laws of Ontario

(the "Service Provider")

**AND:**

[REDACTED]

**WHEREAS:**

- A. IO and Project Co have entered into the Project Agreement, which requires Project Co to enter into, and to cause the Service Provider and [REDACTED] to enter into, this Service Provider's Direct Agreement with IO.
- B. Project Co and the Service Provider have entered into the Service Contract, which requires the Service Provider and [REDACTED] to enter into this Service Provider's Direct Agreement with IO.

**NOW THEREFORE** in consideration of the mutual covenants and agreements of the Parties hereinafter contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties covenant and agree as follows:

## 1. Definitions

In this Service Provider's Direct Agreement, unless the context otherwise requires:

- (a) "**Business Day**" has the meaning given in the Project Agreement.
- (b) "**Default Notice**" has the meaning given in Section 5(a).
- (c) "**Governmental Authority**" has the meaning given in the Project Agreement.
- (d) "**Lenders**" has the meaning given in the Project Agreement.
- (e) "**Lenders' Direct Agreement**" has the meaning given in the Project Agreement.
- (f) "**Party**" means IO, the Service Provider, [REDACTED] or Project Co, and "**Parties**" means IO, the Service Provider, [REDACTED] and Project Co.
- (g) "**Project**" has the meaning given in the Project Agreement.
- (h) "**Project Agreement**" means the project agreement made on or about October, 26, 2009 between IO and Project Co.
- (i) "**Project Co Services**" has the meaning given in the Project Agreement.
- (j) "**Service Contract**" has the meaning given in the Project Agreement.
- (k) "**Step-In Notice**" has the meaning given in Section 6(a).
- (l) "**Substitute**" has the meaning given in Section 6(a).

## 2. Interpretation

This Service Provider's Direct Agreement shall be interpreted according to the following provisions, unless the context requires a different meaning:

- (a) The headings in this Service Provider's Direct Agreement are for convenience of reference only, shall not constitute a part of this Service Provider's Direct Agreement, and shall not be taken into consideration in the interpretation of, or affect the meaning of, this Service Provider's Direct Agreement.
- (b) Unless the context otherwise requires, references to specific Sections, Clauses, Paragraphs, Subparagraphs, and other divisions are references to such Sections, Clauses, Paragraphs, Subparagraphs, or divisions of this Service Provider's Direct Agreement and the terms "Section" and "Clause" are used interchangeably and are synonymous.
- (c) Words importing persons or parties are to be broadly interpreted and include an individual, corporation, firm, partnership, joint venture, trust, unincorporated organization, Governmental Authority, unincorporated body of persons or

association and any other entity having legal capacity, and the heirs, beneficiaries, executors, administrators or other legal representatives of a person in such capacity.

- (d) Unless the context otherwise requires, wherever used herein the plural includes the singular, the singular includes the plural, and each of the masculine, feminine and neuter genders include all other genders.
- (e) References to any standard, principle, agreement or document include (subject to all relevant approvals and any other provisions of this Service Provider's Direct Agreement concerning amendments) a reference to that standard, principle, agreement or document as amended, supplemented, restated, substituted, replaced, novated or assigned.
- (f) The words in this Service Provider's Direct Agreement shall bear their natural meaning.
- (g) References containing terms such as:
  - (i) "hereof", "herein", "hereto", "hereinafter", and other terms of like import are not limited in applicability to the specific provision within which such references are set forth but instead refer to this Service Provider's Direct Agreement taken as a whole; and
  - (ii) "includes" and "including", whether or not used with the words "without limitation" or "but not limited to", shall not be deemed limited by the specific enumeration of items but shall, in all cases, be deemed to be without limitation and construed and interpreted to mean "includes without limitation" and "including without limitation".
- (h) In construing this Service Provider's Direct Agreement, the rule known as the *ejusdem generis rule* shall not apply nor shall any similar rule or approach to the construction of this Service Provider's Direct Agreement and, accordingly, general words introduced or followed by the word "other" or "including" or "in particular" shall not be given a restrictive meaning because they are followed or preceded (as the case may be) by particular examples intended to fall within the meaning of the general words.
- (i) Where this Service Provider's Direct Agreement states that an obligation shall be performed "no later than" or "within" or "by" a stipulated date or event which is a prescribed number of days after a stipulated date or event, the latest time for performance shall be 5:00 p.m. on the last day for performance of the obligation concerned, or, if that day is not a Business Day, 5:00 p.m. on the next Business Day.
- (j) Where this Service Provider's Direct Agreement states that an obligation shall be performed "on" a stipulated date, the latest time for performance shall be

5:00 p.m. on that day, or, if that day is not a Business Day, 5:00 p.m. on the next Business Day.

- (k) Any reference to time of day or date means the local time or date in Toronto, Ontario.
- (l) Unless otherwise indicated, time periods will be strictly construed.
- (m) Whenever the terms "will" or "shall" are used in this Service Provider's Direct Agreement they shall be construed and interpreted as synonymous and to read "shall".
- (n) Where Project Co is a general partnership, each partner shall be jointly and severally liable for Project Co's actions and any reference that a third party shall have no liability to Project Co shall be construed as the third party having no liability to Project Co or any of its partners.

**3. Conflict in Documents**

- (a) In the event of ambiguities, conflicts or inconsistencies between or among this Service Provider's Direct Agreement, the Project Agreement and the Service Contract, this Service Provider's Direct Agreement shall prevail.
- (b) In the event of ambiguities, conflicts or inconsistencies between or among this Service Provider's Direct Agreement and the Lenders' Direct Agreement, the Lenders' Direct Agreement shall prevail.

**4. Agreements**

- (a) Project Co and the Service Provider shall not amend, modify, or depart from the terms of the Service Contract without the prior written consent of IO, acting reasonably, which consent shall not be withheld or delayed where such amendment, modification or departure does not materially and adversely affect the ability of Project Co to perform its obligations under this Service Provider's Direct Agreement and does not have the effect of increasing any liability of IO, whether actual or potential. Project Co and the Service Provider shall provide a written copy of all such amendments, modifications or departures. The Parties acknowledge and agree that this Section 4(a) shall not apply to Variations provided for under the Project Agreement.
- (b) Each of the Parties acknowledges having received a copy of the Project Agreement and the Service Contract.
- (c) If the Service Provider gives Project Co any notice of any default(s) under the Service Contract that may give the Service Provider a right to terminate the Service Contract or to treat it as having been repudiated by Project Co or to discontinue the Service Provider's performance thereunder, then the Service

Provider shall concurrently provide IO with a copy of such notice and set out in reasonable detail the default(s).

## 5. No Termination by Service Provider without Default Notice

The Service Provider shall not exercise any right it may have to terminate the Service Contract or to treat it as having been repudiated by Project Co or to discontinue the Service Provider's performance thereunder unless:

- (a) the Service Provider first delivers a written notice (a "**Default Notice**") to IO setting out in reasonable detail the default(s) on which the Service Provider intends to rely in terminating the Service Contract or to treat it as having been repudiated by Project Co or to discontinue the Service Provider's performance thereunder; and
- (b) within the period ending 30 days after the Service Provider notifies IO of the expiry of any relevant period for the exercise of step-in or similar rights by the Lenders, or, if the Lenders have no such step-in or similar rights, then 30 days after the later of IO receiving Default Notice or the expiry of the applicable cure period under the Service Contract:
  - (i) the default(s) on which the Service Provider intends to rely in terminating the Service Contract or to treat it as having been repudiated by Project Co or to discontinue the Service Provider's performance thereunder have not been remedied; and
  - (ii) the Service Provider has not received a Step-In Notice from IO,

provided that, until such time as IO gives the Service Provider a notice that IO will not be exercising its step-in rights, IO shall pay the Service Provider's reasonable costs of continued performance.

## 6. Step-In Rights

- (a) IO may at any time:
  - (i) within the period referred to in Section 5(b); or
  - (ii) if IO has not received a Default Notice and if IO's right to terminate the Project Agreement has arisen and is continuing,

deliver a notice (a "**Step-In Notice**") electing to replace Project Co under the Service Contract either with IO or a third party designated by IO in the Step-In Notice (the "**Substitute**"), provided that IO can demonstrate to the Service Provider, acting reasonably, that the Substitute shall have sufficient financial resources, or shall be supported by a satisfactory guarantee, to carry out the obligations of the Substitute under the Service Contract.

- (b) Subject to Section 6(d), upon receipt by the Service Provider of a Step-In Notice:

- (i) Project Co and the Service Provider will be deemed to be released from their existing and future obligations under the Service Contract to each other (except with respect to any and all indemnities from Project Co or the Service Provider to the other in respect of the period prior to the receipt of the Step-In Notice), and IO or the Substitute, as applicable, and the Service Provider will be deemed to assume those same existing and future obligations towards each other (except in respect of the aforesaid indemnities);
- (ii) the existing and future rights of Project Co against the Service Provider under the Service Contract and vice versa will be deemed to be cancelled (except with respect to any and all indemnities from Project Co or the Service Provider to the other in respect of the period prior to the receipt of the Step-In Notice), and IO or the Substitute, as applicable, and the Service Provider will be deemed to acquire those same existing and future rights against each other (except in respect of the aforesaid indemnities), subject to any applicable credit from the Service Provider to IO if IO pays for the Service Provider's reasonable costs of continued performance pursuant to Section 5;
- (iii) any guarantee, bond or covenant in favour of Project Co from any third party in respect of any term, provision, condition, obligation, undertaking or agreement on the part of the Service Provider to be performed, observed or carried out by the Service Provider as contained in, referred to, or inferred from the Service Contract shall be assigned, novated or granted, as required by IO or the Substitute, as applicable, each acting reasonably, to IO or the Substitute, as applicable, and the Service Provider shall cause such assignment, novation or grant on substantially the same terms and conditions as the original guarantee, bond or covenant, provided however that where Project Co shall continue to hold, or shall continue to be entitled to have rights under, such guarantee, bond or covenant as security for any obligations of the Service Provider, the assignment, novation or grant of the guarantee, bond or covenant to the extent of any such obligations to Project Co shall be conditional on the satisfaction of those obligations to Project Co; and
- (iv) at IO's request, the Service Provider shall enter into, and shall cause [REDACTED] and any other guarantor, covenantor or surety under any guarantee, bond or covenant referred to in Section 6(b)(iii) to enter into, and IO shall or shall cause the Substitute to enter into, as applicable, all such agreements or other documents as reasonably necessary to give effect to the foregoing, including, without limitation, an agreement between IO or the Substitute, as applicable, and the Service Provider, acceptable to IO and the Service Provider, each acting reasonably, on substantially the same terms as the Service Contract.

- (c) Subject to Section 6(d), Project Co shall, at its own cost, cooperate fully with IO and the Substitute in order to achieve a smooth transfer of the Service Contract to IO or the Substitute, as applicable, and to avoid or mitigate in so far as reasonably practicable any inconvenience, including the administration of the Service Contract, ongoing supervisory activities and scheduling.
- (d) The rights granted by Sections 6(b) and (c) shall be of no force or effect if, at any time the Service Provider receives a Step-In Notice, the Service Provider has already received notice in writing from another entity entitled to the benefit of step-in rights relating to the Service Contract that it is or has validly exercised those step-in rights. If the Service Provider receives any such notice on the same day as a Step-In Notice, the Step-In Notice shall be effective, except where the other notice is given by the Lenders, in which case such other notice and not the Step-In Notice shall be effective.
- (e) If IO gives a Step-In Notice within the time provided hereunder at any time after the Service Provider has terminated the Service Contract or treated it as having been repudiated by Project Co or discontinued the Service Provider's performance thereunder in accordance with the terms of this Service Provider's Direct Agreement, the Service Provider agrees that the Service Contract shall be reinstated and deemed to have continued despite any termination or treatment as having been repudiated, and IO shall pay the Service Provider's reasonable costs for re-commencing the obligations it has under the Service Contract and the Service Provider shall be entitled to reasonable compensation and/or relief for re-commencing such obligations, having regard to the additional costs and delays incurred as a result of having terminated the Service Contract or having treated it as being repudiated by Project Co or having discontinued its performance thereunder.

## **7. Service Provider Liability**

- (a) The liability of the Service Provider hereunder shall not be modified, released, diminished or in any way affected by:
  - (i) any independent inspection, investigation or enquiry into any matter which may be made or carried out by or for IO, or by any failure or omission to carry out any such inspection, investigation or enquiry;
  - (ii) the appointment by IO of any other person to review the progress of or otherwise report to IO in respect of the Project, or by any action or omission of such person whether or not such action or omission might give rise to any independent liability of such person to IO,

provided always that nothing in this Section 7 shall modify or affect any rights which the Service Provider might have otherwise had to claim contribution from any other person whether under statute or common law.



- (b) In the event IO delivers a Step-In Notice, the Service Provider shall have no greater liability to IO or any Substitute than it would have had to Project Co under the Service Contract, and the Service Provider shall be entitled in any proceedings by IO or any Substitute to rely on any liability limitations in the Service Contract.

**8. Project Co as Party**

Project Co acknowledges and agrees that the Service Provider shall not be in breach of the Service Contract by complying with its obligations hereunder.

**9. [REDACTED]**

**10. Assignment**

- (a) Project Co shall not, without the prior written consent of IO, assign, transfer, charge, subcontract, subparticipate or otherwise dispose of any interest in this Service Provider's Direct Agreement except to the extent entitled to do so under the Project Agreement.
- (b) IO may assign or otherwise dispose of the benefit of the whole or part of this Service Provider's Direct Agreement to any person to whom IO may assign or otherwise dispose of its interest in the Project Agreement pursuant to Section 57.2 of the Project Agreement but only in conjunction therewith, and shall provide written notice to Project Co and the Service Provider of such assignment or disposition.
- (c) The Service Provider shall not, without the prior written consent of IO and Project Co, assign, transfer, charge, subcontract, subparticipate or otherwise dispose of any interest in this Service Provider's Direct Agreement, except as may be permitted under the Service Contract.

**11. Notices**

- (a) All notices, requests, demands, instructions, certificates, consents and other communications required or permitted under this Service Provider's Direct Agreement shall be in writing (whether or not "written notice" or "notice in writing" is specifically required by the applicable provision of this Service Provider's Direct Agreement) and served by sending the same by registered mail, facsimile or by hand, as follows:

If to IO: Infrastructure Ontario  
777 Bay Street  
6<sup>th</sup> Floor  
Toronto, Ontario

Fax No.: [REDACTED]

Attn.: Senior Vice President, Project Development  
and Construction

With a copy to: Infrastructure Ontario  
777 Bay Street  
6<sup>th</sup> Floor  
Toronto, Ontario

Fax No.: [REDACTED]

Attn.: Vice President, Project Delivery  
Toronto South Detention Centre Project

If to Project Co: Integrated Team Solutions (Justice Infrastructure)  
Partnership  
5000 Yonge Street, Suite 1805  
Toronto, ON, M2N 7E9

Fax No. [REDACTED]

Attn: Vice President

If to the Service  
Provider: Johnson Controls L.P.  
P.O. Box 4800  
7400 Birchmount Road  
Markham Ontario,  
L3R 4E6

Fax No.: [REDACTED]

Attn.: President

[REDACTED] [REDACTED]

- (b) Where any notice is provided or submitted to a Party via facsimile, an original of the notice sent via facsimile shall promptly be sent by regular mail or registered mail. For greater certainty, a notice given via facsimile shall not be invalid by reason only of a Party's failure to comply with this Section 11(b).

- (c) Any Party to this Service Provider's Direct Agreement may, from time to time, change any of its contact information set forth in Section 11(a) by prior notice to the other Parties, and such change shall be effective on the Business Day that next follows the recipient Party's receipt of such notice unless a later effective date is given in such notice.
- (d) Subject to Sections 11(e), 11(f) and 11(g):
  - (i) a notice given by registered mail shall be deemed to have been received on the third Business Day after mailing;
  - (ii) a notice given by hand delivery shall be deemed to have been received on the day it is delivered; and
  - (iii) a notice given by facsimile shall be deemed to have been received on the day it is transmitted by facsimile.
- (e) If the Party giving the notice knows or ought reasonably to know of difficulties with the postal system which might affect negatively the delivery of mail, any such notice shall not be mailed but shall be made or given by personal delivery or by facsimile transmission in accordance with this Section 11.
- (f) If any notice delivered by hand or transmitted by facsimile is so delivered or transmitted, as the case may be, either on a day that is not a Business Day or on a Business Day after 4:00 p.m. (recipient's local time), then such notice shall be deemed to have been received by such recipient on the next Business Day.
- (g) A notice given by facsimile shall be deemed to have been received by the recipient on the day it is transmitted only if a facsimile transmission report (maintained by the sender) indicates that the transmission of such notice was successful.

## **12. Amendments**

This Service Provider's Direct Agreement may not be varied, amended or supplemented except by an agreement in writing signed by duly authorized representatives of the Parties and stating on its face that it is intended to be an amendment, restatement or other modification, as the case may be, to this Service Provider's Direct Agreement.

## **13. Waiver**

- (a) No waiver made or given by a Party under or in connection with this Service Provider's Direct Agreement shall be binding or effective unless the waiver is in writing, signed by an authorized representative of the Party giving such waiver, and delivered by such Party to the other Parties. No waiver made with respect to any right, power or remedy in one instance will be deemed to be a waiver with respect to any other instance involving the exercise of such right, power, or remedy or with respect to any other right, power, or remedy.

- (b) Failure by any Party to exercise any of its rights, powers or remedies hereunder or its delay to do so shall not constitute a waiver of those rights, powers or remedies. The single or partial exercise of a right, power or remedy shall not prevent its subsequent exercise or the exercise of any other right, power or remedy.

**14. Relationship Between the Parties**

The Parties are independent contractors. This Service Provider's Direct Agreement is not intended to and does not create or establish between the Parties any relationship as partners, joint venturers, employer and employee, master and servant, or, except as provided in this Service Provider's Direct Agreement, of principal and agent.

**15. Entire Agreement**

Except where provided otherwise in this Service Provider's Direct Agreement, this Service Provider's Direct Agreement constitutes the entire agreement between the Parties in connection with its subject matter and supersedes all prior representations, communications, negotiations and understandings, whether oral, written, express or implied, concerning the subject matter of this Service Provider's Direct Agreement.

**16. Severability**

Each provision of this Service Provider's Direct Agreement shall be valid and enforceable to the fullest extent permitted by law. If any provision of this Service Provider's Direct Agreement is declared invalid, unenforceable or illegal by the courts of a competent jurisdiction, such provision may be severed and such invalidity, unenforceability or illegality shall not prejudice or affect the validity, enforceability and legality of the remaining provisions of this Service Provider's Direct Agreement. If any such provision of this Service Provider's Direct Agreement is invalid, unenforceable or illegal, the Parties shall, acting in good faith, promptly negotiate new provisions to eliminate such invalidity, unenforceability or illegality and to restore this Service Provider's Direct Agreement as near as possible to its original intent and effect.

**17. Enurement**

This Service Provider's Direct Agreement shall enure to the benefit of, and be binding on, each of the Parties and their respective successors and permitted transferees and assigns.

**18. Governing Law and Jurisdiction**

- (a) This Service Provider's Direct Agreement shall be governed by and construed in accordance with the laws of Ontario and the laws of Canada applicable therein and shall be treated in all respects as an Ontario contract, without regard to conflict of laws principles.
- (b) The Parties agree that the courts of the Province of Ontario and all courts competent to hear appeals therefrom shall have exclusive jurisdiction to hear and settle any action, suit, proceeding or dispute in connection with this Service

Provider's Direct Agreement and hereby irrevocably attorn to the exclusive jurisdiction of such courts.

**19. Further Assurance**

Each Party shall do all things, from time to time, and execute all further documents necessary to give full effect to this Service Provider's Direct Agreement.

**20. Language of Agreement**

Each Party acknowledges having requested and being satisfied that this Service Provider's Direct Agreement and related documents be drawn in English. Chacune des parties reconnaît avoir demandé que ce document et ses annexes soient rédigés en anglais et s'en declare satisfaite.

**21. Counterparts**

This Service Provider's Direct Agreement may be executed in one or more counterparts. Any single counterpart or a set of counterparts executed, in either case, by all the Parties shall constitute a full, original and binding agreement for all purposes. Counterparts may be executed either in original or faxed form provided that any Party providing its signature in faxed form shall promptly forward to such Party an original signed copy of this Service Provider's Direct Agreement which was so faxed.

*[Signature pages follow]*

**IN WITNESS WHEREOF** the Parties have executed this Service Provider's Direct Agreement as of the date first above written.

**ONTARIO INFRASTRUCTURE  
PROJECTS CORPORATION**

Per: \_\_\_\_\_  
Name: **[REDACTED]**  
Title: Senior Vice President,  
Infrastructure Lending and  
CFO

Per: \_\_\_\_\_  
Name: **[REDACTED]**  
Title: Senior Vice President,  
Project Delivery

I/We have authority to bind the corporation.

**INTEGRATED TEAM SOLUTIONS  
(JUSTICE INFRASTRUCTURE)  
PARTNERSHIP**, by its partners,

**[REDACTED]**

Per: \_\_\_\_\_  
Name:  
Title:

Per: \_\_\_\_\_  
Name:  
Title:

[REDACTED]

Per: \_\_\_\_\_  
Name:  
Title:

Per: \_\_\_\_\_  
Name:  
Title:

I/We have authority to bind the corporation.

**JOHNSON CONTROLS L.P.**, by its  
general partner **JOHNSON CONTROLS  
U.L.C.**

Per: \_\_\_\_\_  
Name:  
Title:

Per: \_\_\_\_\_  
Name:  
Title:

I/We have authority to bind the corporation.

**JOHNSON CONTROLS INC.**

Per: \_\_\_\_\_  
Name:  
Title:

Per: \_\_\_\_\_  
Name:  
Title:

I/We have authority to bind the corporation.

**SCHEDULE 6**

**INDEPENDENT CERTIFIER AGREEMENT**

**THIS AGREEMENT** is made as of the 26<sup>th</sup> day of October, 2009

**BETWEEN:**

**ONTARIO INFRASTRUCTURE PROJECTS CORPORATION**, a non-share capital corporation continued under the *Ontario Infrastructure Projects Corporation Act*, S.O. 2006, c.9, Schedule I, as amended, as agent for Her Majesty The Queen in Right of Ontario, as represented by the Minister of Energy and Infrastructure

("IO")

**AND:**

**INTEGRATED TEAM SOLUTIONS (JUSTICE INFRASTRUCTURE) PARTNERSHIP, [REDACTED]**

("Project Co")

**AND:**

**KNOWLES CONSULTANCY SERVICES INC.**, a corporation incorporated under the laws of Ontario

(the "**Independent Certifier**")

**WHEREAS:**

- A. IO and Project Co (collectively, the "**PA Parties**" and each, a "**PA Party**") have entered into the Project Agreement.
- B. Pursuant to the terms of the Project Agreement, the PA Parties wish to appoint the Independent Certifier, and the Independent Certifier wishes to accept such appointment, to perform certain services in connection with the Project Agreement.
- C. The PA Parties and the Independent Certifier wish to enter into this Independent Certifier Agreement in order to record the terms by which the Independent Certifier shall perform such services.

**NOW THEREFORE** in consideration of the mutual covenants and agreements of the PA Parties and the Independent Certifier herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the PA Parties and the Independent Certifier covenant and agree as follows:



## 1. DEFINITIONS

### 1.1 Definitions

(a) In this Independent Certifier Agreement, including the recitals and appendices, unless the context indicates a contrary intention, terms which are defined in the Project Agreement (and not otherwise defined in this Independent Certifier Agreement) shall have meanings given to them in the Project Agreement and the following terms shall have the following meanings:

(i) "**Certification Services**" means:

- (A) all of the functions and obligations described in the Project Agreement as being the responsibility of the Independent Certifier;
- (B) all of the functions and obligations conferred on the Independent Certifier under this Independent Certifier Agreement, including the functions described in Appendix A to this Independent Certifier Agreement; and
- (C) all other things or tasks which the Independent Certifier must do to comply with its obligations under this Independent Certifier Agreement.

(ii) "**Certification Services Variation**" is any change to the Certification Services.

(iii) "**Contract Material**" means all material:

- (A) provided to the Independent Certifier or created or required to be created by either PA Party; and
- (B) provided by or created or required to be created by the Independent Certifier as part of, or for the purpose of, performing the Certification Services,

including documents, equipment, reports, technical information, plans, charts, drawings, calculations, tables, schedules and data (stored and recorded by any means).

(iv) "**Fee**" means the fees payable by IO and Project Co to the Independent Certifier for the Certification Services, as such fees are specified and made payable in Appendix B to this Independent Certifier Agreement.

(v) "**Intellectual Property**" means any and all intellectual property rights, whether subsisting now or in the future, including rights of any kind in inventions, patents, copyright, trademarks, service marks, industrial designs, integrated circuit topography rights, applications for registration of any of the foregoing, and know-how, trade secrets, confidential information and trade or business names.

- (vi) **"PA Parties"** means both IO and Project Co, and **"PA Party"** means either IO or Project Co, as the context requires.
- (vii) **"Project Agreement"** means that certain project agreement made on or about the date hereof between IO and Project Co with respect to the design, construction, financing and facilities management of the Facility.

## **2. INTERPRETATION**

### **2.1 Interpretation**

- (a) In this Independent Certifier Agreement, unless the context indicates a contrary intention:
  - (i) words denoting the singular number include the plural and vice versa;
  - (ii) words denoting individuals include corporations and vice versa;
  - (iii) headings are for convenience only and do not affect interpretation;
  - (iv) references to Clauses, Sections or Parts are references to Clauses, Sections or Parts of this Independent Certifier Agreement;
  - (v) references to this Independent Certifier Agreement or any contract, agreement or instrument are deemed to include references to this Independent Certifier Agreement or such other contract, agreement or instrument as amended, novated, supplemented, varied or replaced from time to time;
  - (vi) references to any party to this Independent Certifier Agreement includes its successors or permitted assigns;
  - (vii) words denoting any gender include all genders;
  - (viii) references to any legislation or to any section or provision of any legislation include any statutory modification or re-enactment of any statutory provision substituted for legislation, section or provision, and ordinances, by laws, regulations and other statutory instruments issued under that legislation, section or provision;
  - (ix) a reference to "\$" is to Canadian currency;
  - (x) the terms "including" and "include" mean "including" or "include" (as applicable) without limitation;
  - (xi) if a word or phrase is defined, then other parts of speech and grammatical forms of that word or phrase have a corresponding meaning;
  - (xii) unless otherwise indicated, all time periods will be strictly construed; and

- (xiii) where Project Co is a general partnership, each partner shall be jointly and severally liable for Project Co's actions and any reference that a third party shall have no liability to Project Co shall be construed as the third party having no liability to Project Co or any of its partners.

## **2.2 Obligations and Exercise of Rights by PA Parties**

- (a) The obligations of the PA Parties under this Independent Certifier Agreement shall be several.
- (b) Except as specifically provided for in this Independent Certifier Agreement or the Project Agreement, the rights of the PA Parties under this Independent Certifier Agreement shall be jointly exercised by the PA Parties.

## **3. ROLE OF THE INDEPENDENT CERTIFIER**

### **3.1 Engagement**

- (a) The PA Parties hereby appoint the Independent Certifier, and the Independent Certifier hereby accepts such appointment, to carry out the Certification Services in accordance with this Independent Certifier Agreement. The Independent Certifier shall perform the Certification Services in accordance with this Independent Certifier Agreement.
- (b) Nothing in this Independent Certifier Agreement will be interpreted as giving the Independent Certifier any responsibility for performance of the design or construction, or for the certifications of the professionals of record.
- (c) Neither PA Party shall, without the prior written consent of the other PA Party, enter into any separate agreement with the Independent Certifier in connection with the Project, and Project Co shall ensure that no Project Co Party enters into any separate agreement with the Independent Certifier in connection with the Project.
- (d) The Independent Certifier shall make such observations and evaluations of any Works pursuant to a Variation in order to certify any monthly progress payment to Project Co of the value of work performed, provided the Independent Certifier shall be entitled to a Certification Services Variation Order pursuant to Sections 9.4 and 9.5 of this Schedule 6.

### **3.2 Acknowledgement of Independent Certifier**

- (a) The Independent Certifier hereby acknowledges in favour of the PA Parties that it has received a copy of the Project Agreement.

### **3.3 Standard of Care**

- (a) The Independent Certifier must exercise the standard and skill, care and diligence in the performance of the Certification Services that would be expected of an expert

professional experienced in providing services in the nature of the Certification Services for projects similar to the Project.

### **3.4 Duty of Independent Judgment**

- (a) In exercising its Certification Services, the Independent Certifier must:
- (i) act impartially, honestly and independently in representing the interests of both PA Parties in accordance with the terms of the Project Agreement and this Independent Certifier Agreement;
  - (ii) act reasonably and professionally;
  - (iii) act in a timely manner:
    - (A) in accordance with the times prescribed in this Independent Certifier Agreement and the Project Agreement; or
    - (B) where no times are prescribed, within 10 days or such earlier time so as to enable the PA Parties to perform their respective obligations under the Project Agreement; and
  - (iv) act in accordance with the joint directions of the PA Parties provided that the directions are not inconsistent with the other terms of this Independent Certifier Agreement or the terms of the Project Agreement and do not vary or prejudice the Independent Certifier's authority or responsibilities or the exercise by the Independent Certifier of its professional judgment under this Independent Certifier Agreement.
- (b) Although the Independent Certifier may take account of any opinions or representations made by the PA Parties, the Independent Certifier shall not be bound to comply with any opinions or representations made by either of them in connection with any matter on which the Independent Certifier is required to exercise its professional judgment.
- (c) The Independent Certifier acknowledges that the PA Parties may rely on the Certification Services, including determinations, findings and certifications made by the Independent Certifier, and accordingly, the Independent Certifier will use its best skill and judgment in providing the Certification Services.

### **3.5 Authority to Act**

- (a) The Independent Certifier:
- (i) is an independent consultant and is not, and must not purport to be, a partner, joint venturer or agent of either PA Party;

- (ii) other than as expressly set out in this Independent Certifier Agreement or the Project Agreement, has no authority to give any directions to a PA Party or its officers, directors, members, employees, contractors, consultants or agents; and
- (iii) has no authority to waive or alter any terms of the Project Agreement, nor to discharge or release a party from any of its obligations under the Project Agreement unless jointly agreed by the PA Parties in writing.

### **3.6 Knowledge of the PA Parties' Requirements**

- (a) The Independent Certifier warrants that:
  - (i) it has informed and will be deemed to have informed itself fully of the requirements of the Project Agreement;
  - (ii) it will inform itself fully of the requirements of such other documents and materials as may become relevant from time to time to the performance of the Certification Services;
  - (iii) without limiting Sections 3.6(a)(i) or 3.6(a)(ii), it has and will be deemed to have informed itself fully of all time limits and other requirements for any Certification Service which the Independent Certifier carries out under the Project Agreement and this Independent Certifier Agreement;
  - (iv) it has and will be deemed to have informed itself completely of the nature of the work necessary for the performance of the Certification Services and the means of access to and facilities at the Facility and Site including restrictions on any such access or protocols that are required; and
  - (v) it has satisfied itself as to the correctness and sufficiency of its proposal for the Certification Services and that the Fee covers the cost of complying with all of the obligations under this Independent Certifier Agreement and of all matters and things necessary for the due and proper performance and completion of the Certification Services.

### **3.7 Co-ordination and Information by Independent Certifier**

- (a) The Independent Certifier must:
  - (i) fully cooperate with the PA Parties;
  - (ii) carefully co-ordinate the Certification Services with the work and services performed by the PA Parties;
  - (iii) without limiting its obligations under Sections 3.4 and 3.7(a)(ii), perform the Certification Services so as to avoid unreasonably interfering with, disrupting or delaying the work and services performed by the PA Parties; and

- (iv) provide copies to the PA Parties of all reports, communications, certificates and other documentation that it provides to either PA Party.

### **3.8 Conflict of Interest**

- (a) The Independent Certifier warrants that:
  - (i) at the date of signing this Independent Certifier Agreement, no conflict of interest exists or is likely to arise in the performance of its obligations under this Independent Certifier Agreement; and
  - (ii) if, during the term of this Independent Certifier Agreement, any such conflict or risk of conflict of interest arises, the Independent Certifier will notify the PA Parties immediately in writing of that conflict or risk of conflict and take such steps as may be required by either of the PA Parties to avoid or mitigate that conflict or risk.

### **3.9 Independent Certifier Personnel**

- (a) The Independent Certifier shall make reasonable efforts to ensure that the individuals listed in Appendix C remain involved in the performance of the Certification Services and, in particular, will not, for the duration of this Independent Certifier Agreement, require or request any such person to be involved in any other project on behalf of the Independent Certifier if, in the reasonable opinion of the PA Parties, such involvement would have a material adverse effect on the performance of the Certification Services.
- (b) The Independent Certifier shall ensure that its personnel providing the Certification Services in respect of the Commissioning Tests, the Outline Commissioning Program and the Final Commissioning Program shall:
  - (i) possess a current professional designation of not less than membership in Professional Engineers Ontario, the Ontario Association of Certified Engineering Technicians and Technologists or such similar professional designation recognized in North America;
  - (ii) have demonstrated competence in the commissioning of comparable facilities and in having completed or monitored the commissioning for comparable facilities; and
  - (iii) have an understanding of the commissioning process and the reports to be provided pursuant to this Agreement and the Project Agreement, including not only the start-up procedures but also the pre-commissioning and post-commissioning activities.

The Independent Certifier shall furnish IO with evidence satisfactory to IO of any such personnel's compliance with the foregoing requirements within a reasonable time prior to the

proposed commencement of the Certification Services in respect of the Commissioning Tests, the Outline Commissioning Program and the Final Commissioning Program.

### **3.10 Minimize Interference**

- (a) The Independent Certifier shall perform the Certification Services in such a way as to minimize any undue interference with the progress of the Works.

## **4. ROLE OF THE PA PARTIES**

### **4.1 Assistance**

- (a) The PA Parties agree to cooperate with and provide reasonable assistance to the Independent Certifier to familiarize the Independent Certifier with all necessary aspects of the Project to enable the Independent Certifier to carry out its obligations under this Independent Certifier Agreement.

### **4.2 Instructions in Writing**

- (a) Unless otherwise provided in this Independent Certifier Agreement or the Project Agreement, all instructions to the Independent Certifier by the PA Parties shall be given in writing and accepted or endorsed by both of the PA Parties.

### **4.3 Information and Services**

- (a) The PA Parties shall make available to the Independent Certifier, as soon as practicable from time to time, all information, documents and particulars necessary for the Independent Certifier to carry out the Certification Services, including such information, documents and particulars required in order for the Independent Certifier to determine whether Substantial Completion and Final Completion have occurred, and shall provide copies of all such information, documents and particulars to the other party hereto.

### **4.4 Additional Information**

- (a) If any information, documents or particulars are reasonably required to enable the Independent Certifier to perform the Certification Services and have not been provided by the PA Parties, then:
  - (i) the Independent Certifier must give notice in writing to the Project Co Representative or the IO Representative, as the case may be, of the details of the information, documents or particulars demonstrating the need and the reasons why they are required; and
  - (ii) Project Co or IO, as the case may be, must arrange the provision of the required information, documents or particulars.

#### **4.5 Right to Enter and Inspect**

- (a) Upon giving reasonable notice to the Project Co Representative, the Independent Certifier (and any person authorized by it) may enter and inspect the Site, Facility or Works at any reasonable time in connection with the exercise or proposed exercise of rights under this Independent Certifier Agreement, subject to:
- (i) observance of the reasonable rules of Project Co as to safety and security for the Site, the Facility and the Works;
  - (ii) not causing unreasonable delay to the carrying out of the Works by reason of its presence at the Site, the Facility and the Works; and
  - (iii) not causing any damage to the Site, the Facility or the Works.

#### **4.6 PA Parties Not Relieved**

- (a) Neither PA Party shall be relieved from performing or observing its obligations, or from any other liabilities, under the Project Agreement as a result of either the appointment of, or any act or omission by, the Independent Certifier.

#### **4.7 PA Parties not Liable**

- (a) On no account will a PA Party be liable to another PA Party for any act or omission by the Independent Certifier whether under or purportedly under a provision of the Project Agreement, this Independent Certifier Agreement or otherwise, provided that any such act or omission shall not extinguish, relieve, limit or qualify the nature or extent of any right or remedy of either PA Party against or any obligation or liability of either PA Party to the other PA Party which would have existed regardless of such act or omission.

### **5. CERTIFICATION QUALITY PLAN**

#### **5.1 Certification Quality Plan**

- (a) The Independent Certifier must:
- (i) develop and implement a certification quality plan identifying the processes and outcomes of the Certification Services that complies with all requirements of the Independent Certifier's quality assurance accreditation, and is otherwise satisfactory to each of the IO Representative and the Project Co Representative;
  - (ii) within 14 days after the date of this Independent Certifier Agreement, provide such certification quality plan to each of the IO Representative and the Project Co Representative;
  - (iii) if satisfactory to each of the IO Representative and the Project Co Representative, implement such certification quality plan; and



- (iv) if not satisfactory to each of the IO Representative and the Project Co Representative, within 7 days after receiving notice thereof from either PA Party to that effect, revise and resubmit the certification quality plan to each of the IO Representative and the Project Co Representative, and implement it if satisfactory to each of the IO Representative and the Project Co Representative.

## **5.2 Certification Quality Plan not to Relieve Independent Certifier**

- (a) The Independent Certifier will not be relieved of any responsibilities or obligations in respect of the performance of the Certification Services and will remain solely responsible for them notwithstanding:
  - (i) the obligation of the Independent Certifier to develop and implement a certification quality plan; or
  - (ii) any comment or direction upon, review or acceptance of, approval to proceed with or request to vary any part of the certification quality plan by either the IO Representative or the Project Co Representative.

## **6. SUSPENSION**

### **6.1 Notice**

- (a) The Certification Services (or any part) may be suspended at any time by the PA Parties:
  - (i) if the Independent Certifier fails to comply with its obligations under this Independent Certifier Agreement, immediately by the PA Parties giving joint notice in writing to the Independent Certifier; or
  - (ii) in any other case, by the PA Parties giving 7 days joint notice in writing to the Independent Certifier.

### **6.2 Costs of Suspension**

- (a) The Independent Certifier will:
  - (i) subject to the Independent Certifier complying with Article 9, be entitled to recover the extra costs incurred by the Independent Certifier by reason of a suspension directed under Section 6.1(a)(ii) valued as a Certification Services Variation under Section 9; and
  - (ii) have no entitlement to be paid any costs, expenses, losses or damages arising from a suspension under Section 6.1(a)(i).

### **6.3 Recommencement**

- (a) The Independent Certifier must immediately recommence the carrying out of the Certification Services (or any part) on receipt of a joint written notice from the PA Parties requiring it to do so.

## **7. INSURANCE AND LIABILITY**

### **7.1 Independent Certifier's Professional Indemnity Insurance**

- (a) The Independent Certifier must have in place at all times during the term of this Independent Certifier Agreement:
  - (i) professional liability insurance:
    - (A) in the amount of \$[REDACTED] per claim and \$[REDACTED] in the aggregate, a deductible of not more than \$[REDACTED] per claim and from an insurer and on terms satisfactory to each of the PA Parties; and
    - (B) covering liability which the Independent Certifier might incur as a result of a breach by it of its obligations owed by the Independent Certifier in a professional capacity to the PA Parties, or either of them, under or in connection with this Independent Certifier Agreement or the provision of the Certification Services; and
  - (ii) comprehensive general liability insurance in the amount of \$[REDACTED] per claim and in the aggregate, no deductible for personal injury or bodily injury, a deductible of not more than \$[REDACTED] per occurrence for property damage and from an insurer and on terms satisfactory to each of the PA Parties.
- (b) The Independent Certifier must provide copies of its insurance policies to each of the PA Parties upon execution of this Independent Certifier Agreement, and, at least 5 Business Days prior to the expiry date of any such insurance policy, the Independent Certifier must provide evidence of the renewal of any such insurance policy satisfactory to the PA Parties, acting reasonably.

### **7.2 Workers' Compensation Insurance**

- (a) The Independent Certifier must, at its own cost and at all times during the term of this Independent Certifier Agreement, insure its liability (including its common law liability) as required under any applicable workers compensation statute or regulation in relation to its employees engaged in the Certification Services.

## **8. PAYMENT FOR SERVICES**

### **8.1 Payment of Fee**

- (a) In consideration of the Independent Certifier performing the Certification Services in accordance with this Independent Certifier Agreement, each PA Party shall pay one-half of the Fee to the Independent Certifier in accordance with the payment schedule specified in Appendix B.
- (b) The obligation of each PA Party to pay one-half of the Fee to the Independent Certifier is a several obligation, and neither PA Party shall have any liability in respect of the non-payment by the other PA Party of any fees or costs payable by such other PA Party under this Independent Certifier Agreement.
- (c) The Fee includes all taxes (except for GST), overheads and profit to perform the Certification Services.
- (d) The PA Parties acknowledge and agree that if any approved amount due and payable by the PA Parties to the Independent Certifier in excess of \$[REDACTED] is outstanding for more than 60 days, the Independent Certifier shall not have any obligation to make any certification under the Project Agreement.

## **9. CERTIFICATION SERVICES VARIATIONS**

### **9.1 Notice of Certification Services Variation**

- (a) If the Independent Certifier believes, other than a "Certification Services Variation Order" under Section 9.4(c), that any direction by the PA Parties constitutes or involves a Certification Services Variation it must:
  - (i) within 7 days after receiving the direction and before commencing work on the subject matter of the direction, give notice to the PA Parties that it considers the direction constitutes or involves a Certification Services Variation; and
  - (ii) within 21 days after giving the notice under Section 9.1(a)(i), submit a written claim to each of the IO Representative and the Project Co Representative which includes detailed particulars of the claim, the amount of the claim and how it was calculated.
- (b) Regardless of whether the Independent Certifier considers that such a direction constitutes or involves a Certification Services Variation, the Independent Certifier must continue to perform the Certification Services in accordance with this Independent Certifier Agreement and all directions, including any direction in respect of which notice has been given under this Section 9.1.

**9.2 No Adjustment**

- (a) If the Independent Certifier fails to comply with Section 9.1, the Fee will not be adjusted as a result of the relevant direction.

**9.3 External Services**

- (a) In the event that external personnel or consultants are required for expert opinion with respect to a Certification Services Variation, then, with the prior written approval of the PA Parties, any additional fees relating to such external personnel or consultants will be payable by the PA Parties at the agreed upon amount.

**9.4 Certification Services Variation Procedure**

- (a) The IO Representative and the Project Co Representative may jointly issue a document titled "Certification Services Variation Price Request" to the Independent Certifier which will set out details of a proposed Certification Services Variation which the PA Parties are considering.
- (b) Within 7 days after the receipt of a "Certification Services Variation Price Request", the Independent Certifier must provide each of the IO Representative and the Project Co Representative with a written notice in which the Independent Certifier sets out the effect which the proposed Certification Services Variation will have on the Fee.
- (c) Each of the IO Representative and the Project Co Representative may then jointly direct the Independent Certifier to carry out a Certification Services Variation by written document titled "Certification Services Variation Order" which will state either that:
  - (i) the Fee is adjusted as set out in the Independent Certifier's notice; or
  - (ii) the adjustment (if any) to the Fee will be determined under Section 9.5.

**9.5 Cost of Certification Services Variation**

- (a) Subject to Section 9.2, the Fee will be adjusted for all Certification Services Variations or suspensions under Section 6.1(a)(ii) carried out by the Independent Certifier by:
  - (i) the amount (if any) stated in the "Certification Services Variation Order" in accordance with Section 9.4(c);
  - (ii) if Section 9.5(a)(i) is not applicable, an amount determined pursuant to the fee schedule in Appendix B; or
  - (iii) where such rates or prices are not applicable, a reasonable amount to be agreed between the PA Parties and the Independent Certifier or, failing agreement, determined by the IO Representative and the Project Co Representative jointly.
- (b) Any reductions in the Fee shall be calculated on the same basis as any increases.

## **10. TERM AND TERMINATION**

### **10.1 Term**

- (a) Subject to earlier termination, this Independent Certifier Agreement will commence on the date of the Project Agreement and continue in full force until:
- (i) the Final Completion Date; or
  - (ii) such later date as may be mutually agreed between the PA Parties and the Independent Certifier.

### **10.2 Notice of Breach**

- (a) If the Independent Certifier commits a breach of this Independent Certifier Agreement, the PA Parties may give written notice to the Independent Certifier:
- (i) specifying the breach; and
  - (ii) directing its rectification in the period specified in the notice being a period not less than 7 days from the date of service of the notice.

### **10.3 Termination for Breach**

- (a) If the Independent Certifier fails to rectify the breach within the period specified in the notice issued under Section 10.2, the PA Parties may, without prejudice to any other rights of the PA Parties or either of them, immediately terminate this Independent Certifier Agreement.

### **10.4 Termination for Financial Difficulty or Change in Control**

- (a) The PA Parties may, without prejudice to any other rights which the PA Parties or either of them may have, terminate this Independent Certifier Agreement immediately if:
- (i) events have occurred or circumstances exist which, in the opinion of the PA Parties, may result in or have resulted in an insolvency or a Change in Control of the Independent Certifier; or
  - (ii) the Independent Certifier has communications with its creditors with a view to entering into, or enters into, any form of compromise, arrangement or moratorium of any debts whether formal or informal, with its creditors.

### **10.5 Termination for Convenience**

- (a) Notwithstanding anything to the contrary in this Independent Certifier Agreement, the PA Parties may, at any time, jointly terminate this Independent Certifier Agreement upon 30 days written notice to the Independent Certifier. The PA Parties and the Independent Certifier agree that, notwithstanding the 30 days' notice of termination, the Independent

Certifier shall continue on a day-to-day basis thereafter until a new Independent Certifier is appointed.

### **10.6 Independent Certifier's Rights upon Termination for Convenience**

- (a) Upon a termination under Section 10.5, the Independent Certifier will:
- (i) be entitled to be reimbursed by the PA Parties for the value of the Certification Services performed by it to the date of termination; and
  - (ii) not be entitled to any damages or other compensation in respect of the termination and (without limitation) any amount in respect of:
    - (A) the lost opportunity to earn a profit in respect of the Certification Services not performed at the date of termination; and
    - (B) any lost opportunity to recover overheads from the turnover which would have been generated under this Independent Certifier Agreement but for it being terminated.

### **10.7 Procedure upon Termination**

- (a) Upon completion of the Independent Certifier's engagement under this Independent Certifier Agreement or earlier termination of this Independent Certifier Agreement (whether under Section 10.3, 10.4 or 10.5 or otherwise), the Independent Certifier must:
- (i) cooperate with the PA Parties with respect to the transition of the Certification Services to a replacement certifier;
  - (ii) deliver to the PA Parties all Contract Material and all other information concerning the Project held or prepared by the Independent Certifier during the execution of work under this Independent Certifier Agreement; and
  - (iii) as and when required by the PA Parties, meet with them and such other persons nominated by them with a view to providing them with sufficient information to enable the PA Parties to execute the Project or the persons nominated to provide the Certification Services.

### **10.8 Effect of Termination**

- (a) Except as otherwise expressly provided in this Independent Certifier Agreement, termination of this Independent Certifier Agreement shall be without prejudice to any accrued rights and obligations under this Independent Certifier Agreement as at the date of termination (including the right of the PA Parties to recover damages from the Independent Certifier).

## **10.9 Survival**

- (a) Termination of this Independent Certifier Agreement shall not affect the continuing rights and obligations of the PA Parties and the Independent Certifier under Sections 7, 8, 10.6, 10.7, 10.8, 11, 12.7, 12.8 and this Section 10.9 or under any other provision which is expressed to survive termination or which is required to give effect to such termination or the consequences of such termination.

## **11. INDEMNITY**

### **11.1 PA Parties to Save Independent Certifier Harmless**

- (a) The PA Parties hereby indemnify and save the Independent Certifier completely harmless from any actions, causes of action, suits, debts, costs, damages, expenses, claims and demands whatsoever, at law or in equity, arising directly or indirectly in whole or in part out of any action taken by the Independent Certifier within the scope of its duties or authority hereunder.
- (b) The indemnity provided under this Section 11.1 shall not extend:
- (i) to any breach of this Independent Certifier Agreement, or any part or parts hereof, by the Independent Certifier, its employees, servants, agents or persons for whom it is in law responsible, or any negligent or unlawful act or omission or willful misconduct of the Independent Certifier, its employees, servants or persons for whom it is in law responsible (in respect of which the Independent Certifier shall indemnify the PA Parties, as referred to in Section 11.2);
  - (ii) to any action taken by the Independent Certifier outside the scope of authority set forth in this Independent Certifier Agreement, or any part or parts hereof; or
  - (iii) to any debt, cost, expense, claim or demand for which insurance proceeds are recoverable by the Independent Certifier.
- (c) This indemnity shall survive the termination of this Independent Certifier Agreement.

### **11.2 Independent Certifier to Save PA Parties Harmless**

- (a) The Independent Certifier hereby indemnifies and saves the PA Parties, and their affiliated entities, subsidiaries and their respective directors, officers, employees, agents, permitted successors and assigns, completely harmless from any actions, causes of action, suits, debts, costs, damages, expenses, claims and demands whatsoever, at law or in equity, arising directly or indirectly in whole or in part out of any breach of this Independent Certifier Agreement, or any part or parts hereof, by the Independent Certifier, its employees, servants, agents or persons for whom it is in law responsible, or any negligent or unlawful act or omission or willful misconduct of the Independent Certifier, its employees, servants or persons for whom it is in law responsible.
- (b) The indemnity provided under this Section 11.2 to a PA Party shall not extend:

- (i) to any negligent or unlawful act or omission or willful misconduct of such PA Party, its employees, servants or persons for whom it is in law responsible (in respect of which such PA Parties shall indemnify the Independent Certifier, as referred to in Section 11.1); or
  - (ii) to any debt, cost, expense, claim or demand for which insurance proceeds are recoverable by such PA Party.
- (c) This indemnity shall survive the termination of this Independent Certifier Agreement.

## **12. GENERAL**

### **12.1 Entire Agreement**

- (a) Except where provided otherwise in this Independent Certifier Agreement, this Independent Certifier Agreement constitutes the entire agreement between the parties in connection with its subject matter and supersedes all prior representations, communications, negotiations and understandings, whether oral, written, express or implied, concerning the subject matter of this Independent Certifier Agreement.

### **12.2 Negation of Employment**

- (a) The Independent Certifier, its officers, directors, members, employees, servants and agents and any other persons engaged by the Independent Certifier in the performance of the Certification Services will not by virtue of this Independent Certifier Agreement or the performance of the Certification Services become in the service or employment of the PA Parties for any purpose.
- (b) The Independent Certifier will be responsible for all matters requisite as employer or otherwise in relation to such officers, directors, members, employees, servants and agents and other persons who are engaged by the Independent Certifier.

### **12.3 Waiver**

- (a) No waiver made or given by a party under or in connection with this Independent Certifier Agreement shall be binding or effective unless the waiver is in writing, signed by an authorized representative of the party giving such waiver, and delivered by such party to the other parties. No waiver made with respect to any right, power or remedy in one instance will be deemed to be a waiver with respect to any other instance involving the exercise of such right, power, or remedy or with respect to any other right, power, or remedy.
- (b) Failure by any party to exercise any of its rights, powers or remedies hereunder or its delay to do so shall not constitute a waiver of those rights, powers or remedies. The single or partial exercise of a right, power or remedy shall not prevent its subsequent exercise or the exercise of any other right, power or remedy.



**12.4 Notices**

- (a) All notices, requests, demands, instructions, certificates, consents and other communications required or permitted under this Independent Certifier Agreement shall be in writing (whether or not "written notice" or "notice in writing" is specifically required by the applicable provision of this Independent Certifier Agreement) and served by sending the same by registered mail, facsimile or by hand, as follows:

If to IO:

Infrastructure Ontario  
777 Bay Street  
6<sup>th</sup> Floor  
Toronto, Ontario

Fax No.: **[REDACTED]**

Attn.: Senior Vice President, Project Development  
and Construction

With a copy to:

Infrastructure Ontario  
777 Bay Street  
6<sup>th</sup> Floor  
Toronto, Ontario

Fax No.: **[REDACTED]**

Attn.: Vice President, Project Delivery  
Toronto South Detention Centre Project

If to Project Co:

Integrated Team Solutions (Justice Infrastructure)  
Partnership  
5000 Yonge Street, Suite 1805  
Toronto, ON, M2N 7E9

Fax No.: **[REDACTED]**

Attn: Vice President

If to Independent  
Certifier:

Knowles Consultancy Services Inc.  
1599 Hurontario St., Suite 106  
Mississauga, ON  
L5G 4S1

Fax No.: **[REDACTED]**

Attn.: **[REDACTED]**

- (b) Where any notice is provided or submitted to a party via facsimile, an original of the notice sent via facsimile shall promptly be sent by regular mail or registered mail. For greater certainty, a notice given via facsimile shall not be invalid by reason only of a party's failure to comply with this Section 12.4(b).
- (c) Any party to this Independent Certifier Agreement may, from time to time, change any of its contact information set forth in Section 12.4(a) by prior notice to the other Parties, and such change shall be effective on the Business Day that next follows the recipient party's receipt of such notice unless a later effective date is given in such notice.
- (d) Subject to Sections 12.4(e), 12.4(f) and 12.4(g):
  - (i) a notice given by registered mail shall be deemed to have been received on the third Business Day after mailing;
  - (ii) a notice given by hand delivery shall be deemed to have been received on the day it is delivered; and
  - (iii) a notice given by facsimile shall be deemed to have been received on the day it is transmitted by facsimile.
- (e) If the party giving the notice knows or ought reasonably to know of difficulties with the postal system which might affect negatively the delivery of mail, any such notice shall not be mailed but shall be made or given by personal delivery or by facsimile transmission in accordance with this Section 12.4.
- (f) If any notice delivered by hand or transmitted by facsimile is so delivered or transmitted, as the case may be, either on a day that is not a Business Day or on a Business Day after 4:00 p.m. (recipient's local time), then such notice shall be deemed to have been received by such recipient on the next Business Day.
- (g) A notice given by facsimile shall be deemed to have been received by the recipient on the day it is transmitted only if a facsimile transmission report (maintained by the sender) indicates that the transmission of such notice was successful.

## **12.5 Transfer and Assignment**

- (a) The Independent Certifier:
  - (i) must not assign, transfer, mortgage, charge or encumber any right or obligation under this Independent Certifier Agreement without the prior written consent of the PA Parties, which each PA Party may give or withhold in its absolute discretion; and
  - (ii) agrees that any assignment, transfer, mortgage, charge or encumbrance will not operate to release or discharge the Independent Certifier from any obligation or liability under this Independent Certifier Agreement.

- (b) For the purposes of this Section 12.5, an assignment will be deemed to have occurred where there is a Change in Control of the Independent Certifier after the date of this Independent Certifier Agreement.
- (c) Each of the PA Parties may assign, transfer, mortgage, charge or encumber any right or obligation under this Independent Certifier Agreement in accordance with the terms of the Project Agreement.

### **12.6 Governing Laws and Jurisdictions**

- (a) This Independent Certifier Agreement shall be governed by and construed in accordance with the laws of Ontario and the laws of Canada applicable therein and shall be treated in all respects as an Ontario contract, without regard to conflict of laws principles.
- (b) The PA Parties and the Independent Certifier agree that the courts of the Province of Ontario and all courts competent to hear appeals therefrom shall have exclusive jurisdiction to hear and settle any action, suit, proceeding or dispute in connection with this Independent Certifier Agreement and hereby irrevocably attorn to the exclusive jurisdiction of such courts.

### **12.7 Confidentiality**

- (a) The Independent Certifier must ensure that:
  - (i) neither it nor any of its officers, directors, members, employees, servants and agents disclose, or otherwise make public, any Contract Material or any other information or material acquired in connection with or during the performance of the Certification Services without prior written approval of the PA Parties; and
  - (ii) no Contract Material is used, copied, supplied or reproduced for any purpose other than for the performance of the Certification Services under this Independent Certifier Agreement.
- (b) The PA Parties may at any time require the Independent Certifier to give and to arrange for its officers, directors, members, employees, servants and agents engaged in the performance of the Certification Services to give written undertakings, in the form of confidentiality agreements on terms required by the PA Parties, relating to the non disclosure of confidential information, in which case the Independent Certifier must promptly arrange for such agreements to be made.

### **12.8 Contract Material**

- (a) The PA Parties and the Independent Certifier agree that the Independent Certifier does not and will not have any rights, including any Intellectual Property, in any Contract Material provided to the Independent Certifier or created or required to be created by either PA Party.

- (b) As between the PA Parties and the Independent Certifier, all title and ownership, including all Intellectual Property, in and to the Contract Material created or required to be created by the Independent Certifier as part of, or for the purposes of performing the Certification Services, is hereby assigned jointly to the PA Parties on creation, or where such title, ownership and Intellectual Property cannot be assigned before creation of the Contract Material, it will be assigned to the PA Parties on creation. In addition, to the extent that copyright may subsist in such Contract Material so created by the Independent Certifier, the Independent Certifier hereby waives all past, present and future moral rights therein and the Independent Certifier shall ensure that any agent or employee of Independent Certifier shall have waived all such moral rights. The PA Parties acknowledge and agree that as between the PA Parties, title, ownership and other rights to the foregoing shall be governed by the Project Agreement.
- (c) The Independent Certifier will do all such things and execute all such documents as reasonably requested by either of the PA Parties in order to confirm or perfect the assignment of Intellectual Property in the Contract Material referred to in Section 12.8(b).

### **12.9 Amendment**

- (a) This Independent Certifier Agreement may not be varied, amended or supplemented except by an agreement in writing signed by duly authorized representatives of the PA Parties and the Independent Certifier and stating on its face that it is intended to be an amendment, restatement or other modification, as the case may be, to this Independent Certifier Agreement.

### **12.10 Severability**

- (a) Each provision of this Independent Certifier Agreement shall be valid and enforceable to the fullest extent permitted by law. If the courts of a competent jurisdiction shall declare any provision of this Independent Certifier Agreement invalid, unenforceable or illegal, such provision may be severed and such invalidity, unenforceability or illegality shall not prejudice or affect the validity, enforceability and legality of the remaining provisions of this Independent Certifier Agreement. If any such provision of this Independent Certifier Agreement is invalid, unenforceable or illegal, the parties shall, acting in good faith, promptly negotiate new provisions to eliminate such invalidity, unenforceability or illegality and to restore this Independent Certifier Agreement as near as possible to its original intent and effect.

### **12.11 Enurement**

- (a) This Independent Certifier Agreement shall enure to the benefit of, and be binding on, each of the parties and their respective successors and permitted transferees and assigns.

### **12.12 Counterparts**

- (a) This Independent Certifier Agreement may be executed in one or more counterparts. Any single counterpart or a set of counterparts executed, in either case, by all the parties shall

constitute a full, original and binding agreement for all purposes. Counterparts may be executed either in original or faxed form provided that any party providing its signature in faxed form shall promptly forward to such party an original signed copy of this Independent Certifier Agreement which was so faxed.

*[Signature pages follow]*

**IN WITNESS WHEREOF** the parties have executed this Independent Certifier Agreement as of the date first above written.

**ONTARIO INFRASTRUCTURE  
PROJECTS CORPORATION**

Per: \_\_\_\_\_  
Name: **[REDACTED]**  
Title: Senior Vice President,  
Infrastructure Lending and  
CFO

Per: \_\_\_\_\_  
Name: **[REDACTED]**  
Title: Senior Vice President,  
Project Delivery

I/We have authority to bind the corporation.

**INTEGRATED TEAM SOLUTIONS  
(JUSTICE INFRASTRUCTURE)  
PARTNERSHIP**, by its partners,

**[REDACTED]**

Per: \_\_\_\_\_  
Name:  
Title:

Per: \_\_\_\_\_  
Name:  
Title:

**[REDACTED]**

Per: \_\_\_\_\_  
Name:  
Title:

Per: \_\_\_\_\_  
Name:  
Title:

I/We have authority to bind the corporation.

**KNOWLES CONSULTANCY  
SERVICES INC.**

Per: \_\_\_\_\_  
Name:  
Title:

Per: \_\_\_\_\_  
Name:  
Title:

I/We have authority to bind the corporation.

**APPENDIX A****CERTIFICATION SERVICES**

Without limiting the other provisions of this Independent Certifier Agreement and the Project Agreement, the Independent Certifier shall provide the following:

- (a) Receive and monitor drawings and documents related to the development of the design as necessary for the Independent Certifier to be informed as to the progress of the Works and to provide an opinion in the event of a Dispute related to the development of the design.
- (b) Receive and monitor progress reports as necessary for the Independent Certifier to be informed as to the progress of the Works.
- (c) Review information relating to Delay Events and Compensation Events.
- (d) In accordance with Section 11.1(b) of the Project Agreement, attend meetings and participate, as necessary, in the activities of the Works Committee.
- (e) Review the draft Final Commissioning Program and the detailed tests, test methodology and expected test results proposed by Project Co and provide comments, including to report on the effectiveness of the Final Commissioning Program, to identify any errors or omissions, and to report any risks.
- (f) Monitor the Commissioning Tests (as indicatively described in Schedule 11 – Outline Commissioning Program to the Project Agreement) and other tests, including re-tests, to be performed as set out in the Final Commissioning Program or as otherwise required for Project Co to achieve Substantial Completion and Final Completion.
- (g) Prior to any certification, consider the views and comments of both Project Co and IO in relation to the satisfaction of the conditions for certification.
- (h) Conduct inspections of the Works as necessary for the Independent Certifier to be satisfied that the Works are proceeding in accordance with the requirements of the Project Agreement.
- (i) Review relevant documentation, including floor area schedules, certificates and approvals, Permits, Licences and Approvals, certifications, test results, quality assurance audits, letters of assurance from professionals, schedules of equipments and staff profile schedules provided to the Independent Certifier pursuant to the Project Agreement.
- (j) Monitor the requirements, progress and results of all Project Co Commissioning and IO Commissioning.
- (k) Upon receipt of notice from Project Co requesting the issuance of the Substantial Completion Certificate or the Final Completion Certificate, as applicable, consider such



request and, within the time period set out in the Project Agreement and in accordance with the Project Agreement, either:

- (i) issue the applicable certificate; or
  - (ii) issue a report detailing the matters that the Independent Certifier considers are required to be performed prior to issuing the applicable certificate.
- (l) Upon notice from Project Co that the matters required to be performed prior to issuing the applicable certificate have been completed, re-inspect the Works or re-consider the matters specified to be performed, and repeat the procedures in Section 1.1(k) of this Appendix A until the issuance of the applicable certificate.
  - (m) Prepare, in consultation with Project Co and IO, as soon as reasonably practicable and, in any event within, the time period specified in Section 24.8(a) of the Project Agreement, the Minor Deficiencies List, which Minor Deficiencies List will include an estimate of the cost and the time for rectifying the Minor Deficiencies and a schedule for the completion and rectification of the Minor Deficiencies.
  - (n) Provide any determinations contemplated in the Project Agreement, which determinations may be subject to final resolution between the PA Parties pursuant to Schedule 24 - Dispute Resolution Procedure to the Project Agreement.
  - (o) Participate in and give the PA Parties and their counsel reasonable cooperation, access and assistance (including providing or making available documents, information and witnesses for attendance at hearings and other proceedings) in connection with any proceedings between the PA Parties that relate to the Certification Services.
  - (p) Provide advice on other matters that may arise that both PA Parties may jointly require.
  - (q) Determine the value of the cost of the Remaining Works and provide IO and Project Co with such valuation 5 Business Days prior to the Anticipated Substantial Completion Date.
  - (r) Without limiting the foregoing, the Independent Certifier shall provide all of the services set out in this Appendix A in respect of the TIC.

**APPENDIX B**

**INDEPENDENT CERTIFIER FEE**

**[REDACTED]**

**APPENDIX C**

**INDEPENDENT CERTIFIER PERSONNEL**

The following personnel shall be involved in the performance of the Certification Services:

**[REDACTED]**

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**SCHEDULE 7**

**KEY INDIVIDUALS**

**A. Key Individuals - Works**

	<b>Project Co Party</b>	<b>Position/Function</b>	<b>Name and Contact Information</b>
1.	Design Team	[REDACTED]	[REDACTED]
2.	Design Team	[REDACTED]	[REDACTED]
3.	Design Team	[REDACTED]	[REDACTED]
4.	Construction Contractor	[REDACTED]	[REDACTED]
5.	Construction Contractor	[REDACTED]	[REDACTED]
6.	Construction Contractor	[REDACTED]	[REDACTED]
7.	Construction Contractor	[REDACTED]	[REDACTED]
8.	Project Co	[REDACTED]	[REDACTED]
9.	Project Co	[REDACTED]	[REDACTED]
10.	Project Co	[REDACTED]	[REDACTED]
11.	Project Co	[REDACTED]	[REDACTED]
12.	Construction Contractor	[REDACTED]	[REDACTED]

**B. Key Individuals – Services**

	<b>Project Co Party</b>	<b>Position/Function</b>	<b>Name and Contact Information</b>
1.	Service Provider	[REDACTED]	[TBD]

	<b>Project Co Party</b>	<b>Position/Function</b>	<b>Name and Contact Information</b>
<b>2.</b>	Service Provider	[REDACTED]	[TBD]
<b>3.</b>	Service Provider	[REDACTED]	[TBD]
<b>4.</b>	Project Co	[REDACTED]	[REDACTED]
<b>5.</b>	Project Co	[REDACTED]	[REDACTED]

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## SCHEDULE 8

### REVIEW PROCEDURE

#### PART A – WORKS PHASE

##### 1. Works Submittals

- 1.1 The provisions of Part A of this Schedule 8 shall apply to the Design Development Submittals, the Construction Document Submittals, the Design Data and any and all items, documents and anything else required or specified by the Project Agreement, including all Works Submittals listed in Appendix A to this Schedule 8, in respect of the Works to be submitted to, reviewed or otherwise processed by IO in accordance with the Review Procedure prior to Substantial Completion or after Substantial Completion in respect of the completion of Minor Deficiencies, including any and all subsequent revisions, amendments and changes thereto (collectively and individually, "**Works Submittal**" or "**Works Submittals**" as applicable in Part A of this Schedule 8).

##### 2. Schedule for Works Submittals

- 2.1 The Works Schedule shall provide for a progressive and orderly flow of Works Submittals from Project Co to the IO Representative to allow sufficient time for review of each Works Submittal by the IO Representative, taking into account both the resources necessary to be available to the IO Representative to conduct such review and whether delay in the review of the subject matter of the Works Submittal shall have a material impact on Project Co's ability to progress future anticipated Works Submittals and the Works in accordance with the Works Schedule.
- 2.2 The Works Schedule and any amendment to the Works Schedule shall allow a period of 10 Business Days (or such longer period as the Parties may agree) from the date of receipt for review of and response to each Works Submittal, provided that if Project Co has made major changes to the grouping and volume of Works Submittals, such period of time shall be adjusted by Project Co, acting reasonably, taking into account the factors set forth in Section 2.1 of this Schedule 8.
- 2.3 Project Co shall, in scheduling Works Submittals and in the performance of the Project Operations, allow adequate time prior to performing the Project Operations that are the subject of the Works Submittals, for review of the Works Submittals and for Project Co to make changes to Works Submittals that may be required if comments are received on the Works Submittals, such review and required changes to be in accordance with Part A of this Schedule 8.
- 2.4 If the Works Schedule indicates that a large number of Works Submittals will be made at one time, the IO Representative may, at the IO Representative's discretion, request a longer period for review or a staggering of the Works Submittals, and Project Co shall review and revise the Works Schedule accordingly, taking into account both the

resources necessary to be available to the IO Representative to conduct such review and whether delay in the review of the subject matter of the Works Submittal shall have a material impact on Project Co's ability to progress future anticipated Works Submittals and the Works in accordance with the Works Schedule.

2.5 Project Co shall submit all Works Submittals to IO in accordance with the current Works Schedule.

**3. General Requirements for Works Submittals**

3.1 Unless otherwise specified by the IO Representative, Project Co shall issue 3 printed copies of all Works Submittals to IO, together with an electronic copy in a format agreed by the Parties acting reasonably and one printed copy of each Works Submittal to the Independent Certifier.

3.2 Project Co shall compile and maintain a register of the date and contents of the submission of all Works Submittals and the date of receipt and content of all returned Works Submittals and comments thereon.

3.3 All Works Submittals shall be in English.

3.4 All Works Submittals required by the Project Agreement or by Applicable Law to be signed or sealed by persons with professional designations (including, where applicable, by registered professional architects or engineers) shall, where applicable, be so signed and sealed.

3.5 All Works Submittals shall include copies of all documents to be reviewed and shall clearly identify the purpose of the Works Submittal and Project Co's proposed course of action relating to the Works Submittal and the Project Operations that are the subject of the Works Submittal.

3.6 All Works Submittals shall, where applicable, refer to the relevant provisions of the Output Specifications, and to any Design Data that has previously been subject to review.

3.7 All Works Submittals shall be clearly identified as a Works Submittal and shall be delivered with appropriate covering documentation, which shall include a list of all attached Works Submittals and for each Works Submittal:

- (a) the document number(s) or drawing number(s);
- (b) revision numbers (if applicable);
- (c) document or drawing title(s);
- (d) name of entity that prepared the Works Submittal;
- (e) the Works Submittal history showing date and delivery information and/or log number of all previous submissions of that Works Submittal; and

- (f) identification of any previous Works Submittal superseded by the current Works Submittal.

**4. Comments**

4.1 The IO Representative shall review and respond to each Works Submittal in accordance with the time periods specified in Section 2.2 of this Schedule 8. The IO Representative shall return Works Submittals to Project Co with a copy to the Independent Certifier and assign one of the following 3 comments:

- (a) "REVIEWED";
- (b) "REVIEWED AS NOTED"; or
- (c) "REJECTED".

4.2 The comment "REVIEWED" will be assigned to those Works Submittals that, in the opinion of the IO Representative, conform to the requirements of the Project Agreement. Project Co shall comply with and implement such Works Submittals.

4.3 The comment "REVIEWED AS NOTED" will be assigned to those Works Submittals that, in the opinion of the IO Representative, generally conform to the requirements of the Project Agreement, but in which immaterial deficiencies have been found by the IO Representative's review. Project Co shall correct these Works Submittals and provide a copy of the corrected Works Submittals to the IO Representative. Project Co shall comply with and implement such Works Submittals after correction, including in accordance with the comments. If at any time it is discovered that Project Co has not corrected the deficiencies on Works Submittals stamped "REVIEWED AS NOTED", then Project Co will be required to modify the Works Submittals and Project Operations, including the Facility if applicable, as required to ensure that the Works comply with the Output Specifications and Project Co may be required, at the IO Representative's discretion, to resubmit relevant Works Submittals. In such circumstances the IO Representative shall act promptly in considering whether such deficiencies have been corrected. No extension of time will be given or additional compensation paid in respect of any such modification or re-submittal.

4.4 The comment "REJECTED" will be assigned to those Works Submittals that, in the opinion of the IO Representative, contain significant deficiencies or do not generally conform with the requirements of the Project Agreement, including this Schedule 8. Project Co shall correct and re-submit these Works Submittals within 10 Business Days after the comment has been provided to Project Co, or such longer period as Project Co may reasonably require, and (unless the Works Submittal is re-submitted within 5 Business Days) shall give the IO Representative not less than 5 Business Days' notice of when the Works Submittals shall be resubmitted. The IO Representative will then review such re-submitted Works Submittals and assign a comment to the corrected Works Submittal. The Works Submittals shall be corrected, revised and resubmitted as often as may be required to obtain a comment that permits Project Co to proceed. No extension



- of time will be given or additional compensation paid in respect of any such modification or re-submittal.
- 4.5 Where the IO Representative issues the comment "REVIEWED AS NOTED" or "REJECTED", the IO Representative shall provide reasons for the comment, referencing the particulars of the Section(s) of the Project Agreement that the Works Submittal fails to satisfy, and, if requested by the Project Co Representative, the IO Representative shall meet with the Project Co Representative to discuss the reasons for the comment.
- 4.6 If, at any time after assigning any comment to a Works Submittal, the IO Representative or Project Co discovers any significant deficiencies or any failure to conform to the requirements of the Project Agreement, the IO Representative may revise the comment assigned to any Works Submittal. If the Parties agree or it is determined in accordance with Section 5 of this Schedule 8 that the revised comment is correct, Project Co shall make all such corrections to the Works Submittals and the Project Operations. No extension of time will be given or additional compensation paid in respect of any such modification or re-submittal.
- 4.7 For the purpose of facilitating and expediting the review and correction of Works Submittals, the IO Representative and the Project Co Representative shall meet as may be mutually agreed to discuss and review any outstanding Works Submittals and any comments thereon.
- 4.8 Where a Works Submittal is voluminous, the IO Representative at his or her discretion may elect to stamp only the cover page or first sheet of the Works Submittal with the appropriate comment, if any, and return to Project Co the cover page or first page together with individual pages or sheets on which comments are made, together with an explanation of the status of all pages not returned to Project Co. Any pages returned without such an explanation as to their status shall be deemed to be "REVIEWED" by IO.
- 4.9 In lieu of returning a Works Submittal, the IO Representative may by letter notify Project Co of the comment assigned to the Works Submittal and if such comment is "REVIEWED AS NOTED" or "REJECTED" the letter shall contain comments in sufficient detail for Project Co to identify the correction sought.

## **5. Disputes**

- 5.1 If Project Co disputes any act of IO or the IO Representative in respect of a Works Submittal under this Part A, Project Co shall promptly notify the IO Representative and the Independent Certifier of the details of such Dispute and shall submit the reasons why Project Co believes a different comment should be assigned, together with appropriate supporting documentation. The IO Representative shall review the Works Submittal, the reasons and supporting documentation and within 5 Business Days after receipt thereof shall either confirm the original comment or notify Project Co of a revised comment. If the IO Representative confirms the original comment, Project Co may request the Independent Certifier to resolve the Dispute and render a decision within 5 Business Days of such request.

5.2 If either Party is not satisfied, acting reasonably, with the resolution of the Independent Certifier, subject to Section 10.2 of this Schedule 8, either Party may refer the matter for determination in accordance with Schedule 24 - Dispute Resolution Procedure.

**6. Effect of Review**

6.1 Subject to Section 18.6 of the Project Agreement, any review and comment by IO or the IO Representative of any Works Submittals is for general conformity to the obligations and requirements of the Project Agreement, and any such review and comment shall not relieve Project Co of the risk and responsibility for the Project Operations and for meeting all of its obligations under and requirements of the Project Agreement, and shall not create any new or additional obligations or liabilities for IO. Without limiting the generality of the foregoing any and all errors or omissions in Works Submittals or of any review and comment shall not exclude or limit Project Co's obligations or liabilities in respect of the Works under the Project Agreement or exclude or limit IO's rights in respect of the Works under the Project Agreement.

**7. Works Submittal Explanation**

7.1 At any time, the IO Representative may, acting reasonably, require Project Co, including Project Co's consultants, Subcontractors, and any other relevant personnel, at no additional cost to IO, to explain to the IO Representative and IO's advisors the intent of Project Co's Works Submittals, including in relation to any design and any associated documentation and as to its satisfaction of the Output Specifications.

**8. Revisions**

8.1 Project Co shall ensure that Works Submittals keep the same, unique reference number throughout the review process, and that subsequent revisions of the same Works Submittal are identified by a sequential revision number. Correspondence related to such Works Submittal shall reference the reference number and revision number.

8.2 Re-submittals shall clearly show all revisions from the previous Works Submittal. Bound documents, including reports and manuals, shall contain a preface that clearly states how revisions are marked and the previous revision number against which the revisions have been marked. A consistent format for mark-ups of documents shall be used (e.g. deletions struck out and additions underscored). Revised portions of drawings shall be clearly marked (with appropriate means to visually distinguish between the parts of the drawing that are revised and the parts that are not revised) and the revision number and description of the revision shall be included on the drawing.

8.3 All revisions on print media shall be initialled by hand by the individual designer, design checker and, where applicable, by the drafter and the drafting checker and shall identify the persons who initialled the Works Submittal. Electronic versions of the Works Submittal shall identify the persons who initialled the revisions to the printed version of the Works Submittal. All such revisions must be able to be integrated into the As Built Drawings.

8.4 Project Co shall keep all Design Data current. If any Design Data is revised as part of a Works Submittal, all other Design Data relying on or based on that Design Data shall also be revised accordingly. All such revised Design Data shall also be submitted with the Works Submittal to which it relates.

**9. Audit by the IO Representative**

9.1 Without limiting any other right under the Project Agreement, the IO Representative shall have the right to audit all Works Submittals, including comparing all Works Submittals to previous Works Submittals.

9.2 If during an audit or at any other time it is discovered by IO or Project Co (or resolved pursuant to Section 9.3 of this Schedule 8) that any Works Submittals were not correctly implemented, Project Co shall at its sole cost immediately take all necessary steps to correct and modify the applicable Works Submittals and the Project Operations to which they relate and shall advise the IO Representative of all such corrections and modifications.

9.3 Any Dispute concerning the implementation of a Works Submittal, subject to Section 5.1 of this Schedule 8, shall be referred in the first instance to the Independent Certifier for resolution.

**10. Variations**

10.1 No alteration or modification to the design, quality and quantity of the Project Operations arising from the development of detailed design or from the co-ordination of the design in connection with any Works Submittal shall be construed or regarded as a Variation.

10.2 If, having received comments from the IO Representative on any Works Submittal, Project Co considers that compliance with those comments would amount to a Variation, Project Co shall, within 10 Business Days of receipt of and before complying with the comments, provide written notice to IO of the same and, if it is agreed by the Parties that a Variation would arise if the comments were complied with, IO may, at its election, (a) issue a Variation Enquiry and it shall be dealt with in accordance with Schedule 19 - Variation Procedure or (b) amend its comment on the Works Submittal or (c) refer the matter to the Dispute Resolution Procedure in accordance with Section 5.2 of this Schedule 8. Any failure by Project Co to notify IO in accordance with this Section 10.2 of this Schedule 8 that Project Co considers compliance with any comments of the IO Representative would amount to a Variation shall constitute an irrevocable acceptance by Project Co that any compliance with the IO Representative's comments shall be without cost to IO and without any extension of time.

## SCHEDULE 8

### REVIEW PROCEDURE

#### PART B – SERVICES PHASE

#### 11. Service Submittals

- 11.1 The provisions of Part B of this Schedule 8 shall apply to any and all items, documents and anything else required or specified by the Project Agreement, other than the Design Development Submittals, the Construction Document Submittals and the Design Data, to be submitted to, reviewed or otherwise processed by IO in accordance with the Review Procedure after Substantial Completion except in respect of the completion of Minor Deficiencies, including any and all subsequent revisions, amendments and changes thereto (collectively and individually, "**Service Submittal**" or "**Service Submittals**" as applicable in Part B of this Schedule 8).
- 11.2 Project Co shall allow a period of 10 Business Days (or such longer period as the Parties may agree) from the date of receipt for review of and response to each Service Submittal.
- 11.3 Project Co shall, in scheduling Service Submittals and in the performance of the Project Operations, allow adequate time prior to performing the Project Operations that are the subject of the Service Submittals, for review of the Service Submittals and for Project Co to make changes to Service Submittals that may be required if comments are received on the Service Submittals, such review and required changes to be in accordance with Part B of this Schedule 8.

#### 12. General Requirements for Service Submittals

- 12.1 Unless otherwise specified by the IO Representative, Project Co shall issue 3 printed copies of all Service Submittals to IO, together with an electronic copy in a format agreed by the Parties acting reasonably.
- 12.2 Project Co shall compile and maintain a register of the date and contents of the submission of all Service Submittals and the date of receipt and content of all returned Service Submittals and comments thereon.
- 12.3 All Service Submittals shall be in English.
- 12.4 All Service Submittals required by the Project Agreement or by Applicable Law to be signed or sealed by persons with professional designations (including, where applicable, by registered professional architects or engineers) shall, where applicable, be so signed and sealed.
- 12.5 All Service Submittals shall include copies of all documents to be reviewed and shall clearly identify the purpose of the Service Submittal and Project Co's proposed course of

action relating to the Service Submittal and the Project Operations that are the subject of the Service Submittal.

- 12.6 All Service Submittals shall, where applicable, refer to the relevant provisions of the Output Specifications.
- 12.7 All Service Submittals shall be clearly identified as a Service Submittal and shall be delivered with appropriate covering documentation, which shall include a list of all attached Service Submittals and for each Service Submittal:
- (a) the document number(s) or drawing number(s);
  - (b) revision numbers (if applicable);
  - (c) document or drawing title(s);
  - (d) name of entity that prepared the Service Submittal;
  - (e) the Service Submittal history showing date and delivery information and/or log number of all previous submissions of that Service Submittal; and
  - (f) identification of any previous Service Submittal superseded by the current Service Submittal.

**13. Comments**

- 13.1 The IO Representative shall review and respond to each Service Submittal in accordance with the time periods specified in Section 11.2 of this Schedule 8. The IO Representative shall return Service Submittals to Project Co and assign one of the following 3 comments:
- (a) "REVIEWED";
  - (b) "REVIEWED AS NOTED"; or
  - (c) "REJECTED".
- 13.2 The comment "REVIEWED" will be assigned to those Service Submittals that, in the opinion of the IO Representative, conform to the requirements of the Project Agreement. Project Co shall comply with and implement such Service Submittals.
- 13.3 The comment "REVIEWED AS NOTED" will be assigned to those Service Submittals that, in the opinion of the IO Representative, generally conform to the requirements of the Project Agreement, but in which immaterial deficiencies have been found by the IO Representative's review. Project Co shall correct these Service Submittals and provide a copy of the corrected Service Submittals to the IO Representative. Project Co shall comply with and implement such Service Submittals after correction, including in accordance with the comments. If at any time it is discovered that Project Co has not

- corrected the deficiencies on Service Submittals stamped "REVIEWED AS NOTED", then Project Co will be required to modify the Service Submittals and Project Operations as required to ensure that the Project Operations comply with the Output Specifications and Project Co may be required, at the IO Representative's discretion, to resubmit relevant Service Submittals. In such circumstances the IO Representative shall act promptly in considering whether such deficiencies have been corrected. No extension of time will be given or additional compensation paid in respect of any such modification or re-submittal.
- 13.4 The comment "REJECTED" will be assigned to those Service Submittals that, in the opinion of the IO Representative, contain significant deficiencies or do not generally conform with the requirements of the Project Agreement, including this Schedule 8. Project Co shall correct and re-submit these Service Submittals within 10 Business Days after the comment has been provided to Project Co, or such longer period as Project Co may reasonably require, and (unless the Service Submittal is re-submitted within 5 Business Days) shall give the IO Representative not less than 5 Business Days' notice of when the Service Submittals shall be resubmitted. The IO Representative will then review such re-submitted Service Submittals and assign a comment to the corrected Service Submittal. The Service Submittals shall be corrected, revised and resubmitted as often as may be required to obtain a comment that permits Project Co to proceed. No extension of time will be given or additional compensation paid in respect of any such modification or re-submittal.
- 13.5 Where the IO Representative issues the comment "REVIEWED AS NOTED" or "REJECTED", the IO Representative shall provide reasons for the comment, referencing the particulars of the Section(s) of the Project Agreement that the Service Submittal fails to satisfy, and, if requested by the Project Co Representative, the IO Representative shall meet with the Project Co Representative to discuss the reasons for the comment.
- 13.6 If, at any time after assigning any comment to a Service Submittal, the IO Representative or Project Co discovers any significant deficiencies or any failure to conform to the requirements of the Project Agreement, the IO Representative may revise the comment assigned to any Service Submittal. If the Parties agree or it is determined in accordance with Section 14 of this Schedule 8 that the revised comment is correct, Project Co shall make all such corrections to the Service Submittals and the Project Operations. No extension of time will be given or additional compensation paid in respect of any such modification or re-submittal.
- 13.7 For the purpose of facilitating and expediting the review and correction of Service Submittals, the IO Representative and the Project Co Representative shall meet as may be mutually agreed to discuss and review any outstanding Service Submittals and any comments thereon.
- 13.8 Where a Service Submittal is voluminous, the IO Representative at his or her discretion may elect to stamp only the cover page or first sheet of the Service Submittal with the appropriate comment, if any, and return to Project Co the cover page or first page together with individual pages or sheets on which comments are made, together with an

explanation of the status of all pages not returned to Project Co. Any pages returned without such an explanation as to their status shall be deemed to be "REVIEWED" by IO.

- 13.9 In lieu of returning a Service Submittal, the IO Representative may by letter notify Project Co of the comment assigned to the Service Submittal and if such comment is "REVIEWED AS NOTED" or "REJECTED" the letter shall contain comments in sufficient detail for Project Co to identify the correction sought.

#### **14. Disputes**

- 14.1 If Project Co disputes any act of IO or the IO Representative in respect of a Service Submittal under this Part B, Project Co shall promptly notify the IO Representative of the details of such Dispute and shall submit the reasons why Project Co believes a different comment should be assigned, together with appropriate supporting documentation. The IO Representative shall review the Service Submittal, the reasons and supporting documentation and within 5 Business Days after receipt thereof shall either confirm the original comment or notify Project Co of a revised comment.
- 14.2 If after such review by the IO Representative Project Co disputes the comment on a Service Submittal, subject to Section 19.1 of this Schedule 8, Project Co may refer the matter for determination in accordance with Schedule 24 - Dispute Resolution Procedure.

#### **15. Effect of Review**

- 15.1 Any review and comment by IO or the IO Representative of any Service Submittals is for general conformity to the obligations and requirements of the Project Agreement, and any such review and comment shall not relieve Project Co of the risk and responsibility for the Project Operations and for meeting all of its obligations under and requirements of the Project Agreement, and shall not create any new or additional obligations or liabilities for IO. Without limiting the generality of the foregoing any and all errors or omissions in Service Submittals or of any review and comment shall not exclude or limit Project Co's obligations or liabilities under the Project Agreement in respect of matters related to the Service Submittal or exclude or limit IO's rights under the Project Agreement in respect of matters related to the Service Submittal.

#### **16. Service Submittal Explanation**

- 16.1 At any time, the IO Representative may, acting reasonably, require Project Co, including Project Co's consultants, Subcontractors, and any other relevant personnel, at no additional cost to IO, to explain to the IO Representative and IO's advisors the intent of Project Co's Service Submittals, including as to its satisfaction of the Output Specifications.

#### **17. Revisions**

- 17.1 Project Co shall ensure that Service Submittals keep the same, unique reference number throughout the review process, and that subsequent revisions of the same Service

Submittal are identified by a sequential revision number. Correspondence related to such Service Submittal shall reference the reference number and revision number.

- 17.2 Re-submittals shall clearly show all revisions from the previous Service Submittal. Bound documents, including reports and manuals, shall contain a preface that clearly states how revisions are marked and the previous revision number against which the revisions have been marked. A consistent format for mark-ups of documents shall be used (e.g. deletions struck out and additions underscored). Revised portions of drawings shall be clearly marked (with appropriate means to visually distinguish between the parts of the drawing that are revised and the parts that are not revised) and the revision number and description of the revision shall be included on the drawing.
- 17.3 All revisions on print media shall be initialled by hand by the individual designer, design checker and, where applicable, by the drafter and the drafting checker and shall identify the persons who initialled the Service Submittal. Electronic versions of the Service Submittal shall identify the persons who initialled the revisions to the printed version of the Service Submittal.

**18. Audit by the IO Representative**

- 18.1 Without limiting any other right under the Project Agreement, the IO Representative shall have the right to audit all Service Submittals, including comparing all Service Submittals to previous Service Submittals.
- 18.2 If during an audit or at any other time it is discovered by IO or Project Co that any Service Submittals were not correctly implemented, Project Co shall at its sole cost immediately take all necessary steps to correct and modify the applicable Service Submittals and the Project Operations to which they relate and shall advise the IO Representative of all such corrections and modifications.

**19. Variations**

- 19.1 If, having received comments from the IO Representative on any Service Submittal, Project Co considers that compliance with those comments would amount to a Variation, Project Co shall, within 10 Business Days of receipt of and before complying with the comments, provide written notice to IO of the same and, if it is agreed by the Parties, or is determined pursuant to Schedule 24 - Dispute Resolution Procedure, that a Variation would arise if the comments were complied with, IO may at its election, either issue a Variation Enquiry and it shall be dealt with in accordance with Schedule 19 - Variation Procedure or amend its comment on the Service Submittal. Any failure by Project Co to notify IO in accordance with this Section 19.1 that Project Co considers compliance with any comments of the IO Representative would amount to a Variation shall constitute an irrevocable acceptance by Project Co that any compliance with the IO Representative's comments shall be without cost to IO and without any extension of time.



**APPENDIX A**

**MINIMUM DESIGN AND CONSTRUCTION  
SUBMITTAL REQUIREMENTS**

**1. Minimum Submittal Requirements for the 50% Design Development Stage**

Project Co shall provide the following Design Development Submittals to IO for review and comment in accordance with this Schedule 8:

1.1 Design development documents in accordance with the requirements set forth in Section 18.3 of the Project Agreement, including:

- (a) Site plan (prepared at 1:500 scale) showing:
  - (i) Full ground floor plan (see description below for Floor/Roof Plans);
  - (ii) Full hard/soft landscape plan showing integration of landscaping features/areas with floor plan elements and entrances;
  - (iii) Treatment of main approach to public entrance and vehicular drop-off with emphasis on pedestrian movement from public sidewalk to main entry;
  - (iv) Show primary security fence alignment and indicate any other management fencing proposed;
  - (v) Fencing including sally port configurations and preliminary intrusion detection zoning;
  - (vi) Site furnishings; show location of benches, waste receptacles etc. for both external site areas and interior courts;
  - (vii) Additional Site features, including natural features, storm water management structures and design of outdoor spaces;
  - (viii) Vehicle access/egress driveways to and from Site, loading dock access and location, and service vehicle parking;
  - (ix) Location for the auger grinder housing indicating access for waste removal; and
  - (x) Vehicular access and management equipment.
- (b) Site servicing plan (prepared at 1:500) showing:
  - (i) Storm water management/storm sewer;

- (ii) Sanitary sewer system;
  - (iii) Watermains - domestic use;
  - (iv) Watermains - fire fighting;
  - (v) Gas utilities; and
  - (vi) Hydro utilities.
- (c) Typical Site and landscape details (prepared at 1:10 scale).
- (d) Architectural floor plans (prepared at 1:100 scale) of every level, including penthouse(s) and roof(s), showing:
- (i) All walls and partitions in actual thicknesses;
  - (ii) All program and non-program rooms/areas, colour-coded by component and numbered using the alphanumeric Room Codes used in Room Data Sheets in Part 4 of Part A of Schedule 12 - Output Specifications;
  - (iii) List of additional rooms not previously identified with additional sequential Room Codes as required;
  - (iv) Doors and windows;
  - (v) All millwork/systems furniture and workstation layouts (including filing storage units, shelving) for the departments for which Enhanced Block Schematic Diagrams have been prepared;
  - (vi) All equipment for the areas for which architectural plan details have been prepared, coordinated with the updated equipment list;
  - (vii) Integration of structural, mechanical and electrical systems in terms of columns, service shafts, risers, etc., in sufficient detail to demonstrate that functional and net area requirements are compliant;
  - (viii) Food service equipment, including structural requirements;
  - (ix) Laundry service equipment, including structural requirements; and
  - (x) Waste management equipment, including structural requirements.
- (e) Enlarged architectural plan details (prepared at 1:50 scale), including all floor plan information described previously, for key areas listed below:
- (i) Typical General Population housing unit;

- (ii) Admitting and Discharge department;
  - (iii) Health Services department;
  - (iv) General Segregation unit; and
  - (v) Medical housing unit.
- (f) Structural floor plans (prepared at 1:100 scale) of every level, including penthouse(s) and roof(s), showing:
- (i) Foundation plan showing preliminary locations and elevations of footings;
  - (ii) Structural system and framing;
  - (iii) Provisions for adaptability, flexibility and expandability, removal and replacement of building systems and equipment;
  - (iv) Provisions for any equipment requirements in areas for which architectural plan details have been prepared; and
  - (v) Summary of preliminary structural loads.
- (g) Mechanical floor plans (prepared at 1:100 scale) of every level, including penthouse(s) and roof(s), showing:
- (i) Location and basic layout of major equipment;
  - (ii) Routing of main feeds and associated shafts and risers;
  - (iii) Single-line drawings for all services;
  - (iv) Preliminary sizing of equipment;
  - (v) Provisions for adaptability, flexibility and expandability, removal and replacement of building systems and equipment;
  - (vi) Provisions for any equipment requirements in areas for which architectural plan details have been prepared;
  - (vii) Preliminary load estimates for storm and sanitary sewers, potable water supply, heating and cooling plants;
  - (viii) Preliminary flow estimates for heating and cooling systems, air supply, return and exhaust systems;
  - (ix) Preliminary plumbing fixture schedules; and
  - (x) Preliminary estimate of annual energy use.

- (h) Electrical floor plans (prepared at 1:100 scale) of every level, including penthouse(s) and roof(s), showing:
  - (i) Location and basic layout of major equipment;
  - (ii) Routing of main feeds and associated shafts and risers;
  - (iii) Single-line drawings for all services;
  - (iv) Preliminary sizing of equipment;
  - (v) Provisions for adaptability, flexibility and expandability, removal and replacement of building systems and equipment;
  - (vi) Provisions for any equipment requirements in areas for which architectural plan details have been prepared;
  - (vii) Preliminary lighting loads for typical rooms and the areas for which architectural plan details have been prepared; and
  - (viii) Preliminary load estimates for normal power distribution centres, vital power distribution centres, delayed vital power distribution centres, and heating and cooling plants.
- (i) Plans for Detention Equipment and Physical Security, and Electronic Security Systems:
  - (i) Revised and updated drawings from the RFP process;
  - (ii) Floor plans of the total facility showing all security barriers and detention equipment items;
  - (iii) Floor plans of the total facility uniquely identifying each control workstation in the facility, touch-screen coverage areas, a schedule identifying which coverage area that is accessible to each workstation, the public address and personal duress zoning;
  - (iv) Typical control room plans and equipment room plans; and
  - (v) Typical one line drawing indicating the configuration of a typical workstation including connections to PLCs, Video, IC and PA systems.
- (j) Food services floor plans (prepared at 1:100 scale).
- (k) Laundry services floor plans (prepared at 1:100 scale).
- (l) Reflected ceiling plans (prepared at 1:100 scale) for public entrances, housing unit dayrooms, Admitting and Discharge department and all other major public spaces.

- (m) Typical building sections (prepared at 1:100 scale) showing:
  - (i) Relative thickness of floors/walls, including differentiation between opaque and transparent walls;
  - (ii) Major floor elevations, including those below grade;
  - (iii) Finish grades, dotted lines through building section;
  - (iv) Relationship to Site contours and other important Site elements as shown in building elevation drawings; and
  - (v) Major room names.
- (n) Exterior wall sections (prepared at 1:50 scale) and typical cladding details (prepared at 1:10 scale), provided with a building science report reviewing envelope design and details. Note all wall components which provide the secure enclosure.
- (o) Stair and elevator plans, sections and details (scales as appropriate).
- (p) Exterior elevations (prepared at 1:100) showing:
  - (i) Indication of surface materials for all areas;
  - (ii) Different vertical planes differentiated with line weights or shadows;
  - (iii) Finish grades;
  - (iv) Major floor elevations, including those below grade;
  - (v) Sections when elevation is shown by taking vertical cut-through another space; and
  - (vi) Significant plantings/Site elements when important in defining space and volume.
- (q) Interior elevations (prepared at 1:100) for public entrance, housing unit dayroom walls showing acoustical treatment, and all other major spaces.
- (r) Interior finishes colour and materials selection boards which includes a minimum of three (3) complete options for interior finishes.
- (s) Preliminary door and hardware schedules and hardware cut sheets.
- (t) Preliminary lighting design submittals, including fixture cut sheets and illumination level analysis.

- (u) Preliminary drawings of all millwork/systems furniture elements identified in the Room Data Sheets and/or shown on plans in the Output Specifications, including all dimensions, key elevations, and all fixed and moving elements (1:50 scale) and details (1:10 or 1:20 scale, as appropriate).
  - (v) Single line audio/visual distribution diagrams showing cable management and equipment rooms, coordinated with Equipment List.
  - (w) Single line information technology distribution diagrams showing cable management and equipment rooms, coordinated with Equipment List.
- 1.2 Full 16-Division, 3-Part, construction specifications identifying all systems, materials, and construction execution methods proposed to be used in the project. Specifications to be submitted in NMS format comparable to the format used in the Output Specifications.
- 1.3 Mock-up design packages with all finishes and equipment, in accordance with the IO design requirements, including the construction of fully resolved, for:
- (a) Typical cell unit for all housing types complete with equipment and furnishings.
  - (b) With reference to Part 6 of Part A of Schedule 12 - Output Specifications, provide mock-ups for proposed materials as may apply- masonry wall facings, metal wall panels, curtainwall and skylights, exterior windows, various waterproofings, unit masonry partitions, high performance coatings, access floor, terrazzo, resilient flooring, painting, carpentry, washroom accessories, and specialty items.
- 1.4 Updated construction quality control plan.
- 1.5 Comprehensive acoustical report reviewing all acoustical conditions as they relate to relevant and acoustical details implementing recommendations of acoustical report.
- 1.6 Food services and environmental services design report.
- 1.7 Updated vertical transportation analysis.
- 1.8 Updated Building Code and *Ontarians with Disabilities Act, 2001* analysis and compliance strategy.
- 1.9 Updated Space Program which:
- (a) Identifies net area of each room and department, listed in terms of floor levels;
  - (b) Lists line by line area variance and grossing factor from Output Specification Space Program;
  - (c) Lists mechanical and electrical spaces outside of departmental areas;

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- (d) Utilizes the alphanumeric Room Codes used in Room Data Sheets and in Part 4 of Part A of Schedule 12 - Output Specifications; and
- (e) Lists additional rooms not previously identified with additional sequential Room Codes as required.

1.10 LEED registration with CaGBC and LEED credits tracking documentation.

1.11 Any other Submissions IO reasonably requires to understand the Works.

**2. Minimum Submittal Requirements for the 100% Design Development Stage**

Project Co shall provide the following updated Design Development Submittals to IO for review and comment in accordance with this Schedule 8:

2.1 Updated design development documents in accordance with the requirements set forth in Section 18.3 of the Project Agreement including:

- (a) Updated Site plan (prepared at 1:500 scale) showing all previously listed requirements.
- (b) Updated Site servicing plan (prepared at 1:500) showing all previously listed requirements.
- (c) Updated and augmented Site and landscape details (prepared at 1:10 scale).
- (d) Updated architectural floor plans (prepared at 1:100 scale) of every level, including penthouse(s) and roof(s), showing all previously listed requirements and:
  - (i) Overall dimensions;
  - (ii) Plan and layout of typical repetitive spaces;
  - (iii) Indication of fire areas, fire walls, and smoke zones;
  - (iv) All millwork/systems furniture and workstation layouts;
  - (v) All equipment;
  - (vi) Floor elevations; and
  - (vii) Capacity information (number of beds, seating, etc.).
- (e) Updated enlarged architectural plan details (prepared at 1:50 scale) for key areas including all previously listed areas, public entrances.

- (f) Updated structural floor plans (prepared at 1:100 scale) of every level, including penthouse(s) and roof(s), showing all previously listed requirements and:
  - (i) Foundation plan showing finalized locations and elevations of footings;
  - (ii) Column schedules;
  - (iii) Foundation details;
  - (iv) Typical framing details;
  - (v) Provisions for any equipment requirements; and
  - (vi) Updated structural loads.
  
- (g) Updated mechanical floor plans (prepared at 1:100 scale) of every level, including penthouse(s) and roof(s), showing all previously listed requirements and:
  - (i) Detailed floor layouts showing locations of all major mechanical equipment items, pipe mains, risers and branch mains, duct mains including supply return and exhaust;
  - (ii) Interior building section details coordinating and confirming preliminary fit of structural/electrical/mechanical;
  - (iii) Provisions for any equipment requirements;
  - (iv) Finalized load estimates for storm and sanitary sewers, potable water supply, heating and cooling plants;
  - (v) Finalized flow estimates for heating and cooling systems, air supply, return and exhaust systems;
  - (vi) Updated plumbing fixture schedules; and
  - (vii) Updated estimate of annual energy use.
  
- (h) Updated electrical floor plans (prepared at 1:100 scale) of every level, including penthouse(s) and roof(s), showing all previously listed requirements and:
  - (i) Detailed floor layouts showing locations of electrical equipment items, normal and emergency, major feeders and branch feeders, and locations of major pathways for all systems;
  - (ii) Interior building section details coordinating and confirming preliminary fit of structural/electrical/mechanical;
  - (iii) Equipment connection data sheet;



- (iv) Summary of lighting loads for all rooms; and
  - (v) Finalized load estimates for normal power distribution centres, vital power distribution centres, delayed vital power distribution centres, and heating and cooling plants.
- (i) Plans for Detention Equipment and Physical Security, and Electronic Security Systems:
- (i) Revised and expanded drawings required in previous phases;
  - (ii) Floor plans of the total facility indicating the location of security barriers, detention equipment and field devices;
  - (iii) One line drawing expanded to the system level; and
  - (iv) Drawing of all icons and graphic elements proposed for the touch screen systems with an explanation of how each is proposed to work. Colors to be indicated or color print utilized.
- (j) Updated food services floor plans (prepared at 1:100 scale).
- (k) Updated laundry services floor plans (prepared at 1:100 scale).
- (l) Updated reflected ceiling plans (prepared at 1:100 scale) showing all typical rooms and special interest areas with location of major components shown.
- (m) Updated building sections (prepared at 1:100 scale) showing all previously listed requirements and preliminary ceiling space coordination diagram(s).
- (n) Updated and augmented exterior wall sections (prepared at 1:50 scale) and cladding details (prepared at 1:10 scale), provided with a building science report reviewing envelope design and details.
- (o) Updated stair and elevator plans, sections and details (scales as appropriate).
- (p) Updated exterior elevations (prepared at 1:100) showing all previously listed requirements and significant mechanical and electrical equipment such as roof-top units, chimneys, louvers, transformers, pole lines, etc.
- (q) Updated interior elevations (prepared at 1:50) for all previously listed areas and:
- (i) Lobby/feature walls;
  - (ii) Registration;
  - (iii) Typical corridors;

- (iv) Nurse care stations;
  - (v) Exam rooms;
  - (vi) Central control and sub control stations.
  - (f) Finalized interior finishes colour and materials selection boards and preliminary room finishes schedule.
  - (s) Updated door and hardware schedules and hardware cut sheets.
  - (t) Updated lighting design submittals, including fixture cut sheets and illumination level analysis.
  - (u) Updated drawings of all millwork/systems furniture elements identified in the Room Data Sheets in the Output Specifications, including all dimensions, key elevations, and all fixed and moving elements (1:50 scale) and details (1:10 or 1:20 scale, as appropriate).
  - (v) Updated and augmented audio/visual drawings and details.
  - (w) Updated and augmented information technology drawings and details.
- 2.2 Updated 16-Division, 3-Part, construction specifications, including all previously listed requirements.
- 2.3 Report on review and adjustments of mock-ups.
- 2.4 Updated equipment procurement and coordination plan and equipment list.
- 2.5 Updated construction quality control plan, if there are any changes to previous version, including a statement of how the proposed matter has changed from the previous matter reviewed by IO.
- 2.6 Updated acoustical report, if there are any changes to previous version, including a statement of how the proposed matter has changed from the previous matter reviewed by IO.
- 2.7 Updated food services and environmental services design report, if there are any changes to previous version, including a statement of how the proposed matter has changed from the previous matter reviewed by IO.
- 2.8 Updated vertical transportation analysis, if there are any changes to previous version, including a statement of how the proposed matter has changed from the previous matter reviewed by IO.
- 2.9 Updated Building Code and *Ontarians with Disabilities Act, 2001* analysis and compliance strategy.

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- 2.10 Updated Space Program, including all previously listed requirements.
- 2.11 Progress report on LEED credits tracking documentation.
- 2.12 Updated Outline Commissioning Program.
- 2.13 Any other Submittals IO reasonably requires to understand the Works.

**3. Minimum Submittal Requirements for the 50% Construction Documents Stage**

Project Co shall provide the following Construction Document Submittals to IO for review and comment in accordance with this Schedule 8:

- 3.1 Updated construction documents in accordance with the requirements set forth in Section 18.3 of the Project Agreement including:
  - (a) Updated Site plan (prepared at 1:500 scale) showing all previously listed requirements and planting schedule.
  - (b) Updated Site expansion plan (prepared at 1:500) showing all previously listed requirements.
  - (c) Updated Site servicing plan (prepared at 1:500) showing all previously listed requirements.
  - (d) Updated and augmented Site and landscape details (prepared at 1:10 scale).
  - (e) Architectural floor plans (prepared at 1:100 scale) of every level, including penthouse(s) and roof(s), showing all previously listed requirements and:
    - (i) Full dimensions;
    - (ii) Layout of all spaces;
    - (iii) Fire and Life safety plans;
    - (iv) Material symbols;
    - (v) Door symbols;
    - (vi) Glazed light symbols;
    - (vii) Window types and numbers;
    - (viii) Floor material changes;
    - (ix) Pits, trenches, etc.;
    - (x) Furring notes;

- (xi) Hatch walls and partitions;
  - (xii) Depressed floor for terrazzo, tile, etc.;
  - (xiii) Lead shielding indications;
  - (xiv) Curbs for mechanical room penetrations;
  - (xv) Sump pits, gratings;
  - (xvi) Recessed mats;
  - (xvii) Expansion joints;
  - (xviii) Pipe trench;
  - (xix) Convectors;
  - (xx) Low partitions;
  - (xxi) Folding partitions; and
  - (xxii) Tunnel details.
- (f) Updated and augmented enlarged architectural plan details (prepared at 1:50 scale) for all areas required to explain the design intent.
- (g) Updated structural floor plans (prepared at 1:100 scale) of every level, including penthouse(s) and roof(s), showing all previously listed requirements and:
- (i) Sections/elevations showing all structural elements;
  - (ii) All legends and schedules; and
  - (iii) Finalized structural loads.
- (h) Updated mechanical floor plans (prepared at 1:100 scale) of every level, including penthouse(s) and roof(s), showing all previously listed requirements and:
- (i) Interior building section details coordinating and confirming finalized fit of structural/electrical/mechanical;
  - (ii) All legends and schedules;
  - (iii) HVAC, plumbing and medical gas details;
  - (iv) Enlarged equipment room and toilet plans;
  - (v) Mechanical room plans;

- (vi) Control schematics; and
- (vii) Finalized estimate of annual energy use.
- (i) Updated electrical floor plans (prepared at 1:100 scale) of every level, including penthouse(s) and roof(s), showing all previously listed requirements and:
  - (i) Interior building section details coordinating and confirming finalized fit of structural/electrical/mechanical;
  - (ii) All legends and schedules;
  - (iii) Grounding details;
  - (iv) Fire alarm riser diagram;
  - (v) Nurse call riser diagram;
  - (vi) Telephone riser diagram;
  - (vii) Television riser diagram;
  - (viii) Control schematics; and
  - (ix) Electrical details.
- (j) Plans for Detention Equipment and Physical Security, and Electronic Security Systems:
  - (i) Revised and expanded information on submittals made in previous phases;
  - (ii) Detailed touch-screen layouts;
  - (iii) Utility touch-screen layouts including but not limited to duress interface, perimeter interface, paging interface, network status diagrams, elevator control and others required to meet the requirements of the Output Specifications;
  - (iv) Floor-plans with security barriers, detention equipment and field devices indicated; and
  - (v) Perimeter Security plan with zoning and device placement.
- (k) Updated food services floor plans (prepared at 1:100 scale).
- (l) Updated laundry services floor plans (prepared at 1:100 scale).
- (m) Updated reflected ceiling plans (prepared at 1:100 scale) for all areas, showing (identify security type where appropriate):

- (i) Light fixtures;
  - (ii) Grilles;
  - (iii) Diffusers;
  - (iv) Heat detectors;
  - (v) Smoke detectors;
  - (vi) Soffits (dotted);
  - (vii) Folding partitions;
  - (viii) Cubicle tracks;
  - (ix) Drapery tracks;
  - (x) Skylights;
  - (xi) Access panels;
  - (xii) Hatches;
  - (xiii) Major structural members (if sight exposed);
  - (xiv) Hoods;
  - (xv) Exit signs; and
  - (xvi) Room numbers.
- (n) Updated building sections (prepared at 1:100 scale) showing all previously listed requirements and:
- (i) Completed ceiling space coordination diagram(s);
  - (ii) Vertical dimensions;
  - (iii) Floor elevations;
  - (iv) Column lines;
  - (v) Room numbers/names;
  - (vi) Rooftop equipment; and
  - (vii) Wall section designations.

- (o) Updated and augmented exterior wall sections (prepared at 1:50 scale) and cladding details (prepared at 1:10 scale), provided with a building science report reviewing envelope design and details.
- (p) Updated and augmented stair and elevator plans, sections and details (scales as required).
- (q) Updated exterior elevations (prepared at 1:100) showing all previously listed requirements and:
  - (i) Window types and numbers;
  - (ii) Entrance types and numbers;
  - (iii) Door types and numbers;
  - (iv) Wall material indication;
  - (v) Coping materials;
  - (vi) Overhead fascia materials;
  - (vii) Top of foundation wall line;
  - (viii) Footing and foundation line;
  - (ix) Floor lines;
  - (x) Vertical dimensions;
  - (xi) Signage;
  - (xii) Section lines;
  - (xiii) Column centerlines;
  - (xiv) Louvers;
  - (xv) Stairs and ramps;
  - (xvi) Chimneys;
  - (xvii) Stacks;
  - (xviii) Light fixtures; and
  - (xix) Other mechanical or electrical equipment.

- (r) Updated interior elevations (prepared at 1:50) for all previously listed areas and showing:
  - (i) Casework indications;
  - (ii) Millwork and detail designations;
  - (iii) Shelving;
  - (iv) Tackboard;
  - (v) Chalkboard;
  - (vi) Interior glazed panels (dimensions and details);
  - (vii) Base indication;
  - (viii) Mechanical grilles, thermostats, gas outlets, etc.;
  - (ix) Wall handrails;
  - (x) Graphics;
  - (xi) Equipment;
  - (xii) Interior finishes (wall, wainscot, etc.);
  - (xiii) Electrical receptacles speakers, clocks, light fixtures, etc.;
  - (xiv) Plumbing fixture foot controls, etc.; and
  - (xv) Locker designation.
  
- (s) Interior details (scaled as appropriate) showing:
  - (i) Base types;
  - (ii) Soffits;
  - (iii) Curbs for mechanical penetrations;
  - (iv) Door details;
  - (v) Hollow metal glazed panels;
  - (vi) Expansion joints;
  - (vii) Fireproofing at beams and columns;



- (viii) Low walls;
  - (ix) Folding partitions
  - (x) Rolling doors;
  - (xi) Dressing compartments;
  - (xii) Pass-windows;
  - (xiii) HCW details;
  - (xiv) HCT details;
  - (xv) Automatic sliding door details;
  - (xvi) Hanger details for x-ray equipment;
  - (xvii) Expansion joint details;
  - (xviii) Typical partition construction;
  - (xix) Exhaust hood details; and
  - (xx) Corner guard details.
- (t) Updated room finish schedule.
  - (u) Updated door and hardware schedules and hardware cut sheets.
  - (v) Updated lighting design submittals, including fixture cut sheets and illumination level analysis.
  - (w) Drawings of all millwork/systems furniture elements identified in the Room Data Sheets in the Output Specifications, including all dimensions, key elevations, and all fixed and moving elements (1:50 scale) and details (1:10 or 1:20 scale, as appropriate).
  - (x) Updated and augmented audio/visual drawings and details.
  - (y) Updated and augmented information technology drawings and details.
- 3.2 Updated 16-Division, 3-Part, construction specifications, including all previously listed requirements.
- 3.3 Report on review and adjustments of mock-ups.
- 3.4 Updated equipment procurement and coordination plan and equipment list.

**Toronto South Detention Centre Project**

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- 3.5 Updated construction quality plan, if there are any changes to previous version, including a statement of how the proposed matter has changed from the previous matter reviewed by IO.
- 3.6 Updated acoustical report, if there are any changes to previous version, including a statement of how the proposed matter has changed from the previous matter reviewed by IO.
- 3.7 Updated food services and environmental services design report, if there are any changes to previous version, including a statement of how the proposed matter has changed from the previous matter reviewed by IO.
- 3.8 Updated vertical transportation analysis, if there are any changes to previous version, including a statement of how the proposed matter has changed from the previous matter reviewed by IO.
- 3.9 Updated Building Code and *Ontarians with Disabilities Act, 2001* analysis and compliance strategy.
- 3.10 Updated Space Program, including all previously listed requirements.
- 3.11 Progress report on LEED credits tracking documentation.
- 3.12 Updated Outline Commissioning Program.
- 3.13 Any other Submittals IO reasonably requires to understand the Works.

**4. Minimum Submittal Requirements for the Construction Stage**

Project Co shall provide the following Construction Document Submittals to IO for review and comment in accordance with this Schedule 8:

- 4.1 Detention Equipment and Physical Security, and Electronic Security System Design including plans and specifications. Including but not limited to:
  - (a) Floor plans with all security barriers, detention equipment and field devices located and all devices controlled or monitored by the Security Monitoring and Control system;
  - (b) One-line diagrams indicating the interconnections of all components and field devices including the nature of the interconnection: both physical and logical;
  - (c) Mounting details for all field devices;
  - (d) Details of Control Room and equipment room layouts;
  - (e) Legends;

- (f) Camera schedule indicating type, DVR/NVR connection information, lens selection, mounting type, and location at a minimum; and
  - (g) Other plans or specifications necessary to convey the design.
- 4.2 Works Schedule, updated monthly, showing complete sequence of construction by activity, identifying Works of separate stages and other logically grouped activities and indicating:
- (a) dates for submission, review time, resubmission time and last date for meeting fabrication schedule of all required Shop Drawings and samples;
  - (b) the early and late start, early and late finish, float dates and duration of all activities;
  - (c) estimated percentage of completion for each item of the Works at each submission of schedule;
  - (d) changes occurring since previous submission of schedule; and
  - (e) a narrative report defining:
    - (i) problem areas, anticipated delays, and impact on schedule;
    - (ii) corrective action recommended and its effect; and
    - (iii) effect of changes on schedules of Subcontractors.
- 4.3 Shop Drawings and samples which will be processed by IO include:
- (a) Coordination drawings of all millwork, casework and modular systems furniture will be reviewed for harmonization of ergonomics, equipment layout and mechanical/electrical outlet locations;
  - (b) All in-contract equipment;
  - (c) Security systems;
  - (d) All major mechanical equipment and systems; and
  - (e) All major electrical equipment and systems.
- 4.4 All review comments from submissions to building authorities, insurance authorities and inspection authorities.
- 4.5 Progress photographs, updated monthly, from four vantage points, locations to be determined by IO and/or the IO Representative.

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- 4.6 All mock-ups.
- 4.7 Testing and inspection reports.
- 4.8 Construction Contractor proposed substitutions.
- 4.9 Deficiency reports, updated monthly.
- 4.10 Draft of Final Commissioning Program.
- 4.11 Draft Scheduled Maintenance Plan.
- 4.12 Draft Five Year Maintenance Plan.
- 4.13 Final Commissioning Program.
- 4.14 Substantial Completion Certificate.
- 4.15 Any other Submittals IO reasonably requires to understand the Works.

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**SCHEDULE 9**

**DESIGN QUALITY PLAN AND CONSTRUCTION QUALITY PLAN**

**[REDACTED]**

**SCHEDULE 10**

**OPERATIONAL POLICIES, PROCEDURES AND PRACTICES OUTLINE**

**[REDACTED]**

**SCHEDULE 11**

**OUTLINE COMMISSIONING PROGRAM**

**[REDACTED]**

**SCHEDULE 12**

**PART A – OUTPUT SPECIFICATIONS**

**[REDACTED]**



**SCHEDULE 13**

**TITLE ENCUMBRANCES**

1. **EB380658** - Easement, dated March 9, 1971, registered March 22, 1971, from Her Majesty the Queen, in right of Ontario as represented by the Minister of Public Works for Ontario, to The Corporation of the Borough of Etobicoke (now the City of Toronto), its servants, employees and workmen, for purposes of constructing, operating and maintaining a railway spur line over part of Lots 1, 2, 3 and 19 and part of Main Street, Plan 339, sometimes known as Plan 389, geographic Township of Etobicoke, now City of Toronto, more particularly described therein (affecting parts of the subject lands now shown as Parts 7, 8, 9 and 10 on Reference Plan No. 66R-23617).
2. **E317117** – Notice, registered March 27, 2000, by Her Majesty the Queen, in right of the Department of Transport Canada, being Pearson Airport zoning regulations.
3. Liens, charges or prior claims for taxes (which term includes charges, rates and assessments) or utilities (including levies or imposts for sewers and other municipal utility services) not yet due or if due, the validity of which is being contested in good faith, and liens or charges for the excess of the amount of any past due taxes or utilities charges for which a final assessment or account has not been received over the amount of such taxes or utilities charges as estimated and paid by IO.
4. Inchoate liens incidental to construction, renovations or current operations, a claim for which shall not at the time have been registered against the Site or of which notice in writing shall not at the time have been given to IO pursuant to the CLA or otherwise or any lien or charge, a claim for which, although registered, or notice of which, although given, relates to obligations not overdue or delinquent and in respect of any of the foregoing cases, IO has, where applicable, complied with the holdback or other similar provisions or requirements of the relevant construction contracts so as to protect the Site therefrom.
5. The rights reserved to or vested in any municipality or governmental or other public authority by any statutory provision.
6. Any subsisting reservations, limitations, provisions and conditions contained in any original grants from the Crown of any land or interests therein, reservations of undersurface rights to mines and minerals of any kind.
7. Zoning (including, without limitation, airport zoning regulations), use and building by-laws and ordinances, federal, provincial or municipal by-laws and regulations as to the use of the Site, which do not materially impair the value of the Site or materially interfere with the use of the Site for the purposes of the Project.

8. Any encroachments, easements, rights of way or similar interests which would be revealed by an up-to-date survey of the Site.

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**SCHEDULE 14**

**EQUIPMENT**

**[REDACTED]**

**SCHEDULE 15**

**WORKS SCHEDULE**

**[Note: Project Co to prepare in accordance with Section 20.2 of the Project Agreement.]**

**SCHEDULE 16**

**COMMUNICATIONS PROTOCOL**

**1. GENERAL**

**1.1 Communications Principles**

The Project represents an important infrastructure commitment by the Province. Accordingly, a comprehensive communications and stakeholder relations plan is required to ensure the public is informed and engaged where necessary and to meet IO communications requirements. This plan will support effective communications between Project Co and IO, and with IO stakeholders and the Toronto community.

**2. IO RESPONSIBILITIES**

**2.1 Lead Communications Role**

IO will assume the lead communications role for its local community. IO will take primary responsibility for all communications matters and will be responsible for:

- (a) providing identified, dedicated lead communications contacts with applicable skills and experience with 24/7 availability on applicable aspects of communications and issues management;
- (b) providing an identified, dedicated media-trained lead media spokesperson, with back-up media-trained personnel, as required with 24/7 availability on applicable aspects of communications;
- (c) acting as primary media contact for the Project;
- (d) providing final review and approval of all public communications materials;
- (e) communicating promptly with all relevant parties on crisis issues and communicating within 24 hours on general issues;
- (f) maintaining and updating the Project website, as required; and
- (g) providing coordinated updates to internal/ external stakeholders, as required.

**2.2 IO Communications Responsibilities During the Works Phase**

In the period up to the Substantial Completion Date, IO will be responsible for the following matters:

**Toronto South Detention Centre Project**

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- (a) **Communications:** To develop a comprehensive communications strategy and program that includes community relations, media relations, marketing, special events, employee communications and government relations regarding issues related to the Project.
- (b) **Crisis Communications:** To undertake, in cooperation with Project Co, required planning for potential crisis issues related to the Project. A plan will be developed within 30 days following Financial Close outlining the roles and responsibilities of both IO and Project Co during a crisis situation.
- (c) **Detention-Related Communication:** To provide all communications related to the provision of the MCSCS Services.
- (d) **Performance Review:** To review, on a periodic basis, Project Co's performance in providing communications support as outlined in Section 3 of this Schedule 16.

**2.3 IO Communications Responsibilities During the Operational Term**

No later than 30 days prior to the Scheduled Substantial Completion Date, the Parties will agree on a communications protocol to apply during the Operational Term.

**3. PROJECT CO RESPONSIBILITIES**

**3.1 Support Communications Role**

Project Co will assume a supporting role with respect to communications related to the Project. Project Co will be responsible for:

- (a) providing identified, dedicated media-trained lead media spokesperson (with back-up media-trained personnel, as required) with 24/7 availability on applicable aspects of communications;
- (b) responding to communications issues in accordance with agreed timeframes;
- (c) reviewing and/ or providing communications and/ or technical materials reasonably requested by IO for website content;
- (d) updating, in collaboration with IO, internal/ external stakeholders, as required, including involvement and participation in community events;
- (e) providing the public/ media reasonable access to the Site for milestone events;
- (f) directing all media enquiries and interview requests to IO's lead communications contact;
- (g) maintaining a written record of all material public enquiries, complaints and communications and providing copies to IO's lead communications contact on a weekly basis (or immediately if urgent);
- (h) reporting to IO on communications matters on an agreed upon basis;

- (i) participating in IO communications meetings, as required; and
- (j) during a crisis situation, ensuring and making available sufficient resources to work effectively with IO and proactively manage and perform its communications responsibilities.

### **3.2 Project Co Communications Responsibilities During the Works Phase**

In the period up to the Substantial Completion Date, Project Co will:

- (a) within 30 days following Financial Close and in collaboration with IO, develop, maintain and implement a construction liaison and communications plan that includes:
  - (i) a description of Project Co's approach to all communications aspects of the Project;
  - (ii) a description of Project Co's communications team, including the roles and responsibilities for each team member and any Subcontractors who will provide any aspect of the communications program; and
  - (iii) the identification of proposed communication tools to be used to keep the community and other stakeholders informed with respect to the progress of the Project;
- (b) update the construction liaison and communications plan on an annual basis or as reasonably requested by IO;
- (c) coordinate with IO in the implementation of the construction liaison and communications plan;
- (d) attend regular meetings with IO to discuss communication issues and developments;
- (e) produce monthly progress reports, which will include information on activities, public and media enquiries, any emerging issues, and actions taken in response to issues;
- (f) through IO, provide regular updates to the immediately affected property owners and neighbourhoods on Works related issues with particular attention to communicating the scope, schedule and status of the Works. This will include processes to proactively address any Works related enquiries and issues (e.g., public enquiries and complaints re noise, hours of work, dust, etc.);
- (g) provide regular updates to IO related to the management of local traffic during the Works;
- (h) develop, in collaboration with IO, a crisis communication plan outlining roles and responsibilities for a list of potential crisis issues that could develop during the Works; and

- (i) follow any guidelines provided by IO related to signage or advertising at the Site.

### **3.3 Project Co Communications Responsibilities During the Operational Term**

No later than 30 days prior to the Scheduled Substantial Completion Date, the Parties will agree on a communications protocol to apply during the Operational Term.

## **4. PUBLIC DISCLOSURE AND MEDIA RELEASES**

### **4.1 Public Disclosure and Media Releases**

- (a) Project Co shall not, and shall ensure that no Project Co Party shall, issue or disseminate any media release, public announcement or public disclosure (whether for publication in the press, on the radio, television, internet or any other medium) relating to the Project, the Project Agreement, the MCSCS Services, or any matters related thereto, without the prior written consent of IO, in its sole discretion.
- (b) Unless otherwise required by Applicable Law (but only to that extent), neither Party shall use the other Party's name or refer to the other Party, directly or indirectly, in any media release, public announcement or public disclosure (whether for publication in the press, on the radio, television, internet or any other medium) relating to the Project, the Project Agreement, the MCSCS Services, or any matter related thereto, without the prior written consent of the other Party.
- (c) Project Co shall, and shall ensure that all Project Co Parties and its and their subcontractors, agents, employees, officers and directors, in each case, comply, at all times, with IO's media release and publicity protocols or guidelines, as such protocols and/or guidelines are updated by IO from time to time.

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**SCHEDULE 17**

**HERITAGE GUIDELINES AND PROTOCOLS**

See attached.

**BEST PRACTICE GUIDELINES FOR THE  
TREATMENT OF HUMAN SKELETAL REMAINS DISCOVERED OUTSIDE  
A LICENSED CEMETERY**

The attached document is a "best practices" guideline describing the procedures for the treatment of human skeletal remains discovered outside a licensed cemetery. It reflects an agreement among members of the various ministries and agencies involved in the resolution of such burials (i.e., First Nations Burial Committee of Toronto; Toronto Police Service; Ministry of Citizenship, Culture and Recreation; Cemeteries Regulation Section of Ministry of Consumer and Commercial Relations; Ministry of Transportation; and The Office of the Chief Coroner) and reflects what is seen as the best practice.

The document is intended to serve as a guide to approval authorities as a discovery goes through the many different steps involved in a reburial to ensure that human remains are treated with respect and dignity and processed in a timely and efficient manner.

It is intended that this guide be reviewed periodically to reflect experiences with the topic. The signatories to this guideline have agreed to ensure that staffs within their jurisdictions have access to this guideline.

Should clarification be required, please refer to the Cemeteries Act (Revised) R.S.O.1990 or contact one of the signatories.

**Signatories:**

First Nations Burial Committee of Toronto  
Toronto Police Service  
Ministry of Citizenship, Culture and Recreation  
Cemeteries Regulation Section of Ministry of Consumer and Commercial Relations  
Ministry of Transportation  
Office of the Chief Coroner

## **The Discovery of Human Remains - Best Practices**

### **Introduction**

The following is designed to assist all those involved in responding to and addressing discoveries of human skeletal remains outside of a licensed cemetery. The advice is presented as a series of best practices among the many overlapping interests and jurisdictions of several ministries, agencies, police services and other government bodies that are triggered when human skeletal remains are uncovered. This approach has been developed with the support and approval of the First Nations Burial Committee of Toronto. The practices outlined here are equally applicable to discoveries of human remains across Ontario.

These best practices support the existing regulatory and statutory mechanisms in Ontario. Responsibility for a burial passes through a number of jurisdictions (i.e., Police, Coroner, Cemeteries Regulation Section) and the intent of this document is to ensure this flow is effective and seamless. This information should be read along with the attached flow chart outlining the mandatory process to be followed under existing statutes. Although the flow chart describes the process as being linear, in many instances events can and do happen simultaneously.

### **A Note on Public Notification:**

Getting through the entire discovery and disposition process when human remains are found will see the authority of the issue shift among several agencies. As such, until all investigations have been carried out and the disposition resolved, formal press releases or contacting the media should only occur if all affected authorities have concurred (i.e. police, coroner and Cemeteries Registrar). In addition, after all investigations have been completed, the concerns of the landowner and group acting as representative for the deceased (e.g. First Nation) should be considered before media contact. Premature media notification, particularly prior to having accurate identification of the deceased, will lead to misinformation, misplaced concerns being raised, and potentially a hardening of attitudes. This can make a final disposition agreement more difficult to reach.

Any media interest should be directed to the agency that has authority over the burial site at the time of the media contact (i.e. police, Coroner's Office or Cemeteries Registrar). Media photography of the remains should be avoided: a publicly displayed photograph of skeletal remains is both disrespectful to the deceased and offensive to representatives for the deceased.

### **A Note on Archaeology:**

It is important to note that the discovery of human remains will occur in two basic contexts: either through accidental discovery by an individual in unexpected circumstances, or through discovery as part of an archaeological examination/excavation of a locale by a trained archaeologist, licensed by the Ministry of Citizenship, Culture & Recreation (MCzCR) under the Ontario Heritage Act. In the latter case, the archaeologist will possess the skills, knowledge and expertise to assist both the police and coroner in determining the age of the interment, as well as to assist the landowner in generating the information the Cemeteries Registrar will require to determine the nature, extent and cultural affiliation of the persons buried. His or her presence at

the front end of the discovery process will greatly aid all authorities in making quick and accurate determinations, and as such should be relied on as much as possible in such circumstances.

### **Under the Coroner's Act**

1. A person finding skeletal material may first contact staff in an agency other than the police or coroner (e.g. MCzCR or Ministry of Consumer & Commercial Relations [MCCR] staff). When that occurs, the person is to be immediately instructed to report the find to the local police or coroner. An appropriate contact list (e.g. Regional Coroner's offices) should be maintained by all agencies that may be first contacted about such a discovery.
2. When the police are first contacted they will attend the scene, protect the site and contact the local coroner. The coroner, or the police on behalf of the coroner, will conduct an investigation to determine if: a) the skeletal material is human and b) if the site represents a crime scene. The investigators will need to obtain all the information required to make a determination. However, efforts should be made at this stage to minimize site disturbance. All bone and associated grave goods still embedded in the ground should not be disturbed unless removal is essential for the coroner to make a determination. Poking, pulling, and digging up the bone in an uncontrolled manner can quickly destroy critical data essential to making accurate identifications.
3. Whenever possible, the police and coroner should seek the assistance of an archaeologist in conducting the investigation. This is especially critical since burials are archaeological deposits in their own right, and are often found as part of more extensive archaeological deposits. As such, confirming an association of the burial with a surrounding archaeological site will help determine whether or not the remains are part of a crime scene. Also, the archaeologist can help ensure that the larger heritage resource is not destroyed or damaged during investigation of the skeletal material. MCzCR staff can sometimes be called on to visit the scene with the police.
4. Archaeologists will consider issues such as the condition and discoloration of the bone, presence of artifacts around the discovery site, and knowledge of known archaeological sites in the area to determine chronological (and cultural) associations. If intact deposits are examined, features such as the presence/absence of a coffin, depth of remains, position of body, presence of grave goods, etc., will also assist the determination.
5. When skeletal material is found and it is not readily obvious that this material is either a burial or crime scene, coroners will often employ the services of a physical anthropologist or osteologist to examine the bone in detail. While the coroner requires only a basic determination of age (i.e. recent vs. historic/ancient) and nature of the interment, the physical anthropologist's study can also determine cultural affiliation (based on the presence/absence of specific skeletal traits), age of the individual at death, sex, and even funerary practices. This information will be essential for both the Cemeteries Registrar's investigation, as well as for the deceased's representative in determining the appropriate re-interment requirements. As such, latitude in allowing the physical anthropologist to complete a full, basic descriptive analysis of the skeletal material as a part of the coroner's investigation will greatly aid in addressing remaining issues associated with this process.

6. When the Coroner is satisfied the discovery site is not a crime scene, it is essential that he/she notifies the Registrar of Cemeteries of the discovery, and passes along any relevant information (e.g. contacts, results of any analyses, etc.). It is also essential that the landowner understand that he/she will need to preserve and protect the site from the point when the police are no longer involved, and until a disposition is made under the Cemeteries Act.

### **Under the Cemeteries Act**

1. Under the Cemeteries Act the Registrar will be required to determine and formally declare what the locale is: either an irregular burial site (unintentional interment), or an unapproved cemetery or unapproved Aboriginal Peoples cemetery. When the information is not already in hand (i.e. based on archaeological findings or the results of the coroner's investigation) the landowner normally will be required to undertake an investigation. Such an investigation will generate the information necessary for the Registrar to make an accurate declaration.

2. In most cases, such investigations will be undertaken by a licensed and qualified archaeologist hired by the landowner. MCzCR ensures that the Cemeteries Registrar has a current list of such licensees which can be made available to the landowner.

3. The intent of the investigation is to provide the Cemeteries Registrar with, the data necessary to make a declaration. As such, burial investigations will minimize normal archaeological fieldwork and reporting requirements. It will be determined following the Registrar's declaration and disposition agreement reached between landowner and deceased's representative whether disinterment is necessary.

4. The investigation for the Registrar must determine whether or not the interment(s) were intentional, and the basis on which this is made, the cultural affiliation of the deceased, and the defined limits of the area containing burials, the style and manner in which the remains are interred, and a description of the artifacts determined to form part of the burial site. It may also be necessary to determine the exact number of discrete burials present in the area. Excavation methods should maximize recovery of this data, while minimizing disturbances to the remains. Recording should also be limited to that required by the Registrar (e.g. emphasis on mapping location of burials in relation to property lines, existing structures, or other reference points). MCzCR will advise licensed archaeologists of the appropriate archaeological methods.

5. During the investigation, the remains must be treated with respect and care. All artifacts found in the burial are to be considered grave goods, and should be treated as part of the burial, and kept with the skeletal remains. Burials must not be unnecessarily exposed to the elements or to casual viewing, and must be covered over as soon as possible following identification. The landowner continues to be responsible for preserving and protecting the site during this investigation, and until a disposition is made under the Cemeteries Act.

6. At the conclusion of the investigation a report must be submitted to the Registrar. This report will need to include the information required in Point 4. For sites that date to the last 200 years, historical research (e.g. land title search, newspapers, local informant interviews, etc.) may be required to answer some of the information points outlined in Point 4. This report will also

serve to address the archaeologist's reporting requirements for the license issued by MCzCR under the Ontario Heritage Act.

7. Once the Registrar can make a declaration, and the locale is determined to be an unapproved cemetery, he/she will locate a representative for the deceased. If the locale is an unapproved Aboriginal Peoples cemetery, the Registrar will contact the nearest First Nation Government. Another community of Aboriginal People whose members have a close cultural affinity to the interred person may also act as representative. As well, if agreed-to and established before-hand, a designated "Burials Committee" can serve as the first point of Aboriginal contact for the Registrar. If the burial is non-aboriginal, the Registrar will attempt to find a representative through media notification. Where no descendant is found, a representative of the same religious denomination as the person buried can act for the deceased.

8. The representative and landowner will agree to a disposition agreement outlining what is to be done with the burials. Where there is no agreement, binding arbitration is provided under the Cemeteries Act. Typically there are three options: 1) leave the remains intact and establish the site as a cemetery; 2) establish a cemetery nearby, remove the remains and re-inter them there; 3) remove the remains and reinter them in an existing cemetery. The option selected with respect to an unapproved cemetery or unapproved Aboriginal Peoples cemetery will be negotiated between the landowner and representative for the deceased.

9. If the discovery is declared to be an irregular burial site, there are three options: 1) leave the remains intact and establish the site as a cemetery; 2) establish a cemetery nearby, remove the remains and re-inter them there; 3) remove the remains and re-inter them into an existing cemetery. The landowner will decide which option and is responsible for all costs.

10. In respect to an unapproved cemetery or unapproved Aboriginal Peoples cemetery, if a disinterment/reburial option is selected, the burials will need to be fully uncovered, removed and reinterred with a minimum of damage and time. Costs associated with a disposition agreement will be negotiated by the landowner and representative. While the time it takes to complete this work will be subject to the wishes of the landowner and representative, factors such as the number and nature of interments, level of observations required by the representative for re-interment purposes, etc., will affect the length of time needed to complete the removal and reinterment. Consequently, in order to minimize time while maximizing care and documentation, this work is best done by a licensed archaeologist under the direction of the disposition agreement.

11. During removal, detailed observations will need to be made of the archaeological context of the burial to ensure that all associated remains and grave goods are fully recovered. Age at death and sex of the individual should also be noted. This information will assist in determining the appropriate methods of re-interment, as well as to assist in determining what specific ceremonies need to accompany the reburial. Basic mapping can be used to aid in making these observations. No scientific analysis of the skeletal remains or grave goods can occur during this process without the consent of the representative of the deceased.

12. Should the disposition agreement impact on adjacent archaeological remains, or should concerns be raised for these deposits during negotiations, MCzCR will advise and work closely

**Toronto South Detention Centre Project**

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with the Cemeteries Registrar and others concerned to determine what is the most appropriate course of action. MCzCR will also assist in mediating any issues that might arise between the licensed archaeologist and other parties.

July 15, 1998

**CULTURAL HERITAGE PROTOCOL  
AGREEMENT BETWEEN  
THE MINISTRY OF GOVERNMENT SERVICES &  
THE MINISTRY OF CULTURE & COMMUNICATIONS**

**Introduction**

The Cultural Heritage Protocol is an agreement between the Ministry of Government Services (MGS) and the Ministry of Culture and Communications (MCC) concerning the development of a process for identifying and protecting cultural heritage resources affected by those MGS real property undertakings addressed in the MGS Parent Class Environmental Assessment (EA).

Effective July 1, 1991, the Protocol applies to Ontario Regulation 1/90 (MGS 1021, and is intended to continue under and in parallel with the functioning of the MGS Parent Class EA.

**Cultural Heritage Resources**

The following are cultural heritage resources based in real property:

- archaeological sites
- buildings and structural remains of historical, architectural and contextual value
- districts or landscapes of historic and scenic value in rural, village and urban contexts
- places which hold significance because of sacred value or long traditional use

**MGS Responsibilities**

As a purchaser, property owner or vendor, MGS is responsible for protecting the provincial interest in preserving its cultural heritage resources. As a tenant, MGS must not adversely affect cultural heritage resources on leased property.

**Implementation Plan**

MGS will implement the Protocol in two phases commencing before the implementation date of MGS Parent Class EA.

- **Phase 1** is a short-term assignment to be performed by consultants in 3 stages.
- **Phase 2** is an ongoing responsibility requiring permanent resources.

**Phase 1:**

This phase will be implemented in 3 stages as follows:

- A. MGS will retain a consultant to carry out the following steps:



1. Develop operational definitions of the cultural heritage resources listed above.
  2. Develop simple and effective criteria for determining whether or not a property has potential heritage significance.
  3. Prepare a list of available MGS, MCC and other government data sources for the recognition of cultural heritage resources.
  4. Identify and review existing guidelines; adopt/adapt relevant materials for MGS purposes, resulting in:
    - (a) A Guideline for Appropriate Documentation indicating where, when, who, and to what extent documentation should be collected for buildings, groups of structures, structural remains, districts and landscapes.
    - (b) An Evaluation System which can assess the significance of the resource being documented.
    - (c) A Guideline for Maintenance, Repair and Alteration identifying appropriate means of carrying out changes, renovation, rehabilitation, restoration, or additions to structures which have heritage significance.
  5. Assemble a list of government and non-government consultative sources, based on the stakeholders listed below, for the four categories of cultural heritage resources.
  6. Develop heritage inventory forms which can be used by field staff and serve as the basis for a physical file.
- B. MGS will retain consultants on a regional basis to carry out the following steps;
1. Review additional non-government consultative sources, based on die stakeholders listed in Phase 2 "Evaluation Process", for the four categories of cultural heritage resources.
  2. Review MGS buildings and identify the potential cultural heritage resources: note any heritage implications of pertinent MGS building sites and develop an interim listing.
  3. Document any immediate threats to die heritage features, and the implications the heritage features might have on future property management or development.
- C. MGS will retain the consultant for Phase 1A to carry out the following step:

4. Review existing guidelines, as well as the "generic guidelines" developed in Phase 1A (step #4), and adopt/adapt relevant materials for MGS purposes, resulting in:
  - (a) A Guideline for the Assessment of Archeological Sites indicating where, when and how to access.
  - (b) A Guideline for Mitigative Measures relating to projects involving heritage structures. This would describe the appropriate means of dealing with unavoidable impacts and discuss relocation, moth balling, demolition and reassembly, screening, etc.
  - (c) A Guideline for Compatible Development indicating appropriate ways to build new structures which are compatible with existing buildings, districts or landscapes.

**Phase 2:**

This phase may commence before the completion of Phase 1, and will involve the following activities:

A. Evaluation Process

Using the "generic guidelines" from Phase 1A (Step #4), MGS will carry out active evaluations for specific projects, involving the collection of any necessary data, to determine the significance, options and courses of action to be documented in evaluation reports.

For specific undertakings, MGS and MCC will evaluate potential cultural heritage resources in consultation with stakeholders:

- for archaeological sites:  
contact MCC, Ministry of Natural Resources (MNR), aboriginal groups, historical societies
- for buildings and structural remains of buildings:  
contact MCC, local architectural conservation advisory councils (LACACs), historical societies, local and regional municipalities
- for districts or landscapes of historic and scenic value in rural, village and urban contexts:  
contact local and regional municipalities and LACACs
- for unorganized territories:  
contact MNR, Ministry of Municipal Affairs, aboriginal groups

- for places which hold significance because of sacred values or long traditional use:  
contact aboriginal groups, local and regional municipalities

Upon approval of the MGS Parent Class EA, MGS will follow the consultation process outlined in the "Class EA Methodology" (Section 4).

**B. Inventory**

An inventory is required to capture and access heritage-related information. Based on the "interim listing" prepared as part of Phase IB (Step #2), any prevailing Information System will have fields to flag whether a property has, has not or may have heritage significance.

These "flags" must be cross-referenced to evaluation reports developed as part of the "evaluation process" which describe the heritage features in detail, identify immediate threats to them, and examine their potential implications on future property management or development.

The inventory will require ongoing maintenance, and must be readily available to MGS personnel.

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**[REDACTED]**  
Assistant Deputy Minister  
Realty Group  
Ministry of Government Services

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**[REDACTED]**  
Assistant Deputy Minister  
Cultural Division  
Ministry of Culture and  
Communications

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**SCHEDULE 18****PAYMENT MECHANISM****PART A:  
DEFINITIONS****1. DEFINITIONS**

- 1.1 “**Accessibility Condition**” means a state or condition of the relevant Functional Part or the means of access to it which allows all persons who are entitled to enter, occupy or use the relevant Functional Part to enter and leave the Functional Part safely and conveniently and using normal access routes. For the avoidance of doubt, in the event of an Elevator Availability Failure, it shall be assumed that IO's access to Level 1, Level 2, Level 2M, Level 3, Level 3M, Level 4, Level 4M and Penthouse for the Facility and Level 1 and Level 2 for the TIC has been impaired and there shall be an Elevator Availability Failure Deduction.
- 1.2 “**ACRE**” has the meaning given to the term in Section 13(b) of Part C of this Schedule 18.
- 1.3 “**Adjusted Service Payment**” means the amount that would be calculated for the relevant Contract Month in accordance with the formula set out in Section 1.1 of Part B of this Schedule 18 without deducting the sums represented by the symbol ED.
- 1.4 “**Annual Service Payment**” means the sum in Canadian dollars calculated in accordance with the provisions set out in Part B of this Schedule 18, including, for clarity, the annual cost of generating Renewable Energy.
- 1.5 “**Annual Service Payment (Without Renewable Energy)**” means the Annual Service Payment minus the annual cost of generating Renewable Energy.
- 1.6 “**Area Weighting Percentage**” means the percentage weighting ascribed to the relevant Functional Area for the purpose of calculating Deductions for Availability Failures as set out in Appendix B to this Schedule 18.
- 1.7 “**Availability Condition**” means any of (i) the Accessibility Condition, (ii) the Safety Condition, or (iii) the Use Condition.
- 1.8 “**Availability Failure**” means an Event which has not been Rectified within the relevant Rectification Time and which causes a Functional Part to be Unavailable.
- 1.9 “**Availability Failure Deduction**” means a Deduction which may be made in respect of an Availability Failure.
- 1.10 “**Base Date**” means April 1, 2009.

- 1.11 “**Bedding-In Period**” means the three-month period following the Payment Commencement Date.
- 1.12 “**Contract Day**” means a 24 hour period commencing at midnight at the start of the relevant day.
- 1.13 “**Contract Month**” means a calendar month, except with respect to the first Contract Month, which runs from the Payment Commencement Date until the end of the calendar month in which the Payment Commencement Date falls, and the last Contract Month, which runs from the first day of the calendar month in which the Expiry Date falls until the Expiry Date.
- 1.14 “**Contract Year**” means the period of 12 calendar months that commences on April 1<sup>st</sup> of each calendar year and ends on the next ensuing March 31<sup>st</sup>, provided that:
- (a) the first Contract Year shall be such period that commences on the Payment Commencement Date and ends on the next ensuing March 31<sup>st</sup>; and
  - (b) the final Contract Year shall be such period that commences on April 1<sup>st</sup> that precedes the date on which the Project Agreement expires or is terminated, for whatever reason, and ends on the expiry or termination of the Project Agreement.
- 1.15 “**Deduction**” means a deduction made from a Monthly Service Payment in accordance with this Schedule 18.
- 1.16 “**Elevator Availability Failure**” means an Event which has not been Rectified in the Rectification Time and which impacts on IO’s ability to use the elevator(s) in question. For the avoidance of doubt, in these circumstances it shall be assumed that the Accessibility Condition has been breached and that IO’s access to Level 1, Level 2, Level 2M, Level 3, Level 3M, Level 4, Level 4M and Penthouse for the Facility and Level 1 and Level 2 for the TIC is impaired.
- 1.17 “**Elevator Availability Failure Deduction**” means a Deduction which may be made in respect of an Elevator Availability Failure as calculated in accordance with the provisions set out in Section 12 of Part C of this Schedule 18.
- 1.18 “**Escalation Factor**” means the escalation factor calculated in accordance with Section 3.1 of Part B of this Schedule 18.
- 1.19 “**Event**” means an incident or state of affairs which does not meet or comply with the Performance Indicators set out in Part B of Schedule 12 - Output Specifications and/or results in an Availability Condition not being met in a Functional Part. An Event is capable of becoming:
- (a) an Availability Failure, if it results in an Availability Condition not being met in a Functional Part and the Event is not Rectified within the Rectification Time;

- (b) a Service Failure, if the Event is not responded to within the Response Time or Rectified within the Rectification Time; or
  - (c) if, in accordance with Part B of Schedule 12 - Output Specifications, no Rectification Time or Response Time applies, the Event shall be either a Service Failure or a Quality Failure as determined by the designation of the applicable Performance Indicator in Part B of Schedule 12 - Output Specifications as Failure Type “SF” or “QF” respectively.
- 1.20 “**Failure Points**” means points allocated to Project Co in respect of the occurrence of Availability Failures, Quality Failures and Service Failures which are determined by the provisions set out in Part F of, and Appendix A to, this Schedule 18.
- 1.21 “**Failure Type**” means the designation of Performance Indicators in Part B of Schedule 12 - Output Specifications as either “AF” (Availability Failure), “QF” (Quality Failure) or “SF” (Service Failure).
- 1.22 “**Five Year Renewable Energy Report**” has the meaning given in Schedule 29 – Energy Matters.
- 1.23 “**Functional Area**” means an area of the Facility specified as such in Appendix B to this Schedule 18 comprising one or more Functional Units.
- 1.24 “**Functional Part**” means a Functional Unit or a Functional Area according to the context in which it is used.
- 1.25 “**Functional Unit**” means a room or space within a Functional Area which is specified as such in Appendix B to this Schedule 18.
- 1.26 “**Gainshare Adjustment**” means the adjustment calculated in accordance with Schedule 29 – Energy Matters.
- 1.27 “**Help Desk**” means the contact point to be established by Project Co pursuant to Part B of Schedule 12 - Output Specifications in respect of the Help Desk Service for the notification of Events and other day to day matters arising in relation to the provision of Project Co Services and MCSCS FM Services.
- 1.28 “**Lifecycle Payment**” means the annual amounts as set out in the Financial Model and in Appendix D to this Schedule 18 and does not include additional costs other than anticipated costs and directly related contingencies and reserves in respect of the replacement, refreshment and/or refurbishment of building systems, equipment and fixtures that have reached or are expected to reach the end of their useful service life upon the Expiry Date.
- 1.29 “**Major Quality Failure**” means a Quality Failure which has been designated in Part B of Schedule 12 - Output Specifications or in this Schedule 18 as a Major Quality Failure.

- 1.30 “**Major Quality Failure Deduction**” means a Deduction which may be made in respect of a Major Quality Failure.
- 1.31 “**Major Service Failure**” means a Service Failure which has been designated in the Part B of Schedule 12 - Output Specifications or in this Schedule 18 as a Major Service Failure.
- 1.32 “**Major Service Failure Deduction**” means a Deduction which may be made in respect of a Major Service Failure.
- 1.33 “**Medium Quality Failure**” means a Quality Failure which has been designated in Part B of Schedule 12 - Output Specifications or in this Schedule 18 as a Medium Quality Failure.
- 1.34 “**Medium Quality Failure Deduction**” means a Deduction which may be made in respect of a Medium Quality Failure.
- 1.35 “**Medium Service Failure**” means a Service Failure which has been designated in Part B of Schedule 12 - Output Specifications or in this Schedule 18 as a Medium Service Failure.
- 1.36 “**Medium Service Failure Deduction**” means a Deduction which may be made in respect of a Medium Service Failure.
- 1.37 “**Minimum Agreed Availability Conditions**” means all of the Accessibility Condition, the Safety Condition and the Use Condition, as temporarily modified as permitted in accordance with Section 9 of Part C of this Schedule 18 for the purposes of a Temporary Repair.
- 1.38 “**Minimum Unavailability Deduction**” means the sum of \$10 which shall be index linked from the Base Date.
- 1.39 “**Minor Quality Failure**” means a Quality Failure which has been designated in Part B of Schedule 12 - Output Specifications or in this Schedule 18 as a Minor Quality Failure.
- 1.40 “**Minor Quality Failure Deduction**” means a Deduction which may be made in respect of a Minor Quality Failure.
- 1.41 “**Minor Service Failure**” means a Service Failure which has been designated in Part B of Schedule 12 - Output Specifications or in this Schedule 18 as a Minor Service Failure.
- 1.42 “**Minor Service Failure Deduction**” means a Deduction which may be made in respect of a Minor Service Failure.
- 1.43 “**Monthly Service Payment**” means the sum in Canadian Dollars payable by IO to Project Co for the provision of the Project Co Services in accordance with the Project Agreement.

- 1.44 “**Painshare Adjustment**” means the adjustment calculated in accordance with Schedule 29 – Energy Matters.
- 1.45 “**Pass Through Costs**” has the meaning given in Schedule 29 – Energy Matters.
- 1.46 “**Performance Indicator**” has the meaning given in Part B of Schedule 12 – Output Specifications.
- 1.47 “**Performance Monitoring Period**” means the periods of time specified in Part B of Schedule 12 - Output Specifications in respect of a Project Co Service or a part of a Project Co Service being the periods by reference to which Project Co has an obligation to monitor its performance of a Project Co Service as set out under the column headed “Recording Frequency” of the Performance Indicators Legend.
- 1.48 “**Performance Monitoring Report**” means the report specified in Part B of Schedule 12 - Output Specifications in respect of a Project Co Service or a part of a Project Co Service which Project Co has an obligation to prepare for IO in respect of its performance of that Service or the relevant part of it during a specified period.
- 1.49 “**Permanent Repair**” means Rectification where a Temporary Repair has been permitted and carried out pursuant to Section 9 of Part C of this Schedule 18.
- 1.50 “**Permanent Repair Deadline**” has the meaning given in Section 9.1(b) of Part C of this Schedule 18.
- 1.51 “**Quality Failure**” means any failure by Project Co to provide the Project Co Services in accordance with Performance Indicators designated Failure Type “QF” in Part B of Schedule 12 - Output Specifications.
- 1.52 “**Quality Failure Deduction**” means a Deduction which may be made in respect of a Quality Failure.
- 1.53 “**Rectification**” means, following the occurrence of an Event and where rectification is applicable in accordance with Part B of Schedule 12 - Output Specifications, making good the Event so that the subject matter of the Event complies with the levels of service required pursuant to the Project Agreement. Without prejudice to the generality of the foregoing this shall include (a) restoring all functional capability and (b) ensuring that any Functional Part which has been affected by the relevant Event complies with the Availability Conditions and “**Rectify**” shall be construed accordingly.
- 1.54 “**Rectification Time**” means in the case of an Event which, if not rectified, will result in Unavailability, a period of 4 hours or, in the case of any other Event, the period specified in Part B of Schedule 12 - Output Specifications within which Rectification of the relevant Event in the relevant Functional Part must be completed, calculated in either case from the time that such Event is reported to the Help Desk. For the avoidance of doubt, if no period for rectification is specified in Part B of Schedule 12 - Output Specifications in respect of the relevant Event, no Rectification Time applies.



- 1.55 “**Remedial Period**” means the period allowed for remedying a Quality Failure in accordance with Section 3.3 of Part C of this Schedule 18.
- 1.56 “**Renewable Energy Deduction**” has the meaning given in Section 13.2 of Part C of this Schedule 18.
- 1.57 “**Renewable Energy Loss**” has the meaning given in Schedule 29 – Energy Matters.
- 1.58 “**Response Time**” means the time that Project Co has, from a call to the Help Desk, to:
- (a) establish the nature, location and cause of the Event and attend the site if necessary;
  - (b) appoint a suitably qualified, experienced and accountable person to assess the situation who, within reasonable limits, is empowered to take or to authorize any required action;
  - (c) take all necessary actions to make the Functional Part safe and secure, thereby as a minimum fulfilling all health and safety requirements; and
  - (d) when necessary, give the IO Representative an assessment of the problem, the action taken, details of any work required with timescales and any limitations that this may impose on the related Functional Parts or Project Co Services.
- 1.59 “**Safety Condition**” means a state or condition of the relevant Functional Part which allows those persons who it can reasonably be expected may from time to time require to enter, leave, occupy and use such Functional Part to do so safely, including compliance with Applicable Law, relevant IO policies and MCSCS requirements related to fire safety or health or workplace safety.
- 1.60 “**Service Failure**” means any failure by Project Co to provide the Project Co Services in accordance with Performance Indicators designated Failure Type “SF” in Part B of Schedule 12 - Output Specifications and which, where a Response Time or Rectification Time applies, has not been responded to or rectified (as the case may be) within the relevant time. For the avoidance of doubt, where no Response Time and/or Rectification Time applies (for example, in respect of scheduled activities) there shall be a Service Failure at the point at which the non-compliance occurred (for example, non-performance of the scheduled activity by the scheduled time).
- 1.61 “**Service Failure Deduction**” means a Deduction which may be made in respect of a Service Failure.
- 1.62 “**Service Failure Performance Indicator**” means a Performance Indicator designated as “SF” (Service Failure) in Part B of Schedule 12 - Output Specifications.
- 1.63 “**TIC Annual Service Payment**” means the sum in Canadian Dollars calculated in accordance with the provisions set out in Part B of this Schedule 18.

- 1.64 “**TIC Bedding-In Period**” means the three-month period following the TIC Payment Commencement Date.
- 1.65 “**TIC Contract Month**” means a calendar month, except with respect to the first TIC Contract Month, which runs from the TIC Payment Commencement Date until the end of the calendar month in which the TIC Payment Commencement Date falls, and the last TIC Contract Month, which runs from the first day of the calendar month in which the Substantial Completion Date falls until the Substantial Completion Date.
- 1.66 “**TIC Contract Year**” means the period of 12 calendar months that commences on April 1st of each calendar year and ends on the next ensuing March 31st, provided that:
- (a) the first TIC Contract Year shall be such period that commences on the TIC Payment Commencement Date and ends on the next ensuing March 31st; and
  - (b) the final TIC Contract Year shall be such period that commences on April 1st that precedes the date, and falls before either the date on which the Project Agreement expires or is terminated, for whatever reason, and ends on the expiry or termination of the Project Agreement or the start of the first Contract Year.
- 1.67 “**TIC Escalation Factor**” means the escalation factor calculated in accordance with Section 2.1 of Part B of this Schedule 18.
- 1.68 “**TIC Monthly Service Payment**” means the sum in Canadian Dollars payable by IO to Project Co for the provision of the TIC Project Co Services in accordance with Schedule 34 – Toronto Intermittent Centre.
- 1.69 “**Temporary Repair**” means, in respect of the occurrence of an Event which results in an Availability Condition not being met in a Functional Part, works of a temporary nature that do not constitute Rectification but satisfy the Minimum Agreed Availability Conditions and substantially make good the relevant Event for the period until a Permanent Repair can be undertaken.
- 1.70 “**Tower**” has the meaning given in Section 12.1 of Part C of this Schedule 18.
- 1.71 “**Unavailable**” means, in relation to a Functional Part, that such Functional Part (or any part thereof) is in a state or condition which does not comply with any one or more of the Availability Conditions and “**Unavailability**” shall be construed accordingly.
- 1.72 “**Unit Weighting Percentage**” means the percentage weighting ascribed to each Functional Unit for the purpose of calculating Deductions for Availability Failures as set out in Appendix B to this Schedule 18.
- 1.73 “**Use Condition**” means a state or condition of the relevant Functional Part which satisfies the Use Parameters for that Functional Part.

- 1.74 “Use Parameters” means the range of functional requirements for the proper use and enjoyment of a Functional Part for its particular purpose as set out in Part B of Schedule 12 - Output Specifications.

## **PART B: CALCULATION OF SERVICE PAYMENTS**

### **1. TIC MONTHLY SERVICE PAYMENT**

- 1.1 The TIC Monthly Service Payment payable in respect of any Contract Month shall be calculated in accordance with the following formula:

$$\text{TIC MSP} = (\text{TIC ASPn}/12) - \text{ED} + \text{PTC}$$

where:

TIC MSP is the TIC Monthly Service Payment for the TIC Contract Month for which the formula is to be applied;

TIC ASPn is the TIC Annual Service Payment for the relevant TIC Contract Year;

ED is the sum of Deductions in respect of the relevant TIC Contract Month in relation to Quality Failures, Service Failures and Availability Failures calculated in accordance with the provisions set out in Part C of this Schedule 18;

PTC means any Pass Through Costs by Project Co, if applicable;

- 1.2 For clarity, beginning on the Substantial Completion Date, the Monthly Service Payment defined in Section 3.1 of this Part B will be in effect and the TIC Monthly Service Payment shall not be payable following Substantial Completion, except for the TIC Monthly Service Payments that were earned during the period after the TIC Payment Commencement Date and prior to the Substantial Completion Date that are properly payable following Substantial Completion.

### **2. TIC ANNUAL SERVICE PAYMENT**

- 2.1 The TIC Annual Service Payment for any TIC Contract Year shall be calculated in accordance with the following formula:

$$\text{TIC ASPn} = (\text{TIC ASPXo} \times \text{ESCn})$$

Where:

TIC ASPn is the TIC Annual Service Payment for the relevant TIC Contract Year;

TIC ASPXo is the TIC Annual Service Payment for the first TIC Contract Year;

TIC ESCn is the Escalation Factor for the relevant TIC Contract Year as calculated with the following formula:

TIC ESC<sub>n</sub> = TIC CPI<sub>n</sub>/TIC CPI<sub>o</sub>

Where:

TIC ESC<sub>n</sub> is the TIC Escalation Factor applicable to the relevant TIC Contract Year;

TIC CPI<sub>n</sub> is the value of CPI on April 1 of the relevant TIC Contract Year “n”, to be determined by reference to the relevant index in the month immediately preceding the indexation date; and

TIC CPI<sub>o</sub> is the value of CPI on the Base Date, to be determined by reference to the relevant index in the month immediately preceding the Base Date.

- 2.2 For clarity, beginning on, the Substantial Completion Date, the Annual Service Payment defined in Section 4.1 of this Part B will be in effect and the TIC Annual Service Payment shall not be payable following Substantial Completion except for any TIC Annual Service Payments that were earned during the period after the TIC Payment Commencement Date and prior to the Substantial Completion Date that are properly payable following Substantial Completion.

### 3. MONTHLY SERVICE PAYMENT

- 3.1 The Monthly Service Payment payable in respect of any Contract Month shall be calculated in accordance with the following formula:

$$\text{MSP} = (\text{ASP}_n/12) - \text{ED} + \text{PTC} + \text{GS} - \text{PS}$$

where:

MSP is the Monthly Service Payment for the Contract Month for which the formula is to be applied;

ASP<sub>n</sub> is the Annual Service Payment for the relevant Contract Year;

ED is the sum of Deductions in respect of the relevant Contract Month in relation to Quality Failures, Service Failures and Availability Failures calculated in accordance with the provisions set out in Part C of this Schedule 18;

PTC means any Pass Through Costs by Project Co, if applicable;

GS means any Gainshare Adjustment arising pursuant to Schedule 29 – Energy Matters; and

PS means any Painshare Adjustment arising pursuant to Schedule 29 – Energy Matters.

- 3.2 In the Contract Month in which the Payment Commencement Date falls and in the last Contract Month of the Project Term, a pro rata adjustment shall be made to reflect the

actual number of days in the relevant Contract Month from and including the Payment Commencement Date (for the first month) and up to and including the last day of the Project Term (for the last month).

- 3.3 IO shall pay to Project Co the Monthly Service Payment in accordance with the provisions of this Schedule 18 and Section 32 of the Project Agreement.

#### 4. ANNUAL SERVICE PAYMENT

- 4.1 The Annual Service Payment for any Contract Year shall be calculated in accordance with the following formula:

$$ASP_n = (ASP_{Xo} \times (1 - PESC)) + (ASP_{Xo} \times PESC \times ESC_n) + (LCP_n \times ESC_n) + IA$$

Where:

ASP<sub>n</sub> is the Annual Service Payment for the relevant Contract Year;

ASP<sub>Xo</sub> is the Annual Service Payment, excluding the Lifecycle Payment for the relevant Contract Year as set out in Appendix D to this Schedule 18, as adjusted by the Insurance Adjustment for the first Contract Year;

PESC is [REDACTED]%;

LCP<sub>n</sub> is the Lifecycle Payment for the relevant Contract Year as set out in Appendix D to this Schedule 18;

IA is the Insurance Adjustment calculated in accordance with Section 2.3 of this Part B; and

ESC<sub>n</sub> is the Escalation Factor for the relevant Contract Year as calculated in accordance with Section 5.1 of this Part B.

- 4.2 No later than 60 days prior to each Insurance Review Date, Project Co will require its insurance broker to prepare and submit to IO the Joint Insurance Cost Report. IO and Project Co, both acting reasonably, will agree on the Insurance Adjustment to be applied to the Annual Service Payment for the next Contract Year.
- 4.3 The Insurance Adjustment will constitute an adjustment to the Annual Service Payment on the Payment Commencement Date arising pursuant to Schedule 22 – Insurance and Performance Security Requirements. On each Insurance Review Date thereafter, the Insurance Adjustment will be applied in accordance with Section 4.1 of this Part B.

#### 5. ESCALATION FACTOR

- 5.1 The Escalation Factor shall be calculated in accordance with the following formula:  
**ESC<sub>n</sub> = CPI<sub>n</sub>/CPI<sub>o</sub>**

Where:

ESCN is the Escalation Factor applicable to the relevant Contract Year;

CPI<sub>n</sub> is the value of CPI on April 1 of the relevant Contract Year “n”, to be determined by reference to the relevant index in the month immediately preceding the indexation date; and

CPI<sub>o</sub> is the value of CPI on the Base Date, to be determined by reference to the relevant index in the month immediately preceding the Base Date.

## 6. EFFECT OF BENCHMARKING AND MARKET TESTING ON ANNUAL SERVICE PAYMENT

6.1 The Annual Service Payment shall with effect from the date calculated in accordance with Section 4.8 of Schedule 28 - Benchmarking and Market Testing Procedure be the sum calculated in accordance with the following formula:

$$\text{ASPXo(new)} = \text{ASPXo(original)} \pm \text{RVTA}$$

where:

- (a) ASPXo (new) is the Annual Service Payment revised to reflect any change to the costs of any of the Market Tested Services following a Market Testing or Benchmarking Exercise and expressed in value of money terms as if it were payable at the Base Date;
- (b) ASPXo (original) is the figure in Canadian Dollars set out in paragraph 4.1 of this Part B (as adjusted from time to time pursuant to paragraph 4 of this Part B); and
- (c) RVTA is the adjustment to the cost of the Market Tested Services following a Market Testing or Benchmarking Exercise (if any and whether up or down) rebased to reflect the value of the amount of the adjustment at the Base Date.

6.2 For the purposes of paragraph 6.1(a) of this Part B, RVTA shall be a figure in Canadian Dollars (whether positive or negative) calculated in accordance with the formula:

$$\text{RVTA} = (\text{NAP} - (\text{OPVT} \times \text{CPI}_n/\text{CPI}_o)) \times (\text{CPI}_o/\text{CPI}_n)$$

where:

- (a) NAP is the aggregate of the new annual prices for the Market Tested Services arising from the Market Testing or Benchmarking Exercise;
- (b) CPI<sub>o</sub> is the value of CPI on the Base Date, to be determined by reference to the relevant index in the month immediately preceding the Base Date;
- (c) OPVT is the aggregate of the original annual prices for the Market Tested Services, as set out in Appendix E of this Schedule; and

- (d) CPI<sub>n</sub> is the value of CPI on April 1 of the relevant contract year “n”, to be determined by reference to the relevant index in the month immediately preceding the indexation date.

## **PART C: DEDUCTIONS FROM SERVICE PAYMENTS**

### **1. ENTITLEMENT TO MAKE DEDUCTIONS**

- 1.1 During the TIC Interim Period, if at any time a Quality Failure, a Service Failure or an Availability Failure shall occur, IO shall, subject to Sections 1, 2 and 5 of this Part C, accrue all such Deductions and be entitled to make a Deduction from the relevant TIC Monthly Service Payment in respect of that Quality Failure, Service Failure or Availability Failure Deductions.
- 1.2 Subsequently, if at any time following Substantial Completion a Quality Failure, a Service Failure or an Availability Failure shall occur, IO shall, subject to Sections 1, 2 and 5 of this Part C, be entitled to make a Deduction from the relevant Monthly Service Payment in respect of that Quality Failure, Service Failure or Availability Failure.
- 1.3 The maximum aggregate of all Deductions that IO can make from a TIC Monthly Service Payment in respect of any TIC Contract Month shall be the TIC Monthly Service Payment relating to that TIC Contract Month.
- 1.4 The maximum aggregate of all Deductions that IO can make from a Monthly Service Payment in respect of any Contract Month shall be the Adjusted Service Payment relating to that Contract Month.
- 1.5 The classification of an Event as a potential Quality Failure, Service Failure or Availability Failure shall be made at the time at which the occurrence of the Event is reported to the Help Desk. An Event which is incorrectly classified may be re-classified with the approval of the IO Representative and the Project Co Representative, acting reasonably, in which case the applicable Performance Monitoring Report will be revised accordingly.

### **2. BEDDING-IN PERIOD**

- 2.1 During both the TIC Bedding-In Period and the Bedding-In Period, the following provisions shall apply:
  - (a) During the first month of the TIC Bedding-In Period and the Bedding-In Period, no Failure Points may be awarded and no Deductions may be made in respect of Quality Failures and Service Failures occurring in the provision of any Project Co Service; and
  - (b) During the second and third months of the TIC Bedding-In Period and the Bedding-In Period, the number of Failure Points and the amount of any Deductions in respect of Quality Failures and Service Failures occurring in the provision of any Project Co Service shall be reduced by 50%.



2.2 For the avoidance of doubt, there shall be no relief from Failure Points or Deductions relating to Availability Failures during the TIC Bedding-In Period and the Bedding-In Period.

### **3. AMOUNT OF DEDUCTIONS FOR QUALITY FAILURES**

3.1 Subject to Sections 1, 2 and 5 of this Part C, the amount of the Deduction in respect of a Quality Failure shall be as follows:

- (a) in the case of a Minor Quality Failure, the sum of [REDACTED], index-linked;
- (b) in the case of a Medium Quality Failure, the sum of [REDACTED], index-linked; and
- (c) in the case of a Major Quality Failure, the sum of [REDACTED], index-linked.

3.2 There are no Response Times or Rectification Times in respect of Quality Failures. The occurrence of a Quality Failure will result in a Quality Failure Deduction in respect of the Contract Month in which the Quality Failure occurred.

3.3 Following the occurrence of a Quality Failure, Project Co shall be allowed a Remedial Period of one TIC Contract Month or one Contract Month. If, before the expiry of the Remedial Period, Project Co demonstrates, to the reasonable satisfaction of the IO Representative, that it has remedied the Quality Failure, no further Deduction shall be made in respect of the Quality Failure. Otherwise, a further Deduction shall be made of the appropriate amount (as described in Section 3.1 of this Part C) and a further Remedial Period or Remedial Periods of equal duration shall apply (and, if appropriate, Deductions shall continue to be made) until such time as Project Co shall demonstrate, to the reasonable satisfaction of the IO Representative, that it has remedied the Quality Failure.

### **4. AMOUNT OF DEDUCTIONS FOR SERVICE FAILURES**

4.1 Subject to Sections 1, 2, 5, 7, 9 and 11 of this Part C, the amount of the Deduction in respect of a Service Failure shall be as follows:

- (a) in the case of a Minor Service Failure, the sum of [REDACTED], index-linked per Functional Unit affected;
- (b) in the case of a Medium Service Failure, the sum of [REDACTED], index-linked per Functional Unit affected; and
- (c) in the case of a Major Service Failure, the sum of [REDACTED], index-linked per Functional Unit affected.

4.2 Where a Service Failure Performance Indicator has a Response Time or a Rectification Time, a Service Failure shall only occur if the Event in question has not been responded to within the applicable Response Time or rectified within the applicable Rectification Time.

- 4.3 Following the occurrence of a Service Failure, Project Co shall be allowed an additional Response Time or Rectification Time (as the case may be) equivalent to the original Response Time or Rectification Time. If, before the expiry of this additional period, Project Co demonstrates, to the reasonable satisfaction of the IO Representative, that it has remedied the Service Failure, no further Deduction shall be made in respect of the Service Failure. Otherwise, a further Deduction shall be made of the appropriate amount (as described in Section 4.1 of this Part C) and a further Response Time or Rectification Time of equal duration shall apply (and, if appropriate, Deductions shall continue to be made) until such time as Project Co shall demonstrate, to the reasonable satisfaction of the IO Representative, that it has remedied the Service Failure.
- 4.4 The provisions of Section 4.3 of this Part C shall not apply to Service Failures in cases where, if the response or rectification is not carried out within the Response Time or the Rectification Time, as applicable, the IO Representative notifies the Project Co Representative that IO no longer requires the relevant Project Co Service.
- 4.5 Where a Service Failure Performance Indicator has no Response Time or Rectification Time, a Service Failure shall occur upon the occurrence of the Event in question and a Service Failure Deduction shall apply in accordance with Section 4.1 of this Part C.

## 5. TOLERANCES FOR QUALITY FAILURES AND SERVICE FAILURES

- 5.1 No Deduction may be made to either the TIC Monthly Service Payment or the Monthly Service Payment for the relevant TIC Contract Month or Contract Month, respectively in respect of any Minor Quality Failure, Medium Quality Failure, Minor Service Failure or Medium Service Failure if, in respect of the Project Co Service in question, the combined total of the Minor Quality Failure Deductions, Medium Quality Failure Deductions, Minor Service Failure Deductions and Medium Service Failure Deductions which have occurred in the Contract Month in respect of that Project Co Service does not exceed in aggregate a sum calculated in accordance with the following formulae respectively:

$$SD = TIC \text{ MSP} \times 0.5\%; \text{ or}$$

$$SD = MSP \times 0.5\%$$

Where:

SD is the total of all such Deductions that could have been made in respect of the relevant Project Co Service; and

TIC MSP is the monthly cost of providing the relevant Project Co TIC Services, being one-twelfth of the sum set out in Appendix F as the TIC Annual Service Payment, subject to indexation from the Base Date.

MSP is the monthly cost of providing the relevant Project Co Service, being one-twelfth of the sum set out in Appendix D as the Annual Service Payment, subject to indexation from the Base Date.

5.2 If SD is exceeded, a Deduction shall be made in respect of each and every Minor Quality Failure, Medium Quality Failure, Minor Service Failure or Medium Service Failure which shall have occurred in respect of the relevant Project Co Service during that TIC Contract Month or that Contract Month.

## 6. DEDUCTIONS FOR AVAILABILITY FAILURES

6.1 Subject to Sections 1 and 2 of this Part C, the amount to be deducted from either the TIC Monthly Service Payment or the Monthly Service Payment in respect of any Availability Failure shall be the higher of and where applicable:

- (a) the Minimum Unavailability Deduction; and
- (b) the aggregate of amounts calculated in accordance with the following formula in respect of all Functional Parts made Unavailable as a result of the Availability Failure:

$$D = (\text{TIC ASPn}/(\text{Ny} \times 6)) \times \text{AW} \times \text{UW} \times \text{DP}; \text{ or}$$

$$D = (\text{ASPn}/(\text{Ny} \times 6)) \times \text{AW} \times \text{UW} \times \text{DP}$$

Where:

D means the amount (in Canadian dollars) of the Deduction in respect of the Availability Failure;

TIC ASPn means the TIC Annual Service Payment at the time the relevant Availability Failure occurs;

ASPn means the Annual Service Payment at the time the relevant Availability Failure occurs;

Ny means the number of days in either the TIC Contract Year or the Contract Year (being the year in which the relevant Availability Failure occurs);

AW means the Area Weighting Percentage attributable to the Functional Area in which the Availability Failure occurs;

UW means the Unit Weighting Percentage attributable to the Functional Unit(s) in which the Availability Failure occurs; and

DP is 50% and shall apply only where the relevant Functional Part is Unavailable but IO continues to use it (or any part thereof).

6.2 For the avoidance of doubt, if more than one Functional Unit or Functional Area is rendered Unavailable by an Availability Failure, the amount of the Minimum Unavailability Deduction in respect of that Availability Failure remains the same. However, if the Availability Failure is not rectified within a further 4 hour period, another

Deduction (including the Minimum Availability Deduction) may be applied, since this is treated as a further Availability Failure.

- 6.3 In the event of an Elevator Availability Failure, Section 12 of this Part C explains the calculation of the corresponding Elevator Availability Failure Deduction.

## **7. RECTIFICATION**

- 7.1 This Section applies where, in Part B of Schedule 12 - Output Specifications, a Rectification Time is specified in respect of an Event.
- 7.2 Subject to Sections 9 and 10 (in respect of Rectification only) of this Part C, no Service Failure or Availability Failure shall occur if Project Co successfully carries out the Rectification within the specified Rectification Time and in such circumstances no Deduction shall be made.
- 7.3 When carrying out a Rectification, or a Temporary Repair pursuant to Section 9 of this Part C, Project Co shall act in accordance with Applicable Law, Good Industry Practice, relevant IO policies and MCSCS requirements related to fire safety or health or workplace safety. Failure to do so shall be deemed to be a new Minor Service Failure, unless the failure constitutes a breach of Applicable Law, in which case it shall be deemed to be a new Major Service Failure.

## **8. RE-COMMISSIONING**

- 8.1 Where a Functional Unit needs to be re-commissioned by IO following Rectification, the IO Representative shall determine, prior to commencement of any re-commissioning activities that the Rectification has been properly carried out. The IO Representative may delegate this task to any IO or MCSCS employee in the relevant Functional Unit and, if re-commissioning activities commence, it shall be assumed that the necessary determination has been made. If it does not then prove possible to successfully complete the re-commissioning of the relevant Functional Unit, Project Co shall, notwithstanding, still be deemed to have carried out Rectification successfully.

## **9. TEMPORARY REPAIRS**

- 9.1 If Project Co informs IO that it is unable to Rectify an Event within the specified Rectification Time due to the need for specialized materials or personnel that are not, and cannot reasonably be expected to be, immediately available at the Facility but that a Temporary Repair can be effected:
- (a) IO shall permit Project Co to carry out the Temporary Repair proposed by Project Co unless IO, acting reasonably, considers that, if the Temporary Repair proposed by Project Co is carried out, the use of the relevant Functional Part will not be in accordance with generally accepted MCSCS practices or not be in accordance with Good Industry Practice; and

- (b) Where a Temporary Repair is permitted, a deadline by which a Permanent Repair must be made shall be agreed to by the Parties, each acting reasonably, giving Project Co a reasonable period within which to carry out the Permanent Repair (the “**Permanent Repair Deadline**”).
- 9.2 During any period beginning at the time when a Temporary Repair is permitted and ending at the earlier of:
- (a) the time at which a Permanent Repair is successfully completed; and
- (b) the Permanent Repair Deadline, the Availability Conditions shall be replaced by the Minimum Agreed Availability Conditions for the purposes of assessing if the relevant Functional Part is Unavailable.
- 9.3 Subject to Section 7.3 of this Part C, if the Temporary Repair is effected within the specified Rectification Time and the Permanent Repair is effected by no later than the Permanent Repair Deadline, no Service Failure or Availability Failure will occur, and no Deduction may be made, in respect of the Event.
- 9.4 If the Temporary Repair is not effected within the specified Rectification Time, a Service Failure or, as the case may be, Availability Failure shall be deemed to occur and the following provisions shall apply:
- (a) there shall be a further period beginning at the expiry of the Rectification Time and of a duration equal to that of the Rectification Time;
- (b) Project Co shall ensure that the Temporary Repair is successfully carried out prior to the expiry of the additional period referred to in Section 9.4(a) of this Part C;
- (c) if the Temporary Repair is not successfully carried out prior to the expiry of the additional period referred to in Section 9.4(a) of this Part C, a further Service Failure or, as the case may be, Availability Failure shall occur and a further additional period shall commence;
- (d) unless the Temporary Repair has been successfully carried out prior to the expiry of the additional period then, subject to Section 9.4(e) of this Part C, a further Service Failure or, as the case may be, Availability Failure shall occur until such time as the Temporary Repair shall have been successfully completed; and
- (e) if the Temporary Repair is not successfully carried out prior to the Permanent Repair Deadline, and no Permanent Repair has been successfully carried out, the right for Project Co to carry out a Temporary Repair pursuant to this Section 9 shall cease and Section 9.5 of this Part C shall apply.
- 9.5 If the Permanent Repair is not effected by the Permanent Repair Deadline, a Service Failure or, as the case may be, Availability Failure shall be deemed to occur and the provisions of Sections 4 and 5 of this Part C shall apply.

**10. REPEATED RECTIFICATION**

- 10.1 Notwithstanding that Project Co completes a Rectification in respect of an Event within the relevant Rectification Time, there shall be deemed to be a Minor Service Failure on the occurrence of:
- (a) the third such Event that arises during the Contract Day; and/or
  - (b) the fourth such Event which occurs in any consecutive seven day period, provided that:
  - (c) each such Event is in connection with the same service standard set out in Part B of Schedule 12 - Output Specifications and occurs in the same Functional Area; and
  - (d) whether the Events occur in the same Functional Unit or in different Functional Units within the same Functional Area there is reason to believe that the root cause of each Event is the same.
- 10.2 If the same such Event occurs more than three times in a Contract Day or more than four times in any consecutive seven day period, a Minor Service Failure shall be deemed to have occurred in respect of each and every Event which has occurred during the Contract Day or during the consecutive seven day period (as the case may be).

**11. EFFECT OF UNAVAILABILITY ON OTHER DEDUCTIONS**

- 11.1 Until an Availability Failure has been Rectified, the Deduction in respect of the Availability Failure shall be the only Deduction available to be made in respect of any Functional Unit in which the Availability Failure has occurred. No further Deduction shall be made for any subsequent Service Failure which may occur in the relevant Functional Unit or Functional Area (as the case may be) during the period until Rectification has been completed, provided that where IO continues to use a Functional Unit which is affected by an Availability Failure, Project Co shall be obliged to continue to provide in respect of that Functional Unit such of the Project Co Services as are normally provided as part of the day to day functioning of that Functional Unit and, if those Project Co Services are not provided in a manner which satisfies the requirements of Part B of Schedule 12 - Output Specifications, IO shall be entitled to award Failure Points in accordance with Part F of this Schedule 18 where appropriate.
- 11.2 For the avoidance of doubt, in the case of an Elevator Availability Failure, further Deductions in respect of unrelated Availability Failures that affect Functional Parts on Level 1, Level 2, Level 2M, Level 3, Level 3M, Level 4, Level 4M and Penthouse for Towers 1, 2 and 3 and Level 1 and Level 2 for the TIC of the Facility shall continue to apply.

**12. DEDUCTIONS FOR ELEVATOR AVAILABILITY FAILURES**

12.1 For the purposes of determining the level of Deduction in respect of an Elevator Availability Failure, and for the purposes of Appendix C to this Schedule 18, a Tower of the Facility shall mean either of:

- (a) one of the two vertical building structures (“**Tower 1 or Tower 2**”) and the areas therein that are served by a bank of three elevators each; or
- (b) a vertical building structure (“**Tower 3**”) and the areas therein that are served by a bank of three elevators.

12.2 In the event of an Elevator Availability Failure, the level of Availability Failure Deduction shall be based on the following formula:

$$D = [ (ASPn/(Ny \times 6)) \times AW(\Sigma Lx:Lx) \times 50\% \times DP(EAF) ] + [ (ASPn/(Ny \times 6)) \times AW2(\Sigma Lx:Lx) \times 50\% \times DP2(EAF) ]$$

Where:

D means the amount (in Canadian dollars) of the Deduction in respect of the Availability Failure;

ASPn means the Annual Service Payment at the time the relevant Availability Failure occurs;

Ny means the number of days in the Contract Year (being the year in which the relevant Availability Failure occurs);

AW( $\Sigma Lx:Lx$ ) means the sum of the Area Weighting Percentages attributable to the Functional Areas in the Tower of the Facility in which the Elevator Availability Failure has occurred on Level 1, Level 2, Level 2M, Level 3, Level 3M, Level 4, Level 4M and Penthouse;

AW2( $\Sigma Lx:Lx$ ) means the sum of the Area Weighting Percentages attributable to the Functional Areas which are not part of the Towers in which the Elevator Availability Failure has occurred on Level 1 and Level 2; For additional clarity TIC Area Weightings are excluded from the definition of AW2( $\Sigma Lx:Lx$ ).

DP(EAF) is the percentage set out in Appendix C to this Schedule 18 as determined by the number of elevators that are Unavailable at any one time; and

DP2 (EAF) is the percentage set out in Appendix C to this Schedule 18 as determined by the number of elevators that are Unavailable at any one time.

12.3 In the event of an Elevator Availability Failure occurring in TIC, the level of Availability Failure Deduction shall be based on the following formula:

$D = (\text{TIC ASPn}/(\text{Ny} \times 6)) \times \text{AW}(\sum \text{Lx:Lx}) \times 50\%$ ; or

$D = (\text{ASPn}/(\text{Ny} \times 6)) \times \text{AW}(\sum \text{Lx:Lx}) \times 50\%$ ;

Where:

D means the amount (in Canadian dollars) of the Deduction in respect of the Availability Failure;

TIC ASPn means the TIC Annual Service Payment at the time the relevant Availability Failure occurs;

ASPn means the Annual Service Payment at the time the relevant Availability Failure occurs;

Ny means the number of days in the Contract Year (being the year in which the relevant Availability Failure occurs);

$\text{AW}(\sum \text{Lx:Lx})$  means the sum of the Area Weighting Percentages attributable to the Functional Areas on Level 1 and Level 2 of the TIC Facility.

### 13. DEDUCTIONS FOR RENEWABLE ENERGY FAILURES

13.1 If a Renewable Energy Loss occurs in accordance with Section 6.5 of Schedule 29 – Energy Matters, IO shall, subject to Section 1.2 of this Part C, be entitled to make a deduction from the twelve Monthly Service Payments following delivery of the Five Year Renewable Energy Report in the amount of the Renewable Energy Deduction divided into twelve equal instalments and Project Co shall compensate IO for any additional costs incurred by IO to procure energy from alternate sources (other than Renewable Energy) in accordance with Appendix A to Schedule 29 – Energy Matters.

13.2 The deduction in respect of a Renewable Energy Loss (the “**Renewable Energy Deduction**”) shall be calculated in respect of each five year period following Substantial Completion using the following formula:

**Deduction at Year 5** = [ACRE (yr. 1) + ACRE (yr. 2) + ACRE (yr.3) + ACRE (yr. 4) + ACRE (yr. 5)] \* Five Year Deficiency Rate

**Deduction at Year 10** = [ACRE (yr. 6) + ACRE (yr. 7) + ACRE (yr.8) + ACRE (yr. 9) + ACRE (yr. 10)] \* Five Year Deficiency Rate

**Deduction at Year 15** = [ACRE (yr. 11) + ACRE (yr. 12) + ACRE (yr.13) + ACRE (yr. 14) + ACRE (yr. 15)] \* Five Year Deficiency Rate

**Deduction at Year 20** = [ACRE (yr. 16) + ACRE (yr. 17) + ACRE (yr.18) + ACRE (yr. 19) + ACRE (yr. 20)] \* Five Year Deficiency Rate



**Deduction at Year 25** = [ACRE (yr. 21) + ACRE (yr. 22) + ACRE (yr.23) + ACRE (yr. 24) + ACRE (yr. 25)] \* Five Year Deficiency Rate

**Deduction at Year 30** = [ACRE (yr. 26) + ACRE (yr. 27) + ACRE (yr.28) + ACRE (yr. 29) + ACRE (yr. 30)] \* Five Year Deficiency Rate

Where:

- (a) n = the Year in which the deduction is assessed.
- (b) **Annual Cost of Renewable Energy (“ACRE”)** is the annual cost of generating Renewable Energy, as specified in the table set out in Appendix G to this Schedule 18, subject to escalation in accordance with the escalation factors set out in Appendix G to this Schedule 18. ACRE, for each year, is equal to the Annual Service Payment in a given year less the Annual Service Payment (Without Renewable Energy) in the same year.
- (c) **Annual Deficiency Rate** is equal to the Annual Renewable Energy Generation divided by Annual Renewable Energy Generation Minimum Threshold.
- (d) **Five Year Deficiency Rate** is calculated as follows: [Annual Deficiency Rate (Yr.n) + Annual Deficiency Rate (Yr. n-1) + Annual Deficiency Rate (Yr.n-2) + Annual Deficiency Rate (Yr.n-3) + Annual Deficiency Rate (Yr.n-4)] divided by 5.
- (e) With respect to the deduction at Year 30, for the purposes of calculating ACRE at Year 30, only the first 11 months of Year 30 shall be taken into account (that is the last month of year 30 will not be included in the ACRE), and if there is any Renewable Energy Deduction in respect of Years 26-30, then the Renewable Energy Deduction shall be deducted from the final Monthly Service Payment prior to the Termination Date.

**PART D: REVIEW OF WEIGHTINGS****1. ANNUAL REVIEW**

- 1.1 The identification of Functional Areas, Functional Units, Rectification Times, Area Weighting Percentages, Unit Weighting Percentages and the amount of Deductions for each category of Quality Failure, Service Failure and Availability Failure shall be reviewed by IO and Project Co at any time if requested by either Party but in any event shall be reviewed at least once in every Contract Year.
- 1.2 IO and Project Co shall act reasonably and diligently in carrying out the review.
- 1.3 For the avoidance of doubt, the Parties intend that any changes made as a result of such a review shall not alter the overall risk profile of the relevant Project Co Service or the likely magnitude of Deductions. Where proposed changes would result in any such alteration, the matter shall be deemed to be a Variation and Schedule 19 – Variation Procedure shall apply.
- 1.4 IO and Project Co may in respect of each matter the subject of the review either:
  - (a) agree that the status of the relevant matter shall continue to apply unchanged in the Contract Year immediately following the review; or
  - (b) agree adjustments to the relevant matter to take effect in the Contract Year immediately following the review.
- 1.5 Any agreed adjustment pursuant to a review shall be effective from the commencement of the Contract Year immediately following the relevant review carried out in accordance with Section 1.1 of this Part D.

**PART E: FAILURE BY PROJECT CO TO MONITOR OR REPORT****1. FAILURE BY PROJECT CO TO MONITOR OR REPORT**

- 1.1 Subject to Sections 1.2 to 1.6 inclusive of this Part E, the Performance Monitoring Report produced by Project Co for any Contract Month shall be the source of the factual information regarding the performance of the Project Co Services for the relevant Contract Month for the purposes of calculating the relevant Monthly Service Payment, the number of Failure Points awarded and whether IO is entitled to issue any Warning Notice.
- 1.2 If there shall be any error or omission in the Performance Monitoring Report for any Contract Month, Project Co and IO shall agree on the amendment to the Performance Monitoring Report or, failing agreement within 10 days of notification of the error or omission which shall not be made more than 2 calendar months following the relevant Performance Monitoring Report, except in the circumstances referred to in Section 1.5 of this Part E, either party may refer the matter to the Dispute Resolution Procedure.
- 1.3 If Project Co fails to monitor or accurately report an Event, Quality Failure, Service Failure or Availability Failure then, without prejudice to the Deduction to be made in respect of the relevant Quality Failure, Service Failure or Availability Failure (if any), the failure to monitor or report the Event, Quality Failure, Service Failure or Availability Failure shall be deemed to be a new Minor Quality Failure, unless the circumstances set out in Section 1.5 of this Part E apply, in which case it shall be deemed to be a new Major Quality Failure.
- 1.4 In the event that any inspection or investigation by IO of records made available pursuant to the Project Agreement reveals any further matters of the type referred to in Sections 1.2 and 1.3 of this Part E, those matters shall be dealt with in accordance with Section 1.2 or 1.3 of this Part E, as appropriate, and IO shall, in addition, be entitled to make Deductions in respect of any Quality Failures, Service Failures or Availability Failures in the manner prescribed in Part C of this Schedule 18. Any such Deductions shall be made from the Monthly Service Payment payable in respect of the Contract Month in which the relevant matters were revealed by IO's investigations or, to the extent that IO is unable to make any further deductions from the Monthly Service Payment in respect of that Contract Month by virtue of Section 1.2 of Part C of this Schedule 18, may be carried forward and deducted from Monthly Service Payments due in respect of subsequent Contract Months.
- 1.5 For the purposes of Sections 1.2, 1.3, and 1.4 of this Part E the relevant circumstances are:
- (a) fraudulent action or inaction;
  - (b) deliberate misrepresentation; or

- (c) gross misconduct or incompetence in each case on the part of Project Co or a Project Co Party.
  
- 1.6 The provisions of this Part E shall be without prejudice to any rights of IO pursuant to Sections 30, 43 and 58 of the Project Agreement.

**PART F: FAILURE POINTS****1. FAILURE POINTS**

- 1.1 Failure Points shall be awarded for every Quality Failure, Service Failure and Availability Failure which occurs from the TIC Payment Commencement Date to the end of the Operational Term, unless such matters are disregarded pursuant to Section 2 or Section 5 of Part C of this Schedule 18 or such Failure Points are cancelled pursuant to any other provision of the Project Agreement.
- 1.2 For the avoidance of doubt when awarding Failure Points, where a further Availability Failure, Quality Failure or Service Failure is deemed to have occurred in accordance with Sections 3, 4 and 6 of Part C of this Schedule 18, the appropriate number of Failure Points shall be awarded in respect of each such Availability Failure, Quality Failure or Service Failure, even though they arise from the same circumstances.
- 1.3 If the same Availability Failure or Service Failure affects more than one Functional Unit, the number of Failure Points to be awarded in respect of that Availability Failure shall be determined by the number of Functional Units affected. For example, an Availability Failure affecting one Functional Unit will attract 20 Failure Points whereas an Availability Failure affecting five Functional Units will attract 100 (i.e. 5 x 20) Failure Points.
- 1.4 The number of Failure Points attributable to Quality Failures, Service Failures and Availability Failures is set out in Appendix A to this Schedule 18.
- 1.5 The maximum number of Failure Points that can be allocated to a single Availability Failure is 8,000.

**APPENDIX A FAILURE POINTS**

<b>Category</b>	<b>FPs</b>	<b>Application</b>
Minor Quality Failure	[REDACTED]	[REDACTED]
Medium Quality Failure	[REDACTED]	
Major Quality Failure	[REDACTED]	
Minor Service Failure	[REDACTED]	[REDACTED]
Medium Service Failure	[REDACTED]	
Major Service Failure	[REDACTED]	
Availability Failure (for the avoidance of doubt, this applies whether or not IO continues to make use of the relevant Functional Part)	[REDACTED]	[REDACTED]

**APPENDIX B**

**FUNCTIONAL AREA AND FUNCTIONAL UNIT WEIGHTINGS**

**[REDACTED]**

**APPENDIX C DEDUCTION PERCENTAGES USED IN THE CALCULATION OF  
ELEVATOR AVAILABILITY FAILURES**

Number of elevators Unavailable (at any one time) in Tower 1, 2 or 3	DP(EAF)
1	[REDACTED]
2	[REDACTED]
3	[REDACTED]

Number of elevators Unavailable (at any one time) cumulative in Tower 1, 2 or 3	<u>DP<sub>2</sub>(EAF)</u>
1	[REDACTED]
2	[REDACTED]
3	[REDACTED]
4	[REDACTED]
5	[REDACTED]
6	[REDACTED]
7	[REDACTED]
8	[REDACTED]
9	[REDACTED]



**APPENDIX D ANNUAL SERVICE  
PAYMENT SCHEDULE**

Contract Year	Annual Service Payment Excluding Lifecycle Payment (ASPX) (in Base Date prices)	Lifecycle Payment (LCP) (in Base Date prices)	Annual Service Payment (ASP)
1	[REDACTED]	[REDACTED]	[REDACTED]
2	[REDACTED]	[REDACTED]	[REDACTED]
3	[REDACTED]	[REDACTED]	[REDACTED]
4	[REDACTED]	[REDACTED]	[REDACTED]
5	[REDACTED]	[REDACTED]	[REDACTED]
6	[REDACTED]	[REDACTED]	[REDACTED]
7	[REDACTED]	[REDACTED]	[REDACTED]
8	[REDACTED]	[REDACTED]	[REDACTED]
9	[REDACTED]	[REDACTED]	[REDACTED]
10	[REDACTED]	[REDACTED]	[REDACTED]
11	[REDACTED]	[REDACTED]	[REDACTED]
12	[REDACTED]	[REDACTED]	[REDACTED]
13	[REDACTED]	[REDACTED]	[REDACTED]
14	[REDACTED]	[REDACTED]	[REDACTED]
15	[REDACTED]	[REDACTED]	[REDACTED]
16	[REDACTED]	[REDACTED]	[REDACTED]
17	[REDACTED]	[REDACTED]	[REDACTED]
18	[REDACTED]	[REDACTED]	[REDACTED]
19	[REDACTED]	[REDACTED]	[REDACTED]
20	[REDACTED]	[REDACTED]	[REDACTED]
21	[REDACTED]	[REDACTED]	[REDACTED]
22	[REDACTED]	[REDACTED]	[REDACTED]
23	[REDACTED]	[REDACTED]	[REDACTED]
24	[REDACTED]	[REDACTED]	[REDACTED]
25	[REDACTED]	[REDACTED]	[REDACTED]
26	[REDACTED]	[REDACTED]	[REDACTED]
27	[REDACTED]	[REDACTED]	[REDACTED]
28	[REDACTED]	[REDACTED]	[REDACTED]
29	[REDACTED]	[REDACTED]	[REDACTED]
30	[REDACTED]	[REDACTED]	[REDACTED]

**APPENDIX E ORIGINAL ANNUAL  
PRICES FOR MARKET TESTED  
SERVICES**

<b>Services</b>	<b>Original Annual Price</b>
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]s	[REDACTED]

**APPENDIX F TIC ANNUAL SERVICE  
PAYMENT SCHEDULE**

Contract Year	TIC Annual Service Payment (TIC ASPX) (in Base Date prices)
1	<b>[REDACTED]</b>
2	<b>[REDACTED]</b>

**APPENDIX G  
ANNUAL COST OF RENEWABLE ENERGY**

Contract Year	Annual Service Payment Excluding Lifecycle Payment (ACRE) (in Base Date prices)	Lifecycle Payment (ACRE) (in Base Date prices)	Annual Service Payment (ACRE)
1	[REDACTED]	[REDACTED]	[REDACTED]
2	[REDACTED]	[REDACTED]	[REDACTED]
3	[REDACTED]	[REDACTED]	[REDACTED]
4	[REDACTED]	[REDACTED]	[REDACTED]
5	[REDACTED]	[REDACTED]	[REDACTED]
6	[REDACTED]	[REDACTED]	[REDACTED]
7	[REDACTED]	[REDACTED]	[REDACTED]
8	[REDACTED]	[REDACTED]	[REDACTED]
9	[REDACTED]	[REDACTED]	[REDACTED]
10	[REDACTED]	[REDACTED]	[REDACTED]
11	[REDACTED]	[REDACTED]	[REDACTED]
12	[REDACTED]	[REDACTED]	[REDACTED]
13	[REDACTED]	[REDACTED]	[REDACTED]
14	[REDACTED]	[REDACTED]	[REDACTED]
15	[REDACTED]	[REDACTED]	[REDACTED]
16	[REDACTED]	[REDACTED]	[REDACTED]
17	[REDACTED]	[REDACTED]	[REDACTED]
18	[REDACTED]	[REDACTED]	[REDACTED]
19	[REDACTED]	[REDACTED]	[REDACTED]
20	[REDACTED]	[REDACTED]	[REDACTED]
21	[REDACTED]	[REDACTED]	[REDACTED]
22	[REDACTED]	[REDACTED]	[REDACTED]
23	[REDACTED]	[REDACTED]	[REDACTED]
24	[REDACTED]	[REDACTED]	[REDACTED]
25	[REDACTED]	[REDACTED]	[REDACTED]
26	[REDACTED]	[REDACTED]	[REDACTED]
27	[REDACTED]	[REDACTED]	[REDACTED]
28	[REDACTED]	[REDACTED]	[REDACTED]
29	[REDACTED]	[REDACTED]	[REDACTED]
30	[REDACTED]	[REDACTED]	[REDACTED]

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## SCHEDULE 19

### VARIATION PROCEDURE

#### 1. VARIATIONS

##### 1.1 Definitions

- (a) The following terms shall have the following meanings:
- (i) "**Direct Cost**" has the meaning given in Appendix A of this Schedule 19.
  - (ii) "**Estimate**" has the meaning given in Section 1.4(a) of this Schedule 19.
  - (iii) "**IO Work**" has the meaning given in Section 1.7(a) of this Schedule 19.
  - (iv) "**Project Co Variation Notice**" has the meaning given in Section 2.1(a) of this Schedule 19.
  - (v) "**Variation**" means a variation, addition, reduction, substitution, omission, modification, deletion, removal or other change to the whole or any part of the Project Operations, including in relation to the whole or any part of the Works or the Project Co Services.
  - (vi) "**Variation Confirmation**" has the meaning given in Section 1.8(a)(ii) of this Schedule 19.
  - (vii) "**Variation Directive**" means a written instruction which is issued on a form designated as a "Variation Directive Form" and signed by the IO Representative directing Project Co to immediately proceed with a Variation pending the finalization and issuance of a Variation Confirmation for that Variation.
  - (viii) "**Variation Enquiry**" has the meaning given in Section 1.3(a) of this Schedule 19.

##### 1.2 General

- (a) IO has the right from time to time to propose and require Project Co to carry out and implement a Variation, and any such Variation shall be subject to the provisions of this Schedule 19.
- (b) IO shall be obligated to proceed with a Variation in certain circumstances specified in the Project Agreement, and any such Variation shall be subject to the provisions of this Schedule 19.

- (c) Project Co will not be entitled to any payment, compensation or extension of time for a Variation except to the extent provided in a Variation Confirmation or Variation Directive in accordance with this Schedule 19.

### **1.3 Variation Enquiry**

- (a) If IO proposes or is obligated pursuant to the terms of the Project Agreement or Applicable Law to initiate a Variation it shall deliver to Project Co a written notice of the proposed Variation (a "**Variation Enquiry**").
- (b) A Variation Enquiry shall:
  - (i) describe the proposed Variation with sufficient detail to enable Project Co to prepare a detailed Estimate;
  - (ii) in the event that the proposed Variation will require a Capital Expenditure, state whether IO intends to pay for the Variation by way of lump sum payment or payments, adjustment to the Monthly Service Payments (and, if applicable, with a request for Project Co to obtain financing for all or part of the Variation), or a combination thereof; and
  - (iii) provide a preliminary indication of any provisions of the Project Agreement (including the Output Specifications or the Project Co Proposal Extracts) that will be affected by the proposed Variation, as well as the amendments to the Project Agreement (including the Output Specifications or the Project Co Proposal Extracts) that may be necessary to accommodate the Variation.

### **1.4 Delivery of Estimate**

- (a) As soon as practicable and in any event within 15 Business Days after receipt of a Variation Enquiry, or such longer period as the Parties agree acting reasonably, Project Co shall deliver its detailed breakdown, estimate and other information (an "**Estimate**") prepared in accordance with and meeting the requirements of Section 1.6.

### **1.5 Project Co Grounds for Objection**

- (a) Project Co may only refuse to deliver an Estimate if Project Co can demonstrate to IO's satisfaction, acting reasonably, within the period for delivery of an Estimate specified or agreed pursuant to Section 1.4(a), that:
  - (i) the implementation of the Variation would materially and adversely affect the health and safety of any person;
  - (ii) the implementation of the Variation would:
    - (A) infringe Applicable Law;

- (B) cause to be revoked any existing Permit, Licence or Approval required by Project Co to perform the Project Operations, and such Permit, Licence or Approval is not, using commercially reasonable efforts, capable of amendment or renewal; or
  - (C) require a new Permit, Licence or Approval for Project Co to perform the Project Operations, which Permit, Licence or Approval will not, using commercially reasonable efforts by Project Co or IO, as applicable, be obtainable;
  - (iii) the proposed Variation would have a material and adverse effect on performance of the Project Operations (except those Project Operations which have been specified as requiring amendment in the Variation Enquiry) in a manner not compensated pursuant to this Schedule 19;
  - (iv) the implementation of the Variation would be a departure from Good Industry Practice;
  - (v) IO does not have the legal power or capacity to require the Variation to be implemented or to do anything envisaged by this Schedule 19 in respect of or in connection with the Variation;
  - (vi) the Variation would, if implemented, result in a change in the essential nature of the Facility;
  - (vii) the Variation Enquiry does not comply with the requirements of Section 1.3 (including a failure to include adequate information therein to enable Project Co to prepare an Estimate in respect thereof);
  - (viii) in the case of a Variation relating to the Works, the time specified for commencement and/or completion of such Variation cannot be achieved by Project Co despite commercially reasonable efforts; or
  - (ix) in the case of a Variation relating to the Project Co Services, the time specified for implementation of such Variation cannot be achieved by Project Co despite commercially reasonable efforts.
- (b) If Project Co refuses to provide an Estimate on the grounds set out in Section 1.5(a), Project Co shall, within the period for delivery of an Estimate specified or agreed pursuant to Section 1.4(a), deliver to IO a written notice specifying the grounds upon which Project Co rejects the Variation and the details thereof.

## **1.6 Estimate Requirements**

- (a) Unless IO in a Variation Enquiry requires only specified limited information, each Estimate shall include the following information, sufficient to demonstrate to IO's reasonable satisfaction:

- (i) the steps Project Co will take to implement the Variation, in such detail as is reasonable and appropriate in the circumstances;
- (ii) any impact on the Scheduled Substantial Completion Date, and any other schedule impact on the provision of the Facility and completion of the Works (including, for certainty, any impact of the proposed Variation after taking into consideration other Variations);
- (iii) any impact on the performance of the Project Operations and any other impact on the Project Agreement (including, for certainty, any impact of the proposed Variation after taking into consideration other Variations);
- (iv) any impact on expected usage of utilities, including those identified in Schedule 18 - Payment Mechanism, for the current Contract Year and subsequent Contract Years;
- (v) any amendments to the Project Agreement (including Schedule 18 - Payment Mechanism) or any Project Document required as a consequence of the Variation, the objective of such amendments being to ensure that (save for the obligation of IO to make payments or altered payments in respect of the Variation) the Parties are in no better and no worse position in relation to the Project than they would have been in if the Variation had not been implemented and, in particular, that there will be no material adverse change to the risk profile of the Project as a result of the Variation;
- (vi) any impact on the Direct Costs of Project Co and its Subcontractors, including:
  - (A) any Capital Expenditure that will be incurred, reduced or avoided and the impact on Project Co's cash flows from incurring, reducing or avoiding such costs (whether financed by Project Co or IO); and
  - (B) any other costs that will be incurred, reduced or avoided and the impact on Project Co's cash flows from incurring, reducing or avoiding such costs;
- (vii) either:
  - (A) a confirmation that the proposed Variation will not affect Project Co's existing financing or that Project Co's existing financing is adequate to implement the Variation; or
  - (B) if new or additional financing is required to implement the Variation, an indication as to the availability of such new or additional financing and the cost and terms of such new or additional financing;
- (viii) Project Co's confirmation that the projected internal rate of return on any additional equity capital required to finance the Variation will be the Base Case Equity IRR;



- (ix) Project Co's preliminary indication of the potential increase or decrease, if any, of the Monthly Service Payments, with such amount calculated by reference to the relevant parts of the Financial Model to demonstrate the impact of the proposed Variation;
- (x) any Permits, Licences and Approvals that must be obtained or amended for the Variation to be implemented, and the latest date by which Project Co must receive a Variation Confirmation and obtain or amend such Permits, Licences and Approvals for the Estimate to remain valid; and
- (xi) the proposed methods of certification of any construction or operational aspect of the Project Operations required by the Variation if not covered by the provisions of the Project Agreement,

in each case, together with such supporting information and justification as is reasonably required.

- (b) In preparing its Estimate, Project Co shall include sufficient information to demonstrate to IO's satisfaction, acting reasonably, that:
  - (i) Project Co has used or has obliged its Subcontractors (or will oblige any Subcontractors not yet selected) to use commercially reasonable efforts, including the use of competitive quotes or tenders (if appropriate or required by Sections 1.6(c) and 1.6(e)), to minimize any increase in costs and to maximize any reduction in costs;
  - (ii) all costs of Project Co and its Subcontractors are limited to Direct Costs;
  - (iii) Project Co, the Construction Contractor and the Service Provider shall charge only the margins for overhead and profit as set out in Appendix B hereto (such margins each calculated on the basis of the applicable Direct Costs so that no margin of Project Co, the Construction Contractor or the Service Provider is calculated on any other margin of Project Co, the Construction Contractor or the Service Provider), and no other margins or mark-ups;
  - (iv) the margins for overheads and profit as set out in Appendix B hereto as applicable to Project Co's Direct Costs shall only be chargeable on Direct Costs of Project Co, such that Project Co shall not charge any margins on any amounts charged by the Construction Contractor or the Service Provider;
  - (v) all costs of providing Project Operations, including Capital Expenditures, reflect:
    - (A) labour rates applying in the open market to providers of services similar to those required by the Variation;
    - (B) any and all changes in the Output Specifications arising out of the proposed Variation; and

- (C) any and all changes in risk allocation;
  - (vi) the full amount of any and all expenditures that have been reduced or avoided (including for any Capital Expenditure) and that all such expenditures, including all applicable margins for overhead and profit anticipated to be incurred but for the Variation, have been taken into account and applied in total to reduce the amount of all costs; and
  - (vii) Project Co has mitigated or will mitigate the impact of the Variation, including on the Works Schedule, the performance of the Project Operations, the expected usage of utilities, and the Direct Costs to be incurred.
- (c) Project Co will use commercially reasonable efforts to obtain the best value for money when procuring any work, services, supplies, materials or equipment required by the Variation and will comply with all Good Industry Practice in relation to any such procurement, to a standard no less than Project Co would apply if all costs incurred were to its own account without recourse to IO, including using commercially reasonable efforts to mitigate such costs.
  - (d) As soon as practicable, and in any event not more than 15 Business Days after IO receives an Estimate, Project Co and IO shall discuss and seek to agree on the Estimate, including any amendments to the Estimate agreed to by the Parties.
  - (e) If IO would be required by Applicable Law or any policy applicable to IO to competitively tender any contract in relation to the proposed Variation, IO may require Project Co to seek and evaluate competitive tenders for the proposed Variation in accordance with such Applicable Law or policy.
  - (f) IO may modify a Variation Enquiry in writing at any time for any matter relating to the Estimate or the discussions in relation thereto, in which case Project Co shall, as soon as practicable and in any event not more than 10 Business Days after receipt of such modification, notify IO in writing of any consequential changes to the Estimate.
  - (g) If the Parties cannot agree on an Estimate pursuant to Section 1.6(d), then any Dispute will be determined in accordance with Schedule 24 - Dispute Resolution Procedure.

## 1.7 IO's Right to Perform

- (a) After Substantial Completion, IO shall have the right to perform the subject matter of a proposed Variation ("**IO Work**") itself, or through others contracting directly with IO, without compensation to Project Co, except as specifically stated herein.
- (b) IO shall indemnify and save Project Co harmless from and against any and all loss or expense which may be suffered, sustained or incurred by Project Co as a direct result of, in respect of, or arising out of the performance by IO, or any third party, of IO Work, including, without limitation, any loss or expense related to any adverse impacts on the Project Operations.

**1.8 Variation Confirmation**

- (a) As soon as practicable, and in any event within 15 Business Days after the later of the date the Estimate was delivered and the date the Estimate was either agreed to or any Dispute in respect thereof was determined in accordance with Schedule 24 - Dispute Resolution Procedure, IO shall either:
  - (i) withdraw the Variation Enquiry by written notice to Project Co; or
  - (ii) issue a written confirmation (the "**Variation Confirmation**") of the Estimate, including any agreed modifications thereto or any modifications resulting for the determination of a Dispute in respect thereof, which Variation Confirmation may be subject to Project Co obtaining financing pursuant to Section 1.9.
- (b) If IO does not issue a Variation Confirmation within such 15 Business Days, then the Variation Enquiry shall be deemed to have been withdrawn.
- (c) Upon the Variation Confirmation being issued, and if applicable upon Project Co obtaining financing pursuant to Section 1.9:
  - (i) the Parties shall as soon as practicable thereafter do all acts and execute all documents to amend the Project Agreement necessary to implement the Variation, including in respect of any required extension of time and including provision for payment to Project Co as provided in Section 1.10;
  - (ii) Project Co shall implement the Variation as provided for in the Variation Confirmation, and subject to amendments pursuant to Section 1.8(c)(i), all provisions of the Project Agreement applicable to the Project Operations shall apply to the Project Operations as thereby changed and no additional claim with respect to the Variation or Variation Confirmation will be considered; and
  - (iii) payment in relation to the Variation shall be as provided for in Section 1.10 and pursuant to any amendments pursuant to Section 1.8(c)(i).
- (d) If a Variation Confirmation is subject to Project Co obtaining financing pursuant to Section 1.9, then the Variation Confirmation shall not be effective until:
  - (i) Project Co obtains such financing acceptable to IO in its sole discretion; or
  - (ii) IO in its sole discretion waives such requirement.
- (e) Except as hereinafter provided, until a Variation Confirmation has been issued:
  - (i) the determination of whether or not to proceed with a Variation shall at all times be at IO's sole discretion, despite any Dispute or any other matter in relation to a Variation being referred to or determined by Schedule 24 - Dispute Resolution Procedure; and

- (ii) IO may at any time withdraw a Variation Enquiry and, subject to Section 1.8(f), IO shall not be obligated to Project Co in respect of a Variation until such time as IO in its sole discretion issues a Variation Confirmation and, if applicable, Project Co has obtained the financing requested by IO or IO has waived such requirement,

provided that IO may not withdraw a Variation Enquiry in circumstances where IO is obligated pursuant to the terms of the Project Agreement to proceed with a Variation. In such circumstances Schedule 24 - Dispute Resolution Procedure shall be employed to finalize any aspects of the Variation which cannot otherwise be agreed to in accordance with the terms of this Schedule 19.

- (f) If a Variation Confirmation is not issued for any Variation Enquiry in respect of which Project Co has used commercially reasonable efforts to produce a fair and accurate Estimate, IO shall reimburse Project Co for all Direct Costs reasonably and properly incurred by Project Co in connection with preparing the Estimate.

## **1.9 Financing**

- (a) If Project Co in its Estimate confirms that existing financing is not available to pay for the proposed Variation and if IO requests Project Co to obtain financing for a Variation, then a Variation Confirmation may be issued subject to Project Co obtaining financing. In such event, Project Co shall use commercially reasonable efforts to obtain the requested financing on terms satisfactory to Project Co, the Lenders and IO, provided that, prior to the Substantial Completion Date, Project Co shall not be required to seek financing from any source other than the Lenders.
- (b) If Project Co has used commercially reasonable efforts to obtain the requested financing but has been unable to obtain an offer of financing on terms reasonably satisfactory to Project Co and IO within 60 days of the date that IO issues the Variation Confirmation, then Project Co shall have no further obligation to obtain financing for the Variation and any Variation Confirmation subject to financing shall no longer have any effect unless IO, in its sole discretion, waives the requirement for financing or unless IO is obligated to proceed with the Variation pursuant to the terms of the Project Agreement.
- (c) If Project Co obtains an offer of financing on terms reasonably satisfactory to Project Co, Project Co shall provide IO with details of such financing, and IO shall, in its sole discretion, determine whether Project Co should proceed with such financing. If IO determines that Project Co should not proceed with such financing, then Project Co shall have no further obligation to obtain financing for the Variation and any Variation Confirmation subject to financing shall no longer have any effect unless IO, in its sole discretion, waives the requirement for financing or unless IO is obligated to proceed with the Variation pursuant to the terms of the Project Agreement.
- (d) IO may at any time withdraw the requirement for Project Co to use commercially reasonable efforts to obtain financing, after which Project Co shall have no further obligation to obtain financing for the Variation and any Variation Confirmation subject to

financing shall no longer have any effect unless IO in its sole discretion waives the requirement for financing or unless IO is obligated to proceed with the Variation pursuant to the terms of the Project Agreement.

- (e) If IO waives the requirement for financing or if Project Co has no further obligation to obtain financing for the Variation pursuant to Sections 1.9(b), 1.9(c) or 1.9(d), then Project Co shall proceed with the Variation as set out in the Variation Confirmation and IO shall pay for the Variation as provided for in Section 1.10(a)(ii).

### **1.10 Payment**

- (a) If a Variation Confirmation has been issued and is not subject to financing, or if the requirement for financing has been satisfied by Project Co or has been waived by IO, a price adjustment for the Variation, as set out in the Estimate and as adjusted and confirmed by the Variation Confirmation, shall be made as follows:
  - (i) the Monthly Service Payments shall be adjusted as set out in the Variation Confirmation; and
  - (ii) payment for Capital Expenditures as set out in the Variation Confirmation and not financed by Project Co shall be paid as follows:
    - (A) IO shall pay such Capital Expenditures in lump sum payments based on a payment schedule agreed by IO and Project Co, acting reasonably, to reflect the amount and timing of the Capital Expenditures to be incurred by Project Co in carrying out the Variation to the extent borne by IO; and
    - (B) where payment for part of the Variation reflects the carrying out of, or specific progress towards, an element within the Variation, Project Co shall provide satisfactory evidence confirming that the part of the Variation corresponding to each occasion when payment is due under the payment schedule has been duly carried out.

In the event IO and Project Co fail to agree as to the terms of the payment schedule, the payment schedule shall be determined in accordance with Schedule 24 - Dispute Resolution Procedure, provided that, where all or any part of the Variation is being carried out by a third party under a contract with Project Co, subject to the terms of any contract between Project Co and that third party in relation to the implementation of the Variation having been approved by IO (such approval not to be unreasonably withheld or delayed), the process under Schedule 24 - Dispute Resolution Procedure shall determine a payment schedule which would enable Project Co to be funded by IO in time to make payments to that third party in accordance with its contract with Project Co.

- (b) IO shall make payment to Project Co within 20 Business Days of receipt by IO of invoices presented to IO in accordance with the agreed payment schedule accompanied (where applicable) by the relevant evidence that the relevant part of the Variation has been carried out.

- (c) Payments by IO in respect of a Variation shall be subject to applicable holdback provisions of the CLA, as applicable.
- (d) Project Co shall not be entitled to any amount in excess of the amount of the Estimate confirmed in the Variation Confirmation.
- (e) Upon request by Project Co, IO shall provide to Project Co copies of any consent or approval issued by MCSCS or IO's board of directors in connection with a proposed Variation.

### **1.11 Reduction in Project Operations**

- (a) If a Variation involves any reduction in Project Operations which results in savings in Direct Costs to Project Co, such savings shall result in a reduction in the compensation payable to Project Co under the Project Agreement in an amount equal to such reduction in Direct Costs, and Project Co shall compensate IO by way of a reduction in the Monthly Service Payments.

### **1.12 Variation Directive**

- (a) If an Estimate is not promptly agreed upon by IO and Project Co or if there is a Dispute in relation thereto or if IO, in its sole discretion, requires a Variation to be implemented prior to issuing a Variation Confirmation, then IO may issue a Variation Directive and, following receipt of the Variation Directive:
  - (i) Project Co shall promptly proceed with the Variation;
  - (ii) the determination of the valuation and time extensions, if any, required in connection with such Variation, shall be made as soon as reasonably possible after commencement of the implementation of the Variation; and
  - (iii) pending final determination of the valuation and time extensions, if any, required in connection with such Variation, the Independent Certifier (if such Variation is in respect of matters prior to Final Completion) or the IO Representative, as applicable and, in each case, acting reasonably, shall determine the valuation in accordance with Appendices A and B hereto, with any Dispute to be determined in accordance with Schedule 24 - Dispute Resolution Procedure,

provided that, IO shall fund all Variations implemented by way of a Variation Directive as provided for in Section 1.10(a)(ii).

## **2. PROJECT CO VARIATIONS**

### **2.1 General**

- (a) Project Co shall deliver to IO a written notice (a "**Project Co Variation Notice**") for each Variation proposed by Project Co.

## **2.2 Project Co Variation Notice**

- (a) A Project Co Variation Notice shall:
- (i) set out details of the proposed Variation in sufficient detail to enable IO to evaluate it in full;
  - (ii) specify Project Co's reasons for proposing the Variation;
  - (iii) indicate all reasonably foreseeable implications of the Variation, including whether there are any costs or cost savings to IO, and whether an adjustment to the Monthly Service Payments is required; and
  - (iv) indicate the latest date by which a Variation Enquiry must be issued.
- (b) If IO, in its sole discretion, elects to consider the Variation proposed by Project Co, IO may issue to Project Co a Variation Enquiry and the procedure set out in Section 1 will apply.

## **3. SMALL WORKS**

### **3.1 General**

- (a) After the Substantial Completion Date, Project Co shall carry out all Small Works requested by IO.
- (b) If Small Works are requested by IO, Project Co shall, within 10 Business Days of each such request and prior to carrying out the Small Works, provide IO with a price for carrying out the Small Works.
- (c) If Project Co's price is accepted by IO, in its sole discretion, Project Co shall carry out the Small Works for such price.
- (d) IO may at any time, in its sole discretion, including if IO does not accept the price proposed by Project Co pursuant to Section 3.1(b), issue a Variation Enquiry or Variation Directive in respect of such Small Works, in which event the provisions of this Schedule 19, other than this Section 3, shall apply.
- (e) Project Co's price shall include only its Direct Costs, as calculated in accordance with Appendix A, together with applicable margins as set out in Appendix B.

### **3.2 Project Co to Minimize Inconvenience**

- (a) Project Co shall notify IO of the estimated duration of any Small Works so that IO and Project Co can agree upon a convenient time for carrying out the same, so as to minimize and mitigate inconvenience and disruption to IO. Project Co shall use commercially reasonable efforts to minimize the duration of any Small Works.

## APPENDIX A

## CALCULATION OF DIRECT COSTS

## 1. DIRECT COSTS

1.1 Subject to Section 1.2 of this Appendix A, the term “**Direct Cost**” means the cumulative total, without duplication, of only the following amounts, as paid or incurred by Project Co or its Subcontractors, as applicable, to the extent that they specifically relate to, and are attributable to, the Variation under which Project Co is expressly entitled to its Direct Cost and would not otherwise have been incurred:

- (i) wages and benefits paid for labour in the direct employ of Project Co or its Subcontractors while performing that part of the Project Operations on Site;
- (ii) salaries, wages and benefits of Project Co’s or its Subcontractors’ personnel when stationed at the Site office in whatever capacity employed, or personnel engaged at shops or on the road, in expediting the production or transportation of materials or equipment;
- (iii) salaries, wages and benefits of Project Co’s or its Subcontractors’ office personnel engaged in a technical capacity;
- (iv) without limiting Sections 1.1(i), 1.1(ii) and 1.1(iii) of this Appendix A, contributions, assessments or taxes incurred for such items as employment insurance, provincial health insurance, workers’ compensation, and Canada Pension Plan, insofar as such costs are based on the wages, salaries, or other remuneration paid to Project Co for employees pursuant to Sections 1.1(i), 1.1(ii) and 1.1(iii) of this Appendix A, but excluding for certainty all income taxes on such wages, salaries and other remuneration;
- (v) travel and subsistence expenses of Project Co’s or its Subcontractors’ officers or employees referred to in Sections 1.1(i), 1.1(ii) and 1.1(iii) of this Appendix A;
- (vi) the cost of materials (including hand tools which have a retail value of \$2000 or less), products, supplies, equipment, temporary services and facilities, including transportation and maintenance thereof, which are consumed in the performance of the Variation;
- (vii) the rental costs of all tools (excluding hand tools which have a retail value of \$2000 or less), machinery, and equipment used in the performance of the Variation, whether rented from or provided by Project Co or others, including installation, minor repair and replacement, dismantling, removal, transportation and delivery costs thereof;
- (viii) deposits lost;



- (ix) the amount of all Subcontracts with Subcontractors;
- (x) the amount paid for any design services;
- (xi) the cost of third party quality assurance required by IO, such as independent inspection and testing services;
- (xii) charges levied by Governmental Authorities, but excluding fines or penalties not related to the implementation of the Variation;
- (xiii) subject to Section 1.1(iv) of this Appendix A, Taxes, but excluding:
  - (A) GST;
  - (B) taxes imposed on Project Co or a Project Co Party based on or measured by income or profit or otherwise imposed under the *Income Tax Act* (Canada), the *Income Tax Act* (Ontario) or any similar statute in any other jurisdiction;
  - (C) capital taxes based on or measured by the capital of Project Co or a Project Co Party;
  - (D) taxes relating to withholdings on any payments by Project Co or a Project Co Party; and
  - (E) taxes relating to any business or activity other than the business or activities related to, and conducted for, the purposes of the Project Operations;
- (xiv) the cost of removal and disposal of contaminants, hazardous substances, waste products and debris for which Project Co is not responsible under the Project Agreement;
- (xv) termination payments which are required under Applicable Law to be made to employees of Project Co reasonably and properly incurred by Project Co arising as a direct result of any Variation reducing the scope of the Project Operations, except to the extent that such termination payments are provided for in contracts of employment, agreements or arrangements that were not entered into in the ordinary course of business and on commercial arm's length terms;
- (xvi) the cost of financing, including additional financing costs related to any delay caused by the implementation of the Variation;
- (xvii) the cost of competitively tendering any contract in relation to the proposed Variation which is required by Applicable Law or any policy applicable to IO;
- (xviii) the cost of any additional insurance or performance security required or approved by IO;

- (xix) the cost of obtaining all Permits, Licences and Approvals; and
- (xx) reasonable fees and disbursements of Project Co's legal advisors.

**1.2** The Direct Cost otherwise payable shall be subject to and limited by the following:

- (i) the Direct Cost shall be net of all discounts, rebates and other price reductions and benefits, which relate to the Direct Cost incurred;
- (ii) the amount paid for materials, products, supplies and equipment incorporated into the Project Operations as a result of the Variation shall not exceed commercially competitive rates available in the Province for such materials, products, supplies and equipment from arms-length third party suppliers;
- (iii) the amount paid for any design services included in the Direct Cost, whether provided by Project Co's personnel, consultants, manufacturers or manufacturers' consultants, for hourly paid personnel shall not exceed two times the actual salary received by those personnel (actual salary to be inclusive of all benefits, statutory remittances and holidays), and for salaried personnel, the actual salary per hour shall be calculated by dividing the annual salary (inclusive of all benefits, statutory remittances and holidays) by 2080 hours;
- (iv) the amount paid for machinery and equipment rental costs shall not exceed the prevailing competitive commercial rate for which such equipment or machinery can be obtained in Toronto, Ontario; and
- (v) the Direct Cost shall not include any cost incurred due to the failure on the part of Project Co to exercise reasonable care and diligence in its attention to the prosecution of that part of the Project Operations.

APPENDIX B

APPLICABLE MARGINS

Party	Total Overhead and Profit Margin (as % of Direct Cost)		
	<i>For projects under \$100,000</i>	<i>For projects between \$100,000 and \$1,000,000</i>	<i>For projects over \$1,000,000</i>
Project Co (Own Work)	[REDACTED]	[REDACTED]	[REDACTED]
Construction Contractor (Own Work)	[REDACTED]	[REDACTED]	[REDACTED]
Construction Contractor (Subcontracted Work)	[REDACTED]	[REDACTED]	[REDACTED]
Service Provider (Own Work)	[REDACTED]	[REDACTED]	[REDACTED]
Service Provider (Subcontracted Work)	[REDACTED]	[REDACTED]	[REDACTED]

## SCHEDULE 20

## COMPENSATION ON TERMINATION

## 1. DEFINITIONS

## 1.1 Definitions

The following terms shall have the following meanings:

- (a) **"Adjusted Estimated Fair Value"** means the Estimated Fair Value adjusted as follows:
- (i) where, in respect of any Payment Period or part of a Payment Period from the Termination Date to the Compensation Date, the Post Termination Service Amount is a negative number, the aggregate amount by which all such negative Post Termination Service Amounts are negative shall be set off against and shall reduce the Estimated Fair Value (whether or not such amounts have been set off by IO pursuant to Section 3.3(f) of this Schedule 20);
  - (ii) the aggregate of the following amounts shall be deducted, without duplication, from the Estimated Fair Value:
    - (A) the Post Termination Service Amounts actually paid by IO to Project Co prior to the Compensation Date;
    - (B) the Tender Costs; and
    - (C) amounts that IO is entitled to set off or deduct; and
  - (iii) the aggregate of the following amounts shall be added, without duplication, to the Estimated Fair Value:
    - (A) all credit balances on any bank accounts held by or on behalf of Project Co on the date that the Estimated Fair Value is calculated; and
    - (B) any insurance proceeds and other amounts owing to Project Co (and which Project Co is entitled to retain), to the extent not included in Section 1.1(a)(iii)(A) of this Schedule 20,  
to the extent that:
      - (C) Sections 1.1(a)(iii)(A) and 1.1(a)(iii)(B) of this Schedule 20 have not been directly taken into account in calculating the Estimated Fair Value; and
      - (D) IO has received such amounts in accordance with the Project Agreement.

- (b) **"Adjusted Highest Qualifying Tender Price"** means the price offered by the Qualifying Tenderer (if any) with the highest tender price, adjusted as follows:
- (i) where, in respect of any Payment Period or part of a Payment Period from the Termination Date to the Compensation Date, the Post Termination Service Amount is a negative number, the aggregate amount by which all such negative Post Termination Service Amounts are negative shall be set off against and shall reduce such highest tender price (whether or not such amounts have been set off by IO pursuant to Section 3.3(f) of this Schedule 20);
  - (ii) the aggregate of the following amounts shall be deducted, without duplication, from such highest tender price:
    - (A) the Post Termination Service Amounts actually paid by IO to Project Co prior to the Compensation Date;
    - (B) the Tender Costs; and
    - (C) amounts that IO is entitled to set off or deduct; and
  - (iii) the aggregate of the following amounts shall be added, without duplication, to such highest tender price:
    - (A) all credit balances on any bank accounts held by or on behalf of Project Co on the date that the highest priced Qualifying Tender is received; and
    - (B) any insurance proceeds and other amounts owing to Project Co (and which Project Co is entitled to retain), to the extent not included in Section 1.1(b)(iii)(A) of this Schedule 20,to the extent that:
    - (C) Sections 1.1(b)(iii)(A) and 1.1(b)(iii)(B) of this Schedule 20 have not been directly taken into account in that Qualifying Tender; and
    - (D) IO has received such amounts in accordance with the Project Agreement.
- (c) **"Compensation Date"** means either:
- (i) if Section 3.3 of this Schedule 20 applies, the earlier of:
    - (A) the date that the New Agreement is entered into; and
    - (B) the date on which IO pays the Adjusted Highest Qualifying Tender Price to Project Co; or
  - (ii) if Section 3.4 of this Schedule 20 applies, the date that the Adjusted Estimated Fair Value has been agreed or determined.

- (d) "**Discount Rate**" means a rate equal to  $((A + B) / C) + D$ , where:
- A = the product of the outstanding principal amount of debt funded under the Lending Agreements on the date of calculation and the rate of interest applicable to such amount as shown in the Financial Model at Financial Close.
- B = the product of the Equity Capital as at Financial Close and the Base Case Equity IRR.
- C = the sum of the outstanding principal amount of debt funded under the Lending Agreements on the date of calculation and the Equity Capital as at Financial Close.
- D = the yield to maturity on a benchmark Government of Canada bond of the same maturity as the average life of the outstanding principal amount of debt funded under the Lending Agreements on the date of calculation, minus the yield to maturity on a benchmark Government of Canada bond of the same maturity as the average life of the outstanding principal amount of debt funded under the Lending Agreements as shown in the Financial Model at Financial Close.
- (e) "**Employee Termination Payments**" means termination payments which are required under Applicable Law to be made to employees of Project Co as a direct result of terminating the Project Agreement (provided that Project Co or the relevant Project Co Party shall take commercially reasonable steps to mitigate its loss) and provided that, in calculating such amount, no account should be taken of any liabilities and obligations of Project Co or the relevant Project Co Party arising out of:
- (i) contracts of employment or other agreements or arrangements entered into by Project Co or the relevant Project Co Party to the extent that such contracts of employment, agreements or arrangements were not entered into in connection with the Project; or
  - (ii) contracts of employment or other agreements or arrangements entered into by Project Co or the relevant Project Co Party other than in the ordinary course of business and on commercial arm's length terms, save to the extent that amounts would have arisen if such contracts or other agreements or arrangements had been entered into in the ordinary course of business and on commercial arm's length terms.
- (f) "**Estimated Fair Value**" means the amount determined in accordance with Section 3.4 of this Schedule 20.
- (g) "**Invoice Date**" means the date that is the later of:
- (i) the date on which IO receives an invoice from Project Co for the relevant termination sum; and

- (ii) the date on which IO receives the supporting evidence required pursuant to Section 8.1(a) of this Schedule 20.
- (h) **"IO Default Termination Sum"** has the meaning given in Section 2.1(b) of this Schedule 20.
- (i) **"Junior Debt Amount"** means, at any time, the then outstanding principal amount of debt funded under the terms of the Lending Agreements by the Junior Lenders to Project Co, together with all interest accrued thereon at that time. For greater certainty, the Junior Debt Amount includes any amount funded under the terms of the Lending Agreements which has a fixed return without equity participation, step-up rights or rights to share in Project Co's excess cash flow and a coupon equal to or less than 150% of the coupon payable to the Senior Lenders and excludes the Junior Debt Makewhole.
- (j) **"Junior Debt Makewhole"** means, at any time, any amount (other than the Junior Debt Amount) then due and payable to the Junior Lenders under the Lending Agreements, including any "make whole" payments, breakage fees (less any breakage benefits) and all other fees, costs and expenses reasonably and properly incurred which Project Co is obligated to pay to the Junior Lenders pursuant to the Lending Agreements.
- (k) **"Lending Agreements"** means [REDACTED].
- (l) **"Liquid Market"** means that there are 2 or more willing parties (each of whom is capable of being a Suitable Substitute and of meeting the Qualification Criteria) in the market for agreements in Canada for the provision of services to detention facilities under an alternative financing and procurement or similar model (where such agreements are the same as or similar to the Project Agreement) such that the retendering process in Section 3.3 of this Schedule 20 can reasonably be expected to result in a highest Qualifying Tender price broadly in the range of values that would reasonably be expected to be achieved calculating the Estimated Fair Value under Section 3.4 of this Schedule 20.
- (m) **"Market Value Availability Deduction Amount"** means for any Payment Period or part of a Payment Period, an amount equal to the Deductions for Availability Failures that were made from the Monthly Service Payment under the Payment Mechanism in the Payment Period immediately preceding the Termination Date, less an amount equal to Deductions for Availability Failures that were made for Functional Parts which were unavailable at the Termination Date but which have subsequently become available, whether as a result of IO incurring Rectification Costs or otherwise.
- (n) **"Maximum Service Payment"** means the Monthly Service Payments payable at any time before any Deductions under the Payment Mechanism but allowing for indexation under the Payment Mechanism.
- (o) **"New Agreement"** means an agreement on substantially the same terms and conditions as the Project Agreement as at the Termination Date, but with the following amendments:

- (i) if the Project Agreement is terminated prior to the Substantial Completion Date, then the Longstop Date shall be extended by a period to allow a New Project Co to achieve Substantial Completion prior to such extended Longstop Date;
  - (ii) any accrued Failure Points shall be cancelled;
  - (iii) the term of such agreement shall be equal to the term from the Termination Date until the Expiry Date; and
  - (iv) any other amendments which do not adversely affect Project Co.
- (p) **"New Project Co"** means the person who has entered or who will enter into the New Agreement with IO.
- (q) **"Non-Default Termination Sum"** has the meaning given in Section 4.1(b) of this Schedule 20.
- (r) **"Post Termination Service Amount"** means, for the purposes of Section 3.3 of this Schedule 20, for the whole or any part of a Payment Period for the period from the Termination Date to the Compensation Date, an amount equal to the Maximum Service Payment which would have been payable under the Project Agreement had the Project Agreement not been terminated, less an amount equal to the aggregate (without double counting) of:
- (i) the Market Value Availability Deduction Amount for that Payment Period; and
  - (ii) the Rectification Costs incurred by IO in that Payment Period.
- (s) **"Prohibited Acts Termination Sum"** has the meaning given to it in Section 5.1(b) of this Schedule 20.
- (t) **"Qualification Criteria"** means the criteria that IO requires tenderers to meet as part of the Tender Process, which (subject to compliance with Applicable Law) shall include the following:
- (i) that the tenders confirm acceptance of the New Agreement terms;
  - (ii) that the tenderers have, and are able to demonstrate on an indicative basis on request, the financial ability to pay the lump sum tendered;
  - (iii) that tenderers may only bid on the basis of a single lump sum payment to be paid by the tenderer;
  - (iv) that the tenderer is experienced in providing the Project Co Services or similar services;
  - (v) that the technical solution proposed by the tenderers is capable of delivery and the tenderer is technically capable of delivery of the Project Operations; and



- (vi) any other tender criteria established by IO, acting reasonably.
- (u) **"Qualifying Tender"** means a tender that meets all of the Qualification Criteria.
- (v) **"Qualifying Tenderer"** means a tenderer who submits a Qualifying Tender.
- (w) **"Rectification Costs"** means, for the purposes of any Termination Date that occurs after the Substantial Completion Date, an amount equal to the reasonable and proper costs incurred by IO in a particular Payment Period or part of a Payment Period in ensuring that the Project Co Services are carried out.
- (x) **"Senior Debt Amount"** means [REDACTED]
- (y) **"Senior Debt Makewhole"** means [REDACTED]
- (z) **"Subcontractor Losses"** means, subject to Project Co's obligations under the Project Agreement to limit any compensation to Subcontractors:
  - (i) the amount reasonably and properly payable by Project Co to the Construction Contractor under the terms of the Construction Contract as a direct result of the termination of the Project Agreement (including any reasonable commercial breakage fee), provided that such amount shall be reduced to the extent that Project Co or Subcontractors fail to take commercially reasonable steps to mitigate such amount; and
  - (ii) the amount reasonably and properly payable by Project Co to the Service Provider under the terms of the Service Contract as a direct result of the termination of the Project Agreement (including any reasonable commercial breakage fee), provided that such amount shall be reduced to the extent that Project Co or Subcontractors fail to take commercially reasonable steps to mitigate such amount,

provided that, in both cases, no account should be taken of any liabilities and obligations of Project Co to the Subcontractors arising out of:

- (iii) any loss of overhead or profit of such Subcontractor relating to any period or costs after the Termination Date (save to the extent the same are properly included in any reasonable commercial breakage fee set out in any of the Ancillary Documents);
- (iv) agreements or arrangements entered into by Project Co or the Subcontractors to the extent that such agreements or arrangements were not entered into in connection with those parties' obligations in relation to the Project; or
- (v) agreements or arrangements entered into by Project Co or the Subcontractors other than in the ordinary course of business and on commercial arm's length terms, save to the extent that amounts would have arisen if such agreements or arrangements had been entered into in the ordinary course of business and on commercial arm's length terms.

- (aa) **"Tender Costs"** means the reasonable and proper costs of IO incurred in carrying out the Tender Process or in connection with any calculation of the Estimated Fair Value.
- (bb) **"Tender Process"** means the process by which IO requests tenders from any parties interested in entering into a New Agreement, evaluates the responses from those interested parties and enters into a New Agreement with a new Project Co, in accordance with Section 3.3 of this Schedule 20.
- (cc) **"Tender Process Monitor"** has the meaning given in Section 3.3(g) of this Schedule 20.

## 2. COMPENSATION ON TERMINATION FOR IO DEFAULT OR CONVENIENCE

### 2.1 Compensation

- (a) If Project Co terminates the Project Agreement pursuant to Section 44 of the Project Agreement or IO terminates the Project Agreement pursuant to Section 45.3 of the Project Agreement, IO shall pay to Project Co the IO Default Termination Sum.
- (b) The **"IO Default Termination Sum"** shall be an amount equal to the aggregate of:
- (i) the Senior Debt Amount and the Senior Debt Makewhole;
  - (ii) the Junior Debt Amount and the Junior Debt Makewhole;
  - (iii) any amount payable by IO to Project Co in accordance with Sections 41.2(b) and 42.2(b) of the Project Agreement;
  - (iv) the Employee Termination Payments and Subcontractor Losses;
  - (v) any reasonable costs properly incurred by Project Co to wind up its operations; and
  - (vi) an amount which, if paid on the Termination Date and taken together with all dividends and other Distributions paid on or made in respect of the Equity Capital on or before the Termination Date and taking account of the actual timing of all such payments, but, in any event, excluding all amounts (whether for costs, overhead, profit or otherwise) after the Termination Date, gives a nominal internal rate of return to the Termination Date equal to the Equity IRR on the amount paid for the Equity Capital (to the extent that such Equity Capital has been applied by Project Co for the purposes of the Project);

LESS, the aggregate (without double counting) of the following, to the extent it is a positive amount:

- (vii) all credit balances on any bank accounts held by or on behalf of Project Co on the Termination Date and the value of any insurance proceeds due to Project Co or to which Project Co would have been entitled had insurance been maintained in accordance with the requirements of the Project Agreement (save where such

insurance proceeds are to be applied in reinstatement, restoration or replacement, or, in the case of third party legal liability, in satisfaction of the claim, demand, proceeding or liability or where IO is required to procure insurances and to make proceeds available to Project Co under the Project Agreement and it has failed to do so) or sums due and payable from third parties other than sums wholly unrelated to the Project Operations, the Project and the Project Agreement (but only when received from third parties) but excluding any claims under any Subcontracts or claims against other third parties which have not been determined or have been determined but not yet paid, provided that, in such case, Project Co shall assign any such rights and claims under the Subcontracts or claims against other third parties (other than claims against other third parties wholly unrelated to the Project Operations, the Project and the Project Agreement) to IO and, at no additional cost to Project Co, give IO reasonable assistance in prosecuting such claims;

- (viii) to the extent realized before the Invoice Date, the market value of any other assets and rights of Project Co (other than those transferred to IO pursuant to the Project Agreement) less liabilities of Project Co properly incurred in carrying out its obligations under the Project Agreement as at the Termination Date, provided that no account should be taken of any liabilities and obligations of Project Co arising out of:
  - (A) agreements or arrangements entered into by Project Co to the extent that such agreements or arrangements were not entered into in connection with Project Co's obligations in relation to the Project; or
  - (B) agreements or arrangements entered into by Project Co other than in the ordinary course of business and on commercial arm's length terms, save to the extent that liabilities and obligations would have arisen if such agreements or arrangements had been entered into in the ordinary course of business and on commercial arm's length terms; and
- (ix) amounts which IO is entitled to set off pursuant to Section 32.13(a)(i) of the Project Agreement,

provided that the IO Default Termination Sum shall never be less than the aggregate of the Senior Debt Amount, the Senior Debt Makewhole, the Junior Debt Amount and the Junior Debt Makewhole.

- (c) To the extent that such assets and rights referred to in Section 2.1(b)(viii) of this Schedule 20 are not realized and applied pursuant thereto, Project Co shall, on payment of the IO Default Termination Sum, assign such assets and rights to IO.
- (d) IO shall pay the IO Default Termination Sum in accordance with Section 8 of this Schedule 20.

**3. COMPENSATION FOR PROJECT CO DEFAULT**

**3.1 Compensation**

- (a) Save and except where Sections 5 or 6 of this Schedule 20 apply, if IO terminates the Project Agreement pursuant to Section 43 of the Project Agreement, IO shall pay to Project Co either the Adjusted Highest Qualifying Tender Price according to the retendering procedure set out in Section 3.3 of this Schedule 20 or the Adjusted Estimated Fair Value according to the no retendering procedure set out in Section 3.4 of this Schedule 20, as applicable.

**3.2 Retendering Election**

- (a) IO shall be entitled to retender the provision of the Project Operations in accordance with Section 3.3 of this Schedule 20 and the provisions thereof shall apply if:
- (i) IO notifies Project Co on or before the date falling 30 days after the Termination Date; and
  - (ii) there is a Liquid Market,

but, otherwise, IO shall require a determination in accordance with the no retendering procedure set out in Section 3.4 of this Schedule 20 and the provisions thereof shall apply.

- (b) Until it is determined that the basis for determining the compensation to Project Co will be the no retendering procedure set out in Section 3.4 of this Schedule 20, Project Co shall continue to provide the Project Co Services and IO shall pay Project Co in accordance with Section 3.3(e) of this Schedule 20.

**3.3 Retendering Procedure**

- (a) The objective of the Tender Process shall be to enter into a New Agreement with a Qualifying Tenderer.
- (b) IO shall commence the Tender Process promptly after delivering the notice pursuant to Section 3.2(a) of this Schedule 20 and use commercially reasonable efforts to complete the Tender Process as soon as practicable.
- (c) IO shall, as soon as reasonably practicable, notify Project Co of the Qualification Criteria and the other requirements and terms of the Tender Process, including the timing of the Tender Process and shall act reasonably in setting such requirements and terms.
- (d) Project Co authorizes the release of any information by IO under the Tender Process which would otherwise be prevented under Section 50 of the Project Agreement that is reasonably required as part of the Tender Process.

- (e) Project Co shall continue to provide the Project Co Services, and, for all or any part of a Payment Period falling within the period from the Termination Date to the Compensation Date, IO shall pay to Project Co:
  - (i) the Post Termination Service Amount for each completed Payment Period, on or before the date falling 20 Business Days after the end of that Payment Period; and
  - (ii) the Post Termination Service Amount for the period from the end of the last completed Payment Period until the Compensation Date, on or before the date falling 30 days after the Compensation Date.
- (f) If any Post Termination Service Amount is negative, then the amount by which the Post Termination Service Amount is negative shall be carried forward and may be set off against any future positive Post Termination Service Amounts.
- (g) Project Co may, at its own cost, appoint a person (the "**Tender Process Monitor**") to monitor the Tender Process for the purpose of monitoring and reporting to Project Co and the Lenders on IO's compliance with the Tender Process. The Tender Process Monitor shall enter into a confidentiality agreement with IO in a form acceptable to IO and shall be entitled to attend all meetings relating to the Tender Process, inspect copies of all the tender documentation and bids and make representations to IO as to compliance with the Tender Process. IO shall not be bound to consider or act upon such representations. The Tender Process Monitor will not disclose confidential information to Project Co or the Lenders but shall be entitled to advise Project Co and the Lenders on whether it considers that IO has acted in accordance with the Tender Process and correctly determined the Adjusted Highest Qualifying Tender Price.
- (h) As soon as practicable after tenders have been received, IO shall, acting reasonably, review and assess the Qualifying Tenders and shall notify Project Co of the Adjusted Highest Qualifying Tender Price.
- (i) If Project Co refers a Dispute relating to the Adjusted Highest Qualifying Tender Price to dispute resolution in accordance with Schedule 24 - Dispute Resolution Procedure, IO shall, irrespective of such Dispute, be entitled to enter into a New Agreement.
- (j) IO shall pay the Adjusted Highest Qualifying Tender Price in accordance with Section 8 of this Schedule 20.
- (k) IO may elect, by notice to Project Co at any time prior to IO ascertaining the Adjusted Highest Qualifying Tender Price, to follow the no retendering procedure set out in Section 3.4 of this Schedule 20. In addition, IO shall follow such no retendering procedure if:
  - (i) only one Qualifying Tender is received; or

- (ii) a New Agreement has not been entered into and compensation paid under Section 8.2 of this Schedule 20 on or before the date falling 18 months after the Termination Date.
- (l) Project Co may give written notice to IO at any time after the Termination Date and prior to the date for receipt of Qualifying Tenders that a Liquid Market does not exist (or shall not exist on the date for receipt of Qualifying Tenders). If IO is in agreement with such notice, the provisions of Section 3.4 of this Schedule 20 shall apply. If IO provides a written response within 10 Business Days of receipt of such notice stating that it is in disagreement with that notice or if no written response is provided by IO within such 10 Business Day period, the matter shall be referred for determination in accordance with Schedule 24 - Dispute Resolution Procedure.

**3.4 No Retendering Procedure**

- (a) Subject to Section 3.4(b) of this Schedule 20, if the provisions of this Section 3.4 apply, Project Co shall not be entitled to receive any Post Termination Service Amount.
- (b) If IO elects to require a determination in accordance with this Section 3.4 after it has elected to follow the procedure set out in Section 3.3 of this Schedule 20, then IO shall continue to pay to Project Co each Post Termination Service Amount until the Compensation Date in accordance with Section 3.3 of this Schedule 20.
- (c) In determining the Estimated Fair Value, the Parties shall be obliged to follow the principles set out below:
  - (i) All forecast amounts should be calculated in nominal terms as at the Termination Date. Where relevant, adjustments for forecast inflation between the date of calculation and the forecast payment date(s), as set out in the Project Agreement, will be made and, if made, will use an assumed inflation rate of 2% per annum.
  - (ii) The Estimated Fair Value shall be calculated using the following formula (without double counting):

$$(A - B - C) - D$$

Where:

A = the present value of the following payments to the extent that, as at the Termination Date, such payments have not yet been paid and are forecast to be made from the Termination Date to the Expiry Date, assuming that no Deductions will be made over that period, discounted at the Discount Rate: the Monthly Service Payments, the TIC Completion Payment and the Substantial Completion Payment.

B = a contingency amount based on a reasonable risk assessment of any cost overruns that may reasonably arise (including in respect of any matter referred to

in this Section 3.4(c)(ii) of this Schedule 20 whether or not forecast in the relevant base case and represented in the Financial Model as of the date of Financial Close, discounted at the Discount Rate

C = the present value of the costs of obtaining or providing the Project Co Services reasonably forecast to be incurred by IO from the Termination Date to the Expiry Date to the standard required, discounted at the Discount Rate

D = any rectification costs (including Rectification Costs) reasonably required to deliver the Project Operations to the standard required, including, if applicable, to complete the Works, any costs reasonably forecast to be incurred by IO for up-front finance fees and related costs (excluding principal and interest payments) that would not arise at the time or in the future had the termination not occurred, and any other additional operating costs required to restore operating services standards less (to the extent that such sums are included in any calculation of rectification costs (including Rectification Costs) for the purposes of this item D), the aggregate of:

- (A) any insurance proceeds received or which will be received pursuant to policies maintained in accordance with Schedule 22 - Insurance and Performance Security Requirements; and
- (B) amounts payable by IO in respect of Capital Expenditures under the Project Agreement which have not been paid,

discounted at the Discount Rate.

- (iii) The amount of  $(A - B - C)$  as defined in Section 3.4(c)(ii) of this Schedule 20 shall be no greater than the Non-Default Termination Sum.
  - (iv) All costs referred to in Section 3.4(c)(ii) of this Schedule 20 are to be forecast at a level that will deliver the Project Co Services and other Project Operations to the standards required by the Project Agreement and to achieve the full Monthly Service Payments (without Deductions).
  - (v) The calculation will take into consideration the obligations of the Parties with respect to allowances and payments under the Project Agreement.
- (d) If the Parties cannot agree on the Estimated Fair Value, then the Estimated Fair Value shall be determined in accordance with Schedule 24 - Dispute Resolution Procedure.
  - (e) IO shall pay the Adjusted Estimated Fair Value in accordance with Section 8 of this Schedule 20.

**4. CONSEQUENCES OF NON-DEFAULT TERMINATION AND TERMINATION BY IO FOR RELIEF EVENT****4.1 Consequences**

- (a) If IO terminates the Project Agreement pursuant to Section 45.1 of the Project Agreement or if either Party terminates the Project Agreement pursuant to Section 45.2 of the Project Agreement, IO shall pay to Project Co the Non-Default Termination Sum.
- (b) The "**Non-Default Termination Sum**" shall be an amount equal to the aggregate of:
- (i) the Senior Debt Amount and the Senior Debt Makewhole;
  - (ii) the Junior Debt Amount;
  - (iii) any amount payable by IO to Project Co in accordance with Sections 41.2(b) and 42.2(b) of the Project Agreement;
  - (iv) the Employee Termination Payments and Subcontractor Losses (but excluding therefrom any claims for loss of profit); and
  - (v) an amount equal to the Equity Capital as at Financial Close, less all dividends and other Distributions paid on or made in respect of the Equity Capital on or before the Termination Date, provided that where such amount is negative, it shall be deemed instead to be zero;

LESS, the aggregate (without double counting) of the following, to the extent it is a positive amount:

- (vi) all credit balances on any bank accounts held by or on behalf of Project Co on the Termination Date and the value of any insurance proceeds due to Project Co or to which Project Co would have been entitled had insurance been maintained in accordance with the requirements of the Project Agreement (save where such insurance proceeds are to be applied in reinstatement, restoration or replacement, or, in the case of third party legal liability, in satisfaction of the claim, demand, proceeding or liability or where IO is required to procure insurances and to make proceeds available to Project Co under the Project Agreement and it has failed to do so) or sums due and payable from third parties other than sums wholly unrelated to the Project Operations, the Project and the Project Agreement (but only when received from third parties) but excluding any claims under any Subcontracts or claims against other third parties which have not been determined or have been determined but not yet paid, provided that, in such case, Project Co shall assign any such rights and claims under the Subcontracts or claims against other third parties (other than claims against other third parties wholly unrelated to the Project Operations, the Project and the Project Agreement) to IO and, at no additional cost to Project Co, give IO reasonable assistance in prosecuting such claims; and



- (vii) to the extent realized before the Invoice Date, the market value of any other assets and rights of Project Co (other than those transferred to IO pursuant to the Project Agreement) less liabilities of Project Co properly incurred in carrying out its obligations under the Project Agreement as at the Termination Date, provided that no account should be taken of any liabilities and obligations of Project Co arising out of:
  - (A) agreements or arrangements entered into by Project Co to the extent that such agreements or arrangements were not entered into in connection with Project Co's obligations in relation to the Project; or
  - (B) agreements or arrangements entered into by Project Co other than in the ordinary course of business and on commercial arm's length terms, save to the extent that liabilities and obligations would have arisen if such agreements or arrangements had been entered into in the ordinary course of business and on commercial arm's length terms; and
- (viii) amounts which IO is entitled to set off pursuant to Section 32.13(a)(i) of the Project Agreement,

provided that the Non-Default Termination Sum shall never be less than the aggregate of the Senior Debt Amount, the Senior Debt Makewhole and the Junior Debt Amount.

- (c) To the extent that such assets and rights referred to in Section 4.1(b)(vii) of this Schedule 20 are not realized and applied pursuant thereto, Project Co shall, on payment of the Non-Default Termination Sum, assign such assets and rights to IO.
- (d) IO shall pay the Non-Default Termination Sum in accordance with Section 8 of this Schedule 20.

## 5. CONSEQUENCES OF TERMINATION FOR PROHIBITED ACTS

### 5.1 Consequences

- (a) If IO terminates the Project Agreement as a result of a Project Co Event of Default for failing to comply with Section 58 of the Project Agreement, IO shall pay to Project Co the Prohibited Acts Termination Sum.
- (b) The "**Prohibited Acts Termination Sum**" shall be an amount equal to the aggregate of:
  - (i) the Senior Debt Amount and the Senior Debt Makewhole;
  - (ii) any amount payable by IO to Project Co in accordance with Sections 41.2(b) and 42.2(b) of the Project Agreement; and
  - (iii) the following amounts calculated in respect of the Construction Contractor, if the Construction Contractor is not responsible for a Prohibited Act, and the Service

Provider, if the Service Provider is not responsible for a Prohibited Act, and which Project Co can demonstrate will be paid directly to such persons:

- (A) the Employee Termination Payments; and
- (B) as applicable, the Construction Contractor's and Service Provider's out-of-pocket costs incurred as a direct result of termination of the Project Agreement (excluding any breakage fees and overhead and profit of the Construction Contractor and Service Provider, as applicable);

LESS, the aggregate (without double counting) of the following, to the extent it is a positive amount:

- (iv) all credit balances on any bank accounts held by or on behalf of Project Co on the Termination Date and the value of any insurance proceeds due to Project Co or to which Project Co would have been entitled had insurance been maintained in accordance with the requirements of the Project Agreement (save where such insurance proceeds are to be applied in reinstatement, restoration or replacement, or, in the case of third party legal liability, in satisfaction of the claim, demand, proceeding or liability or where IO is required to procure insurances and to make proceeds available to Project Co under the Project Agreement and it has failed to do so) or sums due and payable from third parties other than sums wholly unrelated to the Project Operations, the Project and the Project Agreement (but only when received from third parties) but excluding any claims under any Subcontracts or claims against other third parties which have not been determined or have been determined but not yet paid, provided that, in such case, Project Co shall assign any such rights and claims under the Subcontracts or claims against other third parties (other than claims against other third parties wholly unrelated to the Project Operations, the Project and the Project Agreement) to IO and, at no additional cost to Project Co, give IO reasonable assistance in prosecuting such claims;
- (v) to the extent realized before the Invoice Date, the market value of any other assets and rights of Project Co (other than those transferred to IO pursuant to the Project Agreement) less liabilities of Project Co properly incurred in carrying out its obligations under the Project Agreement as at the Termination Date, provided that no account should be taken of any liabilities and obligations of Project Co arising out of:
  - (A) agreements or arrangements entered into by Project Co to the extent that such agreements or arrangements were not entered into in connection with Project Co's obligations in relation to the Project; or
  - (B) agreements or arrangements entered into by Project Co other than in the ordinary course of business and on commercial arm's length terms, save to the extent that liabilities and obligations would have arisen if such

agreements or arrangements had been entered into in the ordinary course of business and on commercial arm's length terms; and

- (vi) amounts which IO is entitled to set off pursuant to Section 32.13(a)(i) of the Project Agreement, provided that IO shall only set off amounts which are due to IO by Project Co pursuant to the terms of the Project Agreement if and to the extent the Prohibited Acts Termination Sum exceeds the Senior Debt Amount.
- (c) To the extent that such assets and rights referred to in Section 5.1(b)(v) of this Schedule 20 are not realized and applied pursuant thereto, Project Co shall, on payment of the Prohibited Acts Termination Sum, assign such assets and rights to IO.
- (d) IO shall pay the Prohibited Acts Termination Sum in accordance with Section 8 of this Schedule 20.

## **6. CONSEQUENCES OF TERMINATION FOR BREACH OF REFINANCING**

### **6.1 Consequences**

- (a) If IO terminates the Project Agreement as a result of a Project Co Event of Default for failing to comply with Section 7.3 of the Project Agreement or Schedule 25 - Refinancing or the Lender assigns, transfers or otherwise disposes of any right, title or interest it may have in, or obligations it may have pursuant to, the Security Documents in breach of the Lenders' Direct Agreement, IO shall pay to Project Co a termination sum equivalent to, and calculated in accordance with, Sections 5.1(b)(i), (ii), (iii), (iv) and (v) of this Schedule 20 less amounts which IO is entitled to set off pursuant to Section 32.13(a)(i) of the Project Agreement.
- (b) IO shall pay such termination sum in accordance with Section 8 of this Schedule 20.

## **7. CONSEQUENCES OF TERMINATION BY PROJECT CO FOR RELIEF EVENT**

### **7.1 Consequences**

- (a) If Project Co terminates the Project Agreement pursuant to Section 45.1 of the Project Agreement, IO shall pay to Project Co a termination sum equivalent to, the greater of (i) an amount, calculated and payable in accordance with the Prohibited Acts Termination Sum; and (ii) the Adjusted Estimated Fair Value calculated in accordance with this Schedule 20.
- (b) IO shall pay such termination sum in accordance with Section 8.1 or 8.3 of this Schedule 20, as applicable.

**8. GENERAL****8.1 Payment and Interest Following Non-Project Co Default Termination**

- (a) In respect of the termination payments to be made pursuant to any of Sections 2, 4, 5, 6 or 7 of this Schedule 20, as soon as practicable after, and, in any event, within 30 days after, the Termination Date, Project Co shall give to IO an invoice for the relevant termination sum and sufficient supporting evidence, reasonably satisfactory to IO, justifying the amount of the relevant termination sum including a detailed breakdown of each of the individual items comprising such sum.
- (b) IO shall pay to Project Co:
- (i) the relevant termination sum within 60 days after the Invoice Date; and
  - (ii) interest on the relevant termination sum (or any part of such sum that remains outstanding) from the Termination Date until the date of payment:
    - (A) at the No Default Interest Rate for the period from (but excluding) the Termination Date to (and including) the date which is 60 days after the Invoice Date; and
    - (B) thereafter, at the Default Interest Rate.
- (c) In respect of the termination payments to be made pursuant to any of Sections 4, 5, 6 or 7 of this Schedule 20, if the applicable termination sum is negative, IO shall have no obligation to make any payment to Project Co and Project Co shall, within 60 days after the Invoice Date, pay to IO the amount by which such termination sum is negative, failing which Project Co shall also thereafter pay interest thereon until the date of payment at the Default Interest Rate.

**8.2 Payment and Interest Following Project Co Default - Retendering Procedure**

- (a) Following the retendering procedure set out in Section 3.3 of this Schedule 20, IO shall pay to Project Co the Adjusted Highest Qualifying Tender Price no later than the date falling 30 days after the later of:
- (i) the date on which IO enters into the New Agreement with the New Project Co; and
  - (ii) if Project Co has, pursuant to Section 3.3(i) of this Schedule 20, referred a Dispute relating to the Adjusted Highest Qualifying Tender Price to be resolved in accordance with Schedule 24 - Dispute Resolution Procedure, the date on which the Dispute is finally determined, provided that IO shall pay the undisputed amount on the date referred to in Section 8.2(a)(i) of this Schedule 20,

together with interest thereon at the No Default Interest Rate from the date on which IO entered into the New Agreement until the date that such payment is due and payable, and thereafter with interest at the Default Interest Rate.

- (b) If the Adjusted Highest Qualifying Tender Price is negative, IO shall have no obligation to make any payment to Project Co and Project Co shall, on the date of the New Agreement, pay IO the amount by which such termination sum is negative, failing which Project Co shall also thereafter pay interest thereon until the date of payment at the Default Interest Rate.

### **8.3 Payment and Interest Following Project Co Default - No Retendering Procedure**

- (a) If IO follows the no retendering procedure set out in Section 3.4 of this Schedule 20, IO shall pay to Project Co the Adjusted Estimated Fair Value no later than the date falling 60 days after the date on which the Adjusted Estimated Fair Value has been agreed or determined in accordance with Section 3.4 of this Schedule 20, together with interest on such amount calculated in accordance with Section 8.1(b)(ii) of this Schedule 20.
- (b) If the Adjusted Estimated Fair Value is negative, IO shall have no obligation to make any payment to Project Co and Project Co shall, on the Compensation Date, pay IO the amount by which the Adjusted Estimated Fair Value is negative, failing which Project Co shall also thereafter pay interest thereon until the date of payment at the Default Interest Rate.

### **8.4 Costs**

- (a) The costs and expenses to be taken into account in the calculation of all termination sums due pursuant to this Schedule 20 shall only be such costs and expenses to the extent that they are reasonable and proper in quantum and shall have been or will be reasonably and properly incurred.

### **8.5 Undisputed Amounts**

- (a) If the calculation of any termination amount is disputed then any undisputed amount shall be paid in accordance with this Section 8 of this Schedule 20 and the disputed amount shall be dealt with in accordance with Schedule 24 - Dispute Resolution Procedure.

### **8.6 Outstanding Debt Amounts**

- (a) IO shall be entitled to rely on a certificate of the Lenders' Agent as conclusive as to the Senior Debt Amount, the Senior Debt Makewhole, the Junior Debt Amount and the Junior Debt Makewhole, as applicable, outstanding or payable at any relevant time.
- (b) If a receipt or other acknowledgement is given by the Lenders' Agent acknowledging or otherwise confirming receipt of payment or payments in respect of the Senior Debt Amount, the Senior Debt Makewhole, the Junior Debt Amount and the Junior Debt Makewhole, as applicable, such receipt or other acknowledgement shall discharge IO's

obligation to pay such portion of compensation due to Project Co that is equal to the amount acknowledged or confirmed.

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## SCHEDULE 21

### EXPIRY TRANSITION PROCEDURE

#### 1. Independent Inspector

- 1.1 Not less than 90 months prior to the Expiry Date, the Parties shall agree upon and, in accordance with IO procurement policies, engage an independent and suitably qualified and experienced person (the "**Independent Inspector**") to carry out inspections of the Facility pursuant to this Schedule 21.
- 1.2 Project Co and IO shall share equally the responsibility for the payment of all fees and costs of the Independent Inspector.
- 1.3 In the event of the Independent Inspector's engagement being terminated otherwise than for full performance, the Parties shall liaise and cooperate with each other in order to appoint a replacement as soon as reasonably practicable, and in any event within 10 Business Days of the termination of the last Independent Inspector's engagement.
- 1.4 In the event the Parties fail to agree upon the identity of the Independent Inspector either pursuant to Section 1.1 or Section 1.3 of this Schedule 21 by the specified deadline, then the Independent Inspector shall be selected as follows:
  - (a) each Party shall within 10 Business Days thereafter select three independent and suitably qualified and experienced persons that would be acceptable to that Party as the Independent Inspector, and shall provide notice thereof to the other Party; and
  - (b) if the Parties have both selected a common person, then such common person shall be the Independent Inspector; or
  - (c) if the Parties have not selected a common person, then the Independent Inspector shall be selected in accordance with Schedule 24 - Dispute Resolution Procedure.

#### 2. Condition of Facilities on Expiry

- 2.1 Subject to the exceptions specified in Section 2.2 of this Schedule 21, on the Expiry Date:
  - (a) each element of the Facility and the Site (including the ground soil located on the Site) shall be in a condition which is consistent with due performance by Project Co of its obligations under the Project Agreement and, in particular, is consistent with the Facility having been maintained in accordance with the Scheduled Maintenance Plan and the Lifecycle Replacement Plan, and, with respect to the Site and the ground soil located on the Site, does not deviate from the Pre-Existing Environmental Site Conditions by reason of any Contamination for which Project Co is responsible pursuant to the Project Agreement;

- (b) each element of the Facility shall be in good operating order (Normal Wear and Tear excepted) and capable of performing in accordance with the performance specifications and standards set out in Schedule 12 - Output Specifications; and
- (c) each element of the Facility shall be in a condition which ensures that such element of the Facility will have a reasonable likelihood of completing its Replacement Lifecycle and/or remaining lifecycle in good condition and operating order (Normal Wear and Tear excepted), and, if applicable, shall not have any structural faults, deterioration and/or defect,

(collectively, the "**Expiry Transition Requirements**").

- 2.2 For greater certainty, this Schedule 21 shall not apply to any Equipment to be maintained by IO in accordance with the Project Agreement.

### **3. Facility Inspections**

- 3.1 The Parties shall cause the Independent Inspector to perform an inspection of the Facility and to produce and deliver to each of the Parties a written report (a "**Facility Condition Report**") not less than 7 years prior to the Expiry Date that:

- (a) identifies the condition of the Facility and each element of the Facility (subject to the exceptions specified in Section 2.2 of this Schedule 21) in relation to the Expiry Transition Requirements;
- (b) assesses Project Co's business case related to capital replacement (which, for greater certainty, will include consideration of energy consumption), and provides the Independent Inspector's opinion on both the adequacy of Project Co's proposed strategy and the consistency of Project Co's proposed strategy with the business case methodology and lifecycle strategy set out in Appendix A hereto;
- (c) identifies any works required to ensure the Facility and each element of the Facility (subject to the exceptions specified in Section 2.2 of this Schedule 21) will meet the Expiry Transition Requirements on the Expiry Date (the "**Expiry Transition Works**"), and specifying the Contract Year in which each of those Expiry Transition Works would be required;
- (d) specifies the Independent Inspector's estimate of the costs that would be required to perform the Expiry Transition Works (the "**Expiry Transition Works Costs**"); and
- (e) details how the Expiry Transition Works Costs were calculated.

- 3.2 The Parties shall cause the Independent Inspector to perform another inspection of the Facility and produce and deliver to each of the Parties an updated Facility Condition Report (each a "**Revised Facility Condition Report**") on each anniversary of the date of the original Facility Condition Report.



**Toronto South Detention Centre Project**

- 3.3 The Scheduled Maintenance Plan, the Five Year Maintenance Plan and the Lifecycle Replacement Plan shall be amended and updated, as applicable, to include all Expiry Transition Works identified in either the Facility Condition Report or any Revised Facility Condition Report not already included in the then current Scheduled Maintenance Plan, Five Year Maintenance Plan or Lifecycle Replacement Plan.
- 3.4 Project Co shall carry out the Expiry Transition Works at its own cost notwithstanding that the actual cost of the Expiry Transition Works may be higher than the Expiry Transition Works Costs.
- 3.5 Either Party may dispute the Facility Condition Report or any Revised Facility Condition Report, including the Expiry Transition Works and the Expiry Transition Works Costs, in accordance with Schedule 24 - Dispute Resolution Procedure. In the event that a final determination in accordance with Schedule 24 - Dispute Resolution Procedure specifies Expiry Transition Works or Expiry Transition Works Costs which are different than those set out in either the Facility Condition Report or any Revised Facility Condition Report, then either the Facility Condition Report or any Revised Facility Condition Report, as the case may be, shall be deemed to be amended accordingly, and the Scheduled Maintenance Plan, Five Year Maintenance Plan and Lifecycle Replacement Plan, as amended pursuant to Section 3.3 of this Schedule 21, and all deductions and payments permitted or required by Section 4 of this Schedule 21, shall be adjusted accordingly.

**4. Payments To and From Escrow Account**

- 4.1 Following the date for delivery of the Facility Condition Report, for the purposes of Section 4.2 of this Schedule 21, the Parties shall review the amount of the Expiry Transition Works Costs and the level of capital expenditure Project Co has allocated to spend in the same period pursuant to the Financial Model (the "**Expiry Lifecycle Costs**"). Where the Expiry Transition Works Costs are greater than the Expiry Lifecycle Costs, the difference between the Expiry Transition Works Costs and the Expiry Lifecycle Costs shall be apportioned equally over the Payment Periods from the date the Facility Condition Report is to be delivered hereunder to the Expiry Date (each installment being the "**Expiry Transition Amount**"). If the Facility Condition Report is delivered after the date for delivery hereunder, then the first installment to be paid shall also include the amounts to be paid under the installments that would have been payable prior to the date the Facility Condition Report is delivered. Where the Expiry Transition Works Costs are amended pursuant to Section 3.3 or 3.5 of this Schedule 21, the Parties agree that the Expiry Transition Amount shall be adjusted accordingly.
- 4.2 Subject to Sections 4.3 and 4.5 of this Schedule 21, IO may deduct the Expiry Transition Amount from each Monthly Service Payment, and pay into a separate interest bearing bank account, upon escrow terms acceptable to the Parties or in trust (the "**Escrow Account**"), the Expiry Transition Amount. If in any Payment Period, the Expiry Transition Amount is greater than the relevant Monthly Service Payment, IO may deduct the difference between the Expiry Transition Amount and the Monthly Service Payment from the next Monthly Service Payment or from such other Payment Period as otherwise agreed between the Parties.

**Toronto South Detention Centre Project**

- 4.3 IO shall not deduct any amount from a Monthly Service Payment as contemplated in Section 4.2 of this Schedule 21 if, at such time, the funds in the Escrow Account exceed the value (based on the Expiry Transition Works Costs) of all or any part of the Expiry Transition Works (as amended) yet to be performed.
- 4.4 Project Co may from time to time, but not more often than once in any month, make written request for release of funds from the Escrow Account. IO shall consider such request within 10 Business Days and if the funds in the Escrow Account exceed the value (based on the Expiry Transition Works Costs) of all or any part of the Expiry Transition Works (as amended) yet to be performed, then IO shall pay the excess to Project Co from the Escrow Account within 10 Business Days thereafter, together with any interest that has accrued on such amount. Project Co shall include with its request all information reasonably required by IO to evaluate such request.
- 4.5 Following the date of any Revised Facility Condition Report, if the amount in the Escrow Account (being the deductions of the Expiry Transition Amount made since the Facility Condition Report) together with the deductions to be made from the remaining Monthly Service Payments is less than the value (based on the Expiry Transition Works Costs) of the remaining Expiry Transition Works (as amended) yet to be performed, then IO may deduct such shortfall, in equal installments, from each remaining Monthly Service Payment until the Expiry Date, and pay each installment into the Escrow Account and Section 4.4 of this Schedule 21 shall continue to apply until the Expiry Date.
- 4.6 As an alternative to the deductions permitted by Sections 4.2 and 4.5 of this Schedule 21 or the retention of any amount in the Escrow Account pursuant to the foregoing provisions of this Section 4 of this Schedule 21, Project Co may (and if, at any time, the amounts which IO is permitted to deduct pursuant to Sections 4.2 and 4.5 of this Schedule 21 is greater than the remaining Monthly Service Payments, Project Co shall), within 5 Business Days of a written request from IO, provide a bond or letter of credit (the "**Expiry Transition Security**") in favour of IO in an amount equal to the amounts which IO is permitted to deduct pursuant to Sections 4.2 and 4.5 of this Schedule 21, in a form and from a surety or bank, as applicable, acceptable to IO.

**5. Project Co Not Relieved of Obligations**

- 5.1 Notwithstanding:
- (a) any agreement of IO to any Expiry Transition Works, Expiry Transition Works Costs or Expiry Transition Security;
  - (b) any participation of IO in any inspection under this Schedule 21; and
  - (c) the complete or partial carrying out of the Expiry Transition Works,

Project Co shall not be relieved or absolved from any obligation to conduct any other inspection or to perform any other works to the extent otherwise required by the Project Agreement, including without limitation the Output Specifications.

**6. Final Facility Condition Report**

- 6.1 The Parties shall cause the Independent Inspector to perform an inspection of the Facility and to produce and deliver to each of the Parties a Facility Condition Report within 30 Business Days after the Expiry Date (the "**Final Facility Condition Report**") that documents whether the Facility met the Expiry Transition Requirements on the Expiry Date, as well as identifying any Expiry Transition Works and Expiry Transition Works Costs.
- 6.2 If the Final Facility Condition Report identifies any Expiry Transition Works, IO may withdraw from the Escrow Account or call upon the Expiry Transition Security an amount equivalent to such Expiry Transition Works Costs, and IO shall pay any remaining funds in the Escrow Account (including any interest accrued) to Project Co and return any remaining Expiry Transition Security to Project Co.
- 6.3 Provided that the funds in the Escrow Account and/or the Expiry Transition Security is adequate to meet Project Co's obligations in respect of the Expiry Transition Works identified in the Final Facility Condition Report, following any withdrawal from the Escrow Account or call upon the Expiry Transition Security in accordance with Section 6.2 of this Schedule 21, Project Co shall have no further liability with respect to such Expiry Transition Works.
- 6.4 If no Expiry Transition Works are identified in the Final Facility Condition Report, IO shall, within 20 Business Days of receipt by IO of the Final Facility Condition Report, pay the funds in the Escrow Account (including any interest accrued) to Project Co and return the Expiry Transition Security to Project Co, unless IO disputes the Final Facility Condition Report, in which case the Escrow Account and Expiry Transition Security shall be dealt with as determined in accordance with Schedule 24 - Dispute Resolution Procedure.

**APPENDIX A**

**LIFECYCLE REPLACEMENT PLAN**

**[REDACTED]**

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**SCHEDULE 22**

**INSURANCE AND PERFORMANCE SECURITY REQUIREMENTS**

**ARTICLE 1**

**WORKS PHASE INSURANCE COVERAGE**

- 1.1 Subject to Section 8 of this Schedule 22, from and after execution of this Project Agreement and until the Substantial Completion Date, or the TIC Completion Date with respect to the TIC, and completion of the Remaining Works, Project Co shall, at its own expense, obtain and maintain, or cause to be obtained and maintained, exclusively through the Infrastructure Ontario Construction Insurance Program (IOCIP) the following insurances as further described in Appendix A to this Schedule 22:
- (a) “All Risks” Course of Construction Property, including Boiler and Machinery;
  - (b) “Wrap-Up” Commercial General Liability and Non-Owned Automobile Liability;
  - (c) Project Specific Professional Liability; and
  - (d) Project Specific Pollution Liability (combined Contractors’ Pollution Liability and Pollution Legal Liability).
- 1.2 Subject to Section 8 of this Schedule 22, from and after execution of this Project Agreement and until the Substantial Completion Date, or the TIC Completion Date with respect to the TIC, and completion of the Remaining Works, Project Co shall, at its own expense, obtain and maintain, or cause to be obtained and maintained, the following insurances as further described in Appendix A to this Schedule 22;
- (a) Automobile Liability;
  - (b) Commercial General Liability and Non-Owned Automobile Liability (to be maintained by the Construction Contractor and each of the Subcontractors involved in the Works) with respect to off-site operations and activities;
  - (c) Aircraft and Watercraft Liability;
  - (d) “All Risks” Marine Cargo;
  - (e) “All Risks” Contractors’ Equipment;
  - (f) Comprehensive Crime; and
  - (g) WSIB.

**ARTICLE 2  
SERVICES PHASE INSURANCE COVERAGE**

- 2.1 Subject to Section 8 of this Schedule 22, from and after the Substantial Completion Date, or the TIC Completion Date with respect to the TIC, and until the Expiry Date, Project Co shall, at its own expense, obtain and maintain, or cause to be obtained and maintained, the following insurances as further described in Appendix A to this Schedule 22:
- (a) “All Risks” Property;
  - (b) Boiler and Machinery;
  - (c) Commercial General Liability and Non-Owned Automobile Liability;
  - (d) Environmental Impairment (Pollution) Liability;
  - (e) Automobile Liability;
  - (f) Comprehensive Crime; and
  - (g) WSIB.

**ARTICLE 3  
NO LIMIT ON RECOVERY**

- 3.1 Notwithstanding any other provision of this Project Agreement, it is hereby agreed that the limits of liability specified in this Schedule 22 for insurance policies, whether such policies are required to be obtained by IO or by Project Co, shall in no way limit Project Co’s liability or obligations to IO or IO’s liability or obligations to Project Co, as applicable.

**ARTICLE 4  
ADDITIONAL COVER**

- 4.1 Without prejudice to the other provisions of this Schedule 22, IO and Project Co shall, at all relevant times and at their own expense, obtain and maintain those insurances which they are required to obtain and maintain by Applicable Law, or that they consider necessary.
- 4.2 IO reserves the right to require Project Co to purchase such additional insurance coverage as IO may reasonably require. IO also reserves the right to request such higher or lower limits of insurance or otherwise alter the types of coverage requirements, their minimum amounts and deductibles (taking into consideration such matters as the nature of the Project Co TIC Services, the Project Co Services and the Works, contract value, industry standards, and availability of insurance) as IO may reasonably require from time to time. Any additional costs of such additional and/or amended insurance shall be borne by IO and any cost savings resulting from the implementation of such additional and/or amended insurance shall be for the account of IO.

**ARTICLE 5  
RESPONSIBILITY FOR DEDUCTIBLES**

- 5.1 The Party responsible for the matter giving rise to a claim, to the extent responsible therefor, shall be responsible and liable for the payment of deductibles under any policy of insurance under which it is an insured party or under any policy of insurance Project Co is required to maintain under this Schedule 22. In the event that responsibility for the matter giving rise to the claim is indeterminable, the First Named Insured under the policy of insurance is responsible and liable for the payment of deductibles.

**ARTICLE 6  
COOPERATION WITH INSURER’S CONSULTANT**

- 6.1 If an insurer or an insurer’s appointed consultant, for underwriting purposes or as a term of an insurance policy, needs to review any part of the performance of this Project Agreement, then IO and Project Co shall, and shall require the IO Parties and the Project Co Parties, respectively, to:
- (a) cooperate with the insurer and its consultant, including providing them with such information and documentation as they may reasonably require; and
  - (b) allow the insurer and its consultant to attend meetings between Project Co and IO (or, as applicable, and if reasonably required by the insurer, between Project Co and those engaged by or through Project Co).

**ARTICLE 7  
BENCHMARKING OF INSURANCE COSTS**

- 7.1 For purposes of this Section 7, the following terms shall have the following meanings:
- (a) **“Actual Relevant Insurance Cost”** means the aggregate of (i) the annual insurance premiums reasonably incurred by Project Co to maintain the Relevant Insurance during the Insurance Review Period, but excluding Taxes and all broker's fees and commissions.
  - (b) **“Base Relevant Insurance Cost”** means [REDACTED] for the first Insurance Review Period and, thereafter, means the aggregate of the annual insurance premiums which were projected (as set out in the Financial Model) to be incurred by Project Co to maintain the Relevant Insurance during the Insurance Review Period, which amounts exclude Taxes and all broker’s fees and commissions.
  - (c) **“Insurance Cost Differential”** means an amount, based on the Joint Insurance Cost Report, equal to  $(ARIC - BRIC) \pm PIC$  where:
    - ARIC is the Actual Relevant Insurance Cost;
    - BRIC is the Base Relevant Insurance Cost; and
    - PIC is any Project Insurance Change.

For the purpose of determining the Insurance Cost Differential, in the event that there is a net increase in the ARIC relative to the BRIC, the Project Insurance Change shall have a negative value and, in the event that there is a net decrease in the ARIC relative to the BRIC, the Project Insurance Change shall have a positive value.

- (d) **“Insurance Review Date”** means each anniversary of the Relevant Insurance Inception Date, except where such date lies beyond the end of the Project Term, in which case the Insurance Review Date shall be the last renewal date of the Relevant Insurance prior to the Expiry Date.
- (e) **“Insurance Review Period”** means a one year period from the Relevant Insurance Inception Date and each subsequent one year period commencing on the first anniversary of the Relevant Insurance Inception Date, except where the end of such period lies beyond the end of the Project Term, in which case the Insurance Review Period shall be the period from the end of the penultimate Insurance Review Period to the last day of the Project Term.
- (f) **“Project Insurance Change”** means any net increase or net decrease in the Actual Relevant Insurance Cost relative to the Base Relevant Insurance Cost, arising from:
  - (i) other than in respect of claims or re-ratings arising out of acts or omissions of IO, a IO Party or a IO Service User, the claims history or re-rating of Project Co or any Project Co Party;
  - (ii) the effect of any change in deductible unless:
    - (1) such change is attributable to circumstances generally prevailing in the Ontario insurance market; and
    - (2) the deductible, further to such change, is either greater than or equal to the maximum deductibles set out in this Schedule 22; and
    - (3) in respect of the Relevant Insurance, such change is not attributable to claims made as the result of acts or omissions of Project Co or any Project Co Party; and
  - (iii) any other issue or factor other than circumstances generally prevailing in the Ontario insurance market.
- (g) **“Relevant Insurance”** means all policies of insurance to be obtained by Project Co in accordance with Section 2 of this Schedule 22.
- (h) **“Relevant Insurance Inception Date”** means the date on which the Relevant Insurance is first providing active insurance cover to Project Co and IO, respectively, being a date no earlier than the Substantial Completion Date.

7.2 No later than 60 days prior to each Insurance Review Date, Project Co's insurance broker shall, at Project Co's sole cost and expense, prepare a report on behalf of both Project Co and IO (the



“**Joint Insurance Cost Report**”), which contains the following information for the relevant Insurance Review Period:

- (a) a full breakdown of the Actual Relevant Insurance Cost;
- (b) a full breakdown of the Base Relevant Insurance Cost;
- (c) an assessment and quantification of each Project Insurance Change, together with the reasons therefor;
- (d) the opinion of Project Co's insurance broker as to the reasons why the Actual Relevant Insurance Cost has varied from the Base Relevant Insurance Cost, specifying the impact of each of the factors and quantifying the amount attributable to each factor;
- (e) the calculation of the Insurance Cost Differential; and
- (f) evidence satisfactory to IO, acting reasonably, of any changes to circumstances generally prevailing in the Ontario insurance market that are claimed to account for the Insurance Cost Differential.

7.3 The Annual Service Payment will be subject to an adjustment in the amount of the Insurance Cost Differential (the “**Insurance Adjustment**”) in accordance with Schedule 18 – Payment Mechanism.

## **ARTICLE 8 UNINSURABLE RISKS**

- 8.1 The term “**Uninsurable Risk**” means a risk, or any component of a risk, against which Project Co is required to insure pursuant to this Schedule 22 and for which, at any time after the date of this Project Agreement, either:
- (a) the insurance required pursuant to this Schedule 22 (including the terms and conditions specified for such insurance herein) is not available in relation to that risk from insurers licensed in the Province of Ontario; or
  - (b) the insurance premium payable or the terms and conditions for insuring that risk are such that the risk is not generally being insured against in the Canadian insurance market.

Project Co has the onus of demonstrating, to IO’s reasonable satisfaction, that the foregoing definition applies to a particular risk.

- 8.2 Project Co shall notify IO as soon as possible and, in any event, within 15 Business Days of becoming aware of same, that a risk, or any component of a risk, has become an Uninsurable Risk, and shall provide IO with all relevant details in relation to such risk, including a copy of the relevant insurance policy.
- 8.3 Project Co and IO shall, as soon as possible following the provision of the notice referred to in Section 8.2 of this Schedule 22, meet to discuss, in good faith, the appropriate means by which

the Uninsurable Risk should be managed and, if Project Co and IO are able to agree to alternative arrangements, the Uninsurable Risk shall be managed in accordance with such alternative arrangements.

8.4 In the event that Project Co and IO, each acting in good faith, are unable to agree to alternative arrangements with respect to the management of an Uninsurable Risk within 15 Business Days of the expiry of the period referred to in Section 8.2 of this Schedule 22, IO may, in its absolute discretion, either:

- (a) elect to assume responsibility for the Uninsurable Risk and, in respect of the year in which the relevant risk becomes an Uninsurable Risk and every year thereafter, withhold, in equal instalments over the course of such year, from the payment or payments otherwise due to Project Co an amount equal to the annual premium (index linked) relating to the Uninsurable Risk as was current on the date immediately prior to the date on which the relevant risk became an Uninsurable Risk, in which case this Project Agreement shall continue in full force and effect; or
- (b) terminate this Project Agreement in accordance with Section 45.2 of this Project Agreement as if such termination had occurred as a result of the Parties having failed to reach agreement in accordance with Section 45.2 of this Project Agreement following the occurrence of an event of Force Majeure, and, in accordance with the provisions of Schedule 20 – Compensation on Termination, pay to Project Co an amount equal to the Non-Default Termination Sum.

8.5 On the occurrence of an Uninsurable Risk, IO may, in its absolute discretion, either:

- (a) pay to Project Co an amount equal to the insurance proceeds that would have been payable to Project Co in connection with such Uninsurable Risk had the relevant insurance continued to be available, in which case this Project Agreement shall continue in full force and effect; or
- (b) terminate this Project Agreement in accordance with Section 45.2 of this Project Agreement as if such termination had occurred as a result of the Parties having failed to reach agreement in accordance with Section 45.2 of this Project Agreement following the occurrence of an event of Force Majeure, and, in accordance with the provisions of Schedule 20 – Compensation on Termination, pay to Project Co an amount equal to the Non-Default Termination Sum.

8.6 With respect to any Uninsurable Risk:

- (a) Project Co shall continue to approach the insurance market on a regular basis and, in any event, at intervals of not less than 180 days and use reasonable efforts to obtain insurance to cover as much or all of the Uninsurable Risk as can be insured in the available insurance market from time to time; and
- (b) Subject to Section 8.6(a) of this Schedule 22, Project Co shall be relieved of its obligation to maintain insurance in respect of the Uninsurable Risk.

- 8.7 Where a risk which was previously an Uninsurable Risk ceases to be so, Project Co shall, at its own expense, obtain and maintain insurance in accordance with the requirements of this Schedule 22 in respect of the risk and the provisions of this Section 8 shall no longer apply to such risk.
- 8.8 From and after the Substantial Completion Date, the Parties shall meet on an annual basis to review the scope of insurance coverage and deductibles provided in this Schedule 22, and may make mutually agreed changes thereto.

**ARTICLE 9  
TOTAL OR SUBSTANTIAL DESTRUCTION**

- 9.1 In the event of damage to, or destruction of, all or substantially all of the Facility for which there is coverage under an insurance policy, any insurance proceeds received by Project Co shall first be applied so as to ensure the performance by Project Co of its obligations under this Project Agreement, including, where appropriate, the reinstatement, restoration or replacement of the Facility or any other assets, materials or goods necessary or desirable for the carrying out of the Project Operations, all in accordance with the terms of the Insurance Trust Agreement.

**ARTICLE 10  
SUBCONTRACTORS**

- 10.1 Project Co shall require that all Subcontractors are covered by, or obtain, the insurance described in this Schedule 22, provided that Project Co shall determine the applicable limits to be obtained for such insurance. Project Co shall be solely responsible and liable for any damages which IO may suffer as a direct result of Project Co's failure to comply with the foregoing.
- 10.2 If Project Co receives notice that any Subcontractor employed by or through Project Co is not covered by any insurance required by this Schedule 22 to be obtained by Project Co, Project Co shall:
- (a) ensure that such insurance coverage is put in place;
  - (b) remove the Subcontractor from the Site and ensure that such Subcontractor does not perform any further part of the Project Operations until after such insurance coverage is put in place; or
  - (c) if the Subcontractor cannot be covered by a particular policy as required by this Schedule 22, replace the Subcontractor with a new Subcontractor who can be covered by an insurance policy required by this Schedule 22 or who can obtain the required insurance coverage; it being acknowledged by Project Co that the requirements and restrictions set forth in the Project Agreement regarding new and replaced Subcontractors shall be complied with.

**ARTICLE 11  
RENEWAL**

- 11.1 Project Co shall provide to IO, at least 5 Business Days prior to the expiry date of any policy of insurance required to be obtained by Project Co pursuant to this Schedule 22, evidence of the renewal of each such policy satisfactory to IO, acting reasonably.

**ARTICLE 12  
NAMED AND ADDITIONAL INSUREDS AND WAIVER OF SUBROGATION**

- 12.1 All insurance provided by Project Co, shall:
- (a) include Project Co, IO, ORC and MCSCS as Named Insureds to the extent specified in Appendix A of this Schedule 22;
  - (b) include IO, ORC, MCSCS, the Lenders' and the Lenders' Agent as Additional Insureds, or loss payees to the extent of their respective insurable interests to the extent specified in Appendix A of this Schedule 22;
  - (c) except with respect to the Project Specific Professional Liability specified in Part 1 of Appendix A to this Schedule 22 and Automobile Liability, Comprehensive Crime and WSIB specified in Parts 1 and 2 of Appendix A to this Schedule 22, contain a waiver of subrogation as against IO, IO Parties and their respective shareholders, officials, directors, officers, employees, servants, consultants (other than Design Consultants) and agents;
  - (d) contain a breach of warranty provision whereby a breach of a condition by Project Co will not eliminate or reduce coverage for any other insured; and
  - (e) be primary insurance with respect to any similar coverage provided by any insurance obtained by or available to IO, without any right of contribution of any insurance carried by IO.

**ARTICLE 13  
CERTIFICATES OF INSURANCE AND CERTIFIED COPIES OF POLICIES**

- 13.1 Prior to the commencement of any part of the Works, Project Co will provide IO with certified copies of policies, confirming that the insurances specified in Section 1.1 have been obtained and are in full force and effect.
- 13.2 Prior to the commencement of any part of the Works, Project Co will provide IO with certificates of insurance or certified copies of policies, confirming that the insurances specified in Section 1.2 have been obtained and are in full force and effect. If certificates of insurance are provided, certified copies of the entire contents of all relevant insurance policies will be subsequently provided to IO no later than 90 days after execution of this Project Agreement.
- 13.3 Prior to the commencement of any part of the Project Co TIC Services or the Project Co Services, Project Co will provide IO with certificates of insurance or certified copies of policies, confirming that the insurances specified in Section 2.1 have been obtained and are in

full force and effect. If certificates of insurance are provided, certified copies of the entire contents of all relevant insurance policies will subsequently be provided to IO no later than 90 days after the Substantial Completion Date; however specimen wordings of all such insurance policies, along with the corresponding summary of coverage, limits and deductibles, must be provided to IO no later than 90 days prior to the Substantial Completion Date.

**ARTICLE 14**  
**FAILURE TO MEET INSURANCE REQUIREMENTS**

- 14.1 If Project Co fails to obtain or maintain the insurance required by this Schedule 22, fails to furnish to IO a certified copy of each policy required to be obtained by this Schedule 22 or if, after furnishing such certified copy, the policy lapses, is cancelled, or is materially altered, then IO shall have the right, without obligation to do so, to obtain and maintain such insurance itself in the name of Project Co, and the cost thereof shall either, at IO’s option, be payable by Project Co to IO on demand or be deducted by IO from the next payment or payments otherwise due to Project Co.
- 14.2 If coverage under any insurance policy required to be obtained by Project Co should lapse, be terminated or be cancelled, then, if directed by IO, all work by Project Co shall immediately cease until satisfactory evidence of renewal is produced.

**ARTICLE 15**  
**MODIFICATION OR CANCELLATION OF POLICIES**

- 15.1 Except as noted in Appendix A to this Schedule 22, all insurance provided by Project Co shall contain endorsements confirming that the policy will not be cancelled, adversely reduced, adversely materially altered or adversely materially amended without the insurer(s) giving at least ninety (90) days prior written notice by registered mail to IO, ORC, MCSCS and the Lenders, at the addresses specified by IO, ORC, MCSCS and the Lenders, respectively. For greater certainty, the terms “adversely reduced”, “adversely materially altered” and “adversely materially amended” as used in this provision shall mean any decrease or reduction in policy limits, aggregate limits or sublimits (other than as a result of claims under the policy), any increase in any policy deductible or self-insured retention, any reduction in the policy coverage period, cancellation or suspension of coverage with respect to any insured parties from the time the policy was issued for that policy period, addition of any exclusions or restrictions from the time the policy was issued for that policy period and any reduction or restriction in the scope of coverage provided under the policy, in all cases when such adverse reduction, adverse material alteration or adverse material amendment is initiated by the insurer.
- 15.2 All insurance provided by Project Co shall contain endorsements confirming that, in the event of cancellation for non-payment of premium, the insurer(s) will give at least fifteen (15) days prior written notice by registered mail, at the address specified, to Infrastructure Ontario and the Lenders’ Agent.
- 15.3 With respect to Services Phase insurances, only notice of cancellation will be required for the Automobile Liability and Comprehensive Crime described in Part 2 of Appendix A to this Schedule 22.

- 15.4 With respect to insurances described in Section 1.1 (a), (b) and (d), Section 1.2 (d) and Section 2.1 (a), (b), (c) and (d), breach of any of the terms or conditions of the policies required to be provided by Project Co, or any negligence or wilful act or omission or false representation by an Insured under these policies, shall not invalidate the insurance with respect to IO, ORC, MCSCS, the Lenders or any other Insured, but only to the extent that such breach is not known to these parties.

#### **ARTICLE 16 INSURERS**

- 16.1 All policies of insurance to be obtained by Project Co in accordance with this Schedule 22 shall be issued by financially sound Insurers acceptable to IO and Lenders, acting reasonably, and, where required by statute, be licensed to insure such risk in the Province of Ontario.
- 16.2 To be eligible to provide insurance, an Insurer must have the capacity to provide the particular insurance and shall have current ratings from time to time of either:
- (a) a Financial Strength Rating of not lower than “A-” for three out of the previous five years but not lower than “B” at any time during those five years, and a Financial Size Category not lower than VII, such ratings being those established by A. M. Best Company (“**Best**”); or
  - (b) a Long-Term Financial strength Rating of not lower than “A-” for three out of the past five years but not less than “BBB” at any time during those five years, a Short-Term Financial Strength Rating of not lower than “A-3” for three out of the previous five years and a Financial Enhancement Rating of not lower than “A-” for three out of the previous five years but not less than “BB+” at any time during those five years, such ratings being those established by Standard and Poor’s (“**S&P**”); or
  - (c) if the Insurer is not rated by Best or S&P, an Insurer that is acceptable to IO and Lenders, acting reasonably, with respect to the insurances required by this Schedule 22.

#### **ARTICLE 17 POLICY TERMS AND CONDITIONS**

- 17.1 All policies of insurance to be obtained by Project Co in accordance with this Schedule 22 shall be in form and substance satisfactory to IO and its insurance advisors, acting reasonably.
- 17.2 To achieve the minimum limits for any type of liability insurance required under Appendix A, it is permissible to arrange the insurance under a single policy, or by a combination of primary, umbrella and/or excess liability policies.

#### **ARTICLE 18 FAILURE TO COMPLY**

- 18.1 Neither failure to comply nor full compliance by Project Co with the insurance provisions of this Schedule 22 shall relieve Project Co of its liabilities and obligations under this Project Agreement.

**ARTICLE 19  
PERFORMANCE SECURITY REQUIREMENTS**

**[REDACTED]**

**ARTICLE 20  
INSURANCE TRUST AGREEMENT**

- 20.1 All losses under (i) the “All Risks” Course of Construction Property Insurance policy, including Boiler & Machinery Insurance carried by Project Co prior to Substantial Completion; (ii) the Property Insurance carried by Project Co after Substantial Completion; and (iii) the Boiler and Machinery Insurance carried by Project Co after Substantial Completion, which, in each case relate to Equipment purchased by IO, shall be payable solely to IO and shall not be payable to the Account Trustee or distributed pursuant to the Insurance Trust Agreement.

**Appendix A – Insurance Requirements**



**Works Phase Insurance – Part 1 TSDC Project**

**From First Access to Site until completion of the Remaining Works (Insurance for Works Phase)**

**Insurances to be provided, or caused to be provided, by Project Co and arranged through the IOCIP program**

Type	Amount	Maximum Deductibles	Principal Cover	Estimated Premium
<p><b>"All Risks" Course of Construction Property Including Boiler and Machinery</b></p>	<p>Value declared to be equal to the estimated completed project value of the Facility, including Property of Every Description, all equipment (including, for clarity, Project Co Equipment, Existing Equipment, MCSCS Equipment, In-Contract Equipment and, if applicable, Additional Project Co Equipment) and all other property supplied by IO or IO Parties for incorporation into the Facility.</p> <p>Delay in Start-up [REDACTED], covering a 36 month indemnity period, including Contingent Delayed Start-Up re losses at Suppliers' or Manufacturers' premises, or other temporary storage locations.</p> <p>Soft Costs [REDACTED] (representing 100% of Recurring/Continuing Soft Costs)</p> <p>Extra and Expediting Expense (minimum [REDACTED] sublimit)</p> <p>Principal Extensions:</p> <ul style="list-style-type: none"> <li>• Replacement Cost Valuation (Property)</li> <li>• Most Recent Technology Replacement Cost Valuation (Equipment or Machinery)</li> <li>• Flood (to policy limit with annual aggregate)</li> </ul>	<p>3% of loss value / [REDACTED] minimum Earthquake</p> <p>[REDACTED] Flood</p> <p>[REDACTED] Testing and Commissioning</p> <p>[REDACTED] All other losses</p> <p>30 days waiting period applicable to time element coverages</p> <p>24 hour waiting period applicable to Off Premises Services Interruption</p>	<p>"All Risks" Course of Construction Property Insurance covering the full insurable replacement cost of the Works including cold and hot testing / commissioning, of Boiler &amp; Machinery equipment, including HVAC, Delay in Start-Up, Soft Costs, with no early occupancy restriction.</p> <p>This coverage shall be primary with respect to the Facility without right of contribution of any insurance carried by IO, ORC, MCSCS or the Lenders.</p>	TBD

Type	Amount	Maximum Deductibles	Principal Cover	Estimated Premium
	<ul style="list-style-type: none"> <li>• Natural or man-made earth movement, including earthquake, landslide or subsidence (to policy limit with annual aggregate)</li> <li>• Electronic Data Processing equipment and media, including data restoration and re-creation costs</li> <li>• Transit</li> <li>• Unnamed locations</li> <li>• By-Laws including demolition and increased replacement / repair costs (subject to a [REDACTED] sub-limit only with respect to existing or renovated buildings)</li> <li>• Debris Removal (minimum [REDACTED] sub-limit)</li> <li>• Professional Fees (minimum [REDACTED] sub-limit)</li> <li>• Fire Fighting Expenses (minimum [REDACTED] sublimit)</li> <li>• Radioactive contamination caused by sudden and accidental release of radioactive isotopes (resulting from an accident to measuring, testing or medical equipment, subject to a [REDACTED] sub-limit)</li> <li>• Valuable Papers (minimum [REDACTED] sub-limit)</li> <li>• Accounts Receivable (minimum [REDACTED]sub-limit)</li> <li>• Contamination Clean-up or Removal (minimum [REDACTED] sublimit)</li> <li>• Ammonia Contamination (minimum [REDACTED] sublimit)</li> <li>• LEED Recertification,</li> </ul>			

Type	Amount	Maximum Deductibles	Principal Cover	Estimated Premium
	<ul style="list-style-type: none"> <li>Commissioning and Testing Expenses (subject to a [REDACTED] sub-limit)</li> <li>• Civil Authority Access Interruption (8 weeks)</li> <li>• Prevention of Ingress/Egress (8 weeks)</li> <li>• Permission for Partial Occupancy prior to Substantial Completion</li> <li>• Off Premises Services Interruption</li> <li>• Cost of Carrying Project Financing (36 Months), included in Delayed Start-Up or Soft Costs coverage</li> <li>• Margin of Profit Extension for Contractors</li> </ul> <p>Permitted Exclusions:</p> <ul style="list-style-type: none"> <li>• Cyber risk</li> <li>• Mould, fungi and fungal derivatives</li> <li>• Faulty workmanship, materials construction, or design but resultant damage to be insured to a minimum DE4 standard</li> <li>• War risk</li> <li>• Terrorism</li> <li>• Nuclear or radioactive contamination, except re radioactive isotopes intended for scientific, medical, industrial or commercial use</li> <li>• Contractors' Equipment</li> </ul>			

**Toronto South Detention Centre Project**

*Comments*

- Named Insured includes Project Co, Contractor, Subcontractors, Sub-subcontractors, Consultants, and Sub-consultants. IO, ORC and MCSCS as their respective interests may appear – the Agents for the Lenders and the Lender's Security Agent will be covered as Loss Payees and Mortgagees As Their Interests May Appear
- No provision permitted allowing a coinsurance penalty
- Insurance shall be primary without right of contribution of any other insurance carried by any Named Insured
- Additional key extensions of coverage:
  - Underground services, temporary works involved in the project such as scaffolding, hoarding, etc., site preparation, including excavation and associated improvements, landscaping and property of others used in the construction project
  - All loss proceeds payable in accordance with the Insurance Trust Agreement
  - Upon Substantial Completion, coverage for the Facility but excluding the Remaining Works will cease and be replaced by Property and Boiler & Machinery insurance – Services Phase  
Coverage will then continue for the Remaining Works until completed
  - Waiver of Subrogation against all Named and Unnamed Insureds, including but not limited to Project Co, IO, ORC, MCSCS, Contractors, Subcontractors, Professional Consultants (other than for their Professional Liability), Lenders, Lenders' Agent, as well as officers, directors and employees, servants, and agents of the foregoing
  - Frost or freezing to concrete – but only resultant damage from a peril not otherwise excluded
  - Liberalization Clause
  - Errors and Omissions
  - Breach of Conditions
  - Interims Payments Clause

*Underwriters*

- Principal underwriters in compliance with Article 16 of this Schedule 22.

## Works Phase Insurance – Part 1 TSDC Project

From First Access to Site until completion of the Remaining Works (Insurance for Works Phase)

Insurances to be provided, or caused to be provided, by Project Co and arranged through the IOCIP program

Type	Amount	Maximum Deductibles	Principal Cover	Estimated Premium
<b>Wrap-Up Commercial General Liability and Non-Owned Automobile Liability</b>	<p>[REDACTED] each occurrence, and in the annual aggregate with respect to Broad Form Products and Completed Operations</p> <p>Sublimits:</p> <ul style="list-style-type: none"> <li>[REDACTED] Non-Owned Automobile Liability</li> <li>[REDACTED] Sudden and Accidental Pollution and Hostile Fire Pollution Liability</li> <li>[REDACTED] "All Risks" Tenants' Legal Liability</li> <li>[REDACTED] Prairie or Forest Fire Fighting Expenses</li> <li>[REDACTED] Employee Benefits Administrative Errors and Omissions</li> <li>Contractors Rework</li> <li>[REDACTED] Legal Liability for Damages To Non-owned Automobiles (SEF 94)</li> <li>[REDACTED] Medical Payments</li> </ul> <p>Principal Extensions:</p> <ul style="list-style-type: none"> <li>Owner's and Contractor's Protective</li> <li>Blanket Contractual (written and oral)</li> <li>Direct and Contingent Employers Liability</li> <li>Employee Benefits Administrative Errors and Omissions</li> <li>Personal Injury (nil participation)</li> <li>Cross Liability and Severability of Interest with respect to each insured party</li> <li>Blasting/Demolition/Excavating/Under-Pinning/Pile Driving/Shoring/Caisson Work/Work below ground</li> </ul>	<p>[REDACTED] per occurrence</p> <p>[REDACTED] per claim with respect to Contractors Rework</p> <p>[REDACTED] per claim with respect to each of SEF 94, Tenants' Legal Liability, Prairie or Forest Fire Fighting Expense and Employee Benefits Administrative Errors and Omissions</p>	<p>Wrap-Up Commercial General Liability and Non-Owned Automobile Liability insurance covering all construction operations on an occurrence basis against claims for Bodily Injury (including Death), Personal Injury, Property Damage (including Loss of Use), and including Products and Completed Operations Liability extension for a period of not less than 24 months, effective from the date of completion of the Remaining Works.</p> <p>Coverage shall be maintained continuously from the date of the first activities at the Site, until completion of the Remaining Works, at which time the Products and Completed Operations extension will take effect.</p> <p>Pollution Liability – Sudden and Accidental Pollution coverage to be not less than IBC 2313 form (240 hours detection/240 hours notice coverage structure). To include Hostile Fire extension.</p> <p>This coverage shall be primary with respect to the Facility without right of contribution of any insurance carried by IO, ORC, MCSCS or the Lenders.</p>	

Type	Amount	Maximum Deductibles	Principal Cover	Estimated Premium
<ul style="list-style-type: none"> <li>• surface/tunneling/grading, and similar operations associated with the Works, as applicable</li> <li>• Elevator and Hoist Collision Liability</li> <li>• Liberalized Notice of Claim Requirement, i.e., requirement to report will commence when knowledge is held by a designated project person(s) – to be identified by Project Co</li> <li>• Non-Owned Automobile Liability</li> <li>• Tenants' Legal Liability (All Risks) – subject to sublimit</li> <li>• Medical Expenses – subject to sublimit</li> <li>• Prairie or Forest Fire Fighting Expenses – subject to sublimit</li> <li>• Sudden and Accidental Pollution – subject to sublimit</li> <li>• Permission for Unlicensed Vehicles (partial road use)</li> <li>• Unlicensed Equipment</li> <li>• Loss of Use Without Property Damage</li> <li>• Loading and Unloading of Automobiles</li> <li>• Broad Form Property Damage</li> <li>• Broad Form Completed Operations</li> <li>• Intentional Injury, committed to Protect Persons or Property</li> <li>• Voluntary Compensation</li> <li>• Worldwide Territory, subject to suits being brought in Canada or the US</li> </ul> <p>Permitted Exclusions:</p> <ul style="list-style-type: none"> <li>• Injury to employees, where WSIB provides valid coverage</li> <li>• Property in the care, custody or control of the insured, except as provided under Broad Form Products and Completed Operations extension period</li> <li>• Operation of licensed motor vehicles, other than attached machinery while used for its purpose, or at the project</li> </ul>				

Type	Amount	Maximum Deductibles	Principal Cover	Estimated Premium
	<ul style="list-style-type: none"> <li>site</li> <li>• Physical damage to the Project, except during Broad Form Products and Completed Operations extension period</li> <li>• Cyber risk</li> <li>• Mould, fungi and fungal derivatives</li> <li>• Professional liability of engineers, architects, and other professional consultants</li> <li>• Nuclear or radioactive contamination, except release radioactive isotopes intended for scientific, medical, industrial or commercial use</li> </ul>			
<i>Comments</i>	<ul style="list-style-type: none"> <li>• Named Insured includes Project Co and its Affiliates, IO, ORC, MCSCS, Project Co parties involved in the Works, including all other Contractors, Subcontractors, Sub-subcontractors, Suppliers while working on Site, Tradesmen while working on Site, Engineers, Architects, Consultants and Subconsultants, (other than for Professional Liability) and others as Additional Insureds, as may be required from time to time, arising from all operations and activities pertaining to the Works and the control and use of the Site</li> <li>• the Agents for the Lenders will be covered as Additional Insureds</li> <li>• Directors, officers, shareholders, employees of the insured parties involved in the Works covered as Additional Insureds</li> <li>• Insurance primary without right of contribution of any other insurance carried by any Named Insured</li> <li>• Aggregate limits will be permitted for Products and Completed Operations, Prairie and Forest Fire Fighting Expenses and Employee Benefits Administrative Errors &amp; Omissions Liability; no policy general aggregate will be permitted</li> <li>• Professional service activities integral to the project, but not covering engineers, architects or other professional consultants, ie, incidental professional liability risk of a Named Insured and their employed professionals is to be covered, but not the professional liability of independent fee-for-service professional consultants, architects or engineers</li> <li>• Waiver of Subrogation or insurers' rights of recovery, against all Named and/or Additional Insureds, including Project Co, IO, ORC, MCSCS, Contractors, Subcontractors, Sub-subcontractors, Professional Consultants, Engineers, Architects (other than for their Professional Liability), Lenders, Lenders' Agent, as well as officers, directors, employees, servants and agents of the foregoing</li> </ul>			
<i>Underwriters</i>	Principal underwriters in compliance with Article 16 of this Schedule 22.			

Toronto South Detention Centre Project

**Works Phase Insurance – Part 1 TSDC Project**

**From First Access to Site until completion of the Remaining Works (Insurance for Works Phase)**

**Insurances to be provided, or caused to be provided, by Project Co and arranged through the IOCIP program**

Type	Amount	Maximum Self-Insured Retention	Principal Cover	Estimated Premium
<b>Project Specific Professional Liability</b>	<p>[REDACTED] minimum per claim / [REDACTED] in the aggregate (inclusive of defense and related costs and supplementary payments).</p> <p>Principal Extensions:</p> <ul style="list-style-type: none"> <li>• Primary Insurance extension</li> <li>• Automatic addition of firms (120 day notice provision)</li> <li>• Present, former partner, executive officer, director or shareholder of Named Insureds while acting within their scope of duties for the Named Insured</li> <li>• Any individuals or personal corporations retained by the Named Insured under a personal services contract</li> <li>• Claim defined as a written or oral demand for money or a written or oral allegation in breach in the rendering or failure to render professional services received by the Insured or Named Insured and resulting from a single error, omission or negligent act</li> <li>• Lawyer fees and associated expenses incurred in the investigation, defence, settlement, arbitration or litigation of claims</li> <li>• Duty to defend, even if the allegations are groundless, false or fraudulent</li> <li>• Worldwide Territory, subject to</li> </ul>	<p>[REDACTED]. per claim</p>	<p>Project Specific Professional Liability Insurance in connection with the design and construction of the Project from beginning of first design, through the entire construction period, to completion of the Remaining Works, plus coverage for an extended reporting period of not less than 36 months.</p> <p>This coverage shall be primary with respect to the Facility without right of contribution of any insurance carried by IO, ORC, MCSCS or the Lenders.</p>	



Type	Amount	Maximum Self-Insured Retention	Principal Cover	Estimated Premium
	suits brought in Canada			
	Permitted Exclusions:			
	<ul style="list-style-type: none"> <li>• Express warranties or guarantees</li> <li>• Estimates on profit, return</li> <li>• Faulty workmanship, construction or work which is alleged or in fact not constructed in accordance with the design of the Project or the construction documents</li> <li>• Design or manufacture of any good or products sold or supplied by the Named Insured</li> <li>• Terrorism</li> <li>• Asbestos</li> <li>• Mould and Fungi</li> <li>• Nuclear Liability</li> <li>• Judgments and awards deemed uninsurable by law</li> <li>• Liability assumed under design contract, unless such liability would have attached to the Named Insured by law in the absence of such agreement</li> <li>• Punitive or exemplary damages, fines, penalties or interest or liquidated punitive or exemplary damages or fees</li> <li>• Refusal to employ, termination of employment, humiliation or discrimination on any basis or other employment related practices or policies</li> </ul>			

Type	Amount	Maximum Self-Insured Retention	Principal Cover	Estimated Premium
<i>Comments</i>				
<i>Underwriters</i>				

- Named Insured: Project Co (as appropriate), all engineers, architects, and other professional consultants that provide professional design services in connection with the Project
- Professional Services covered: including but not limited to all Architectural, Engineering, Land Surveying, Environmental, Landscape Architectural, Interior Design/Space Planning, Soil and Material Testing Services, Geotechnical Services, and Procurement Services, including their replacements and/or sub-consultants of any tier
- Retroactive Date: Full retroactive coverage from date of first design activity
- Except with respect to coverage provided under any professional consultant’s ongoing operations practice professional liability policy operating as underlying insurance
- Policy to be non-cancelable except for premium non-payment, material misrepresentation or concealment of facts, or a material breach of any condition of the policy

- Principal underwriters in compliance with Article 16 of this Schedule 22.

Toronto South Detention Centre Project

**Works Phase Insurance – Part 1 TSDC Project**

**From First Access to Site until completion of the Remaining Works (Insurance for Works Phase)**

**Insurances to be provided, or caused to be provided, by Project Co and arranged through the IOCIP program**

Type	Amount	Maximum Deductibles	Principal Cover	Estimated Premium
<p><b>Project Specific Pollution Liability (combined Contractors' Pollution Liability and Pollution Legal Liability):</b></p> <ul style="list-style-type: none"> <li>Contractors Pollution Liability (Claims Made)</li> <li>Commercial Pollution Legal Liability (Claims Made)</li> </ul> <p>Combined Limit subject to "Commercial Pollution Legal Liability" with a [REDACTED] sublimit</p>	<p>[REDACTED] per claim and in the aggregate for all claims, inclusive of defense and all costs and expenses</p> <p>Principal Extensions:</p> <ul style="list-style-type: none"> <li>Hazardous Substances occurring at or emanating from the Facility or Site during the Policy Period</li> <li>Microbial Matter (including Fungus/Mould)</li> <li>Underground / above ground storage tanks</li> <li>First Party Restoration and Clean-up Costs</li> <li>Disposal Site Extension, including Transportation (reporting required)</li> <li>Duty to Defend</li> <li>Canada and US Territory</li> <li>Contractual Liability</li> <li>Emergency Response Costs</li> <li>Business Interruption sublimit of [Not Applicable]</li> </ul> <p>Permitted Exclusions:</p> <ul style="list-style-type: none"> <li>Terrorism</li> <li>War</li> <li>Intentional Non-compliance</li> <li>Prior Knowledge</li> <li>WSIB</li> <li>Employers' Liability</li> <li>Professional Liability</li> <li>Nuclear Liability</li> <li>Property Damage to Motor</li> </ul>	<p>[REDACTED] per claim inclusive of defense and all costs and expenses</p>	<p>Pollution Liability insurance covering third party bodily injury, property damage consequential loss or damage, including clean-up and restoration costs, both at the Site and Off-Site, as required.</p> <p>Extended Reporting Period: Minimum of 36 months after completion of the Remaining Works.</p> <p>This coverage shall be primary with respect to the Facility without right of contribution of any insurance carried by IO, ORC, MCSCS or the Lenders.</p>	

Type	Amount	Maximum Deductibles	Principal Cover	Estimated Premium
Vehicles during Transportation				
<i>Comments</i>	<ul style="list-style-type: none"> <li>• Named Insured will include Project Co, its Affiliates, Project Co parties and all other parties engaged in the Works, including Contractors, Subcontractors, Sub-subcontractors, Consultants, and Sub-consultants</li> <li>• IO, ORC, MCSCS, and the Lenders' Agents will be identified as Additional Insureds, or insured clients of Project Co and its Affiliates</li> <li>• The directors, officers, shareholders, and employees of the foregoing shall be Additional Insureds</li> </ul>			
<i>Underwriters</i>	Principal underwriters in compliance with Article 16 of this Schedule 22.			

Toronto South Detention Centre Project

**Works Phase Insurance – Part 1 TSDC Project**

**From First Access to Site until completion of the Remaining Works (Insurance for Works Phase)**

**Insurances to be provided, or caused to be provided, by Project Co**

Type	Amount	Maximum Deductibles	Principal Cover	Estimated Premium
<b>Automobile Liability</b>	<p>[REDACTED] (Minimum) for Project Co and Project Co's Construction Contractor vehicles</p> <p>[REDACTED] (Minimum) for vehicles of any other Contractor, Subcontractors, Sub-subcontractors, Consultants, and Sub-consultants, and Workmen, Tradesmen, or other persons working on or at the Site</p>		<p>Standard Ontario Owners Form For all vehicles operated by Project Co, Contractor, all Subcontractors, Sub-subcontractors, Consultants, and Sub-consultants, operated in connection with the Project.</p> <p>Business Automobile Liability insurance covering third party property damage and bodily injury liability (including accident benefits) arising out of any licensed vehicle.</p> <p>Policies shall be endorsed to preclude cancellation, except upon 60 days prior written notice provided to the Lenders and IO.</p>	
<p><b>Commercial General Liability and Non-Owned Automobile Liability</b></p> <p>For Project Co, Contractor, all Subcontractors, Sub-subcontractors, consultants and sub-consultants, including Direct and Contingent Employers Liability, Products and Completed Operations Liability, and Owner's and Contractor's Protective extensions</p>	<p>[REDACTED] each occurrence, and in the annual aggregate with respect to Broad Form Products and Completed Operations for Project Co and Project Co's Construction Contractor</p> <p>[REDACTED]each occurrence, and in the annual aggregate with respect to Broad Form Completed Operations for any other Contractor, Subcontractors, Sub-subcontractors, Consultants, and Sub-consultants, and Workmen, Tradesmen, or other persons involved in the Works</p> <p>In both instances, limits of liability may be structured as any combination of Primary plus supplementary layers and Umbrella and/or Excess, or Primary plus Umbrella and/or Excess</p> <p>Sublimits (Project Co and Project Co's Construction Contractor):</p> <ul style="list-style-type: none"> <li>• Full policy limits with respect to Non-</li> </ul>		<p>Commercial General Liability insurance covering all operations on an occurrence basis against claims for Bodily Injury (including Death), Broad Form Property Damage (including Loss of Use), and including Broad Form Products and Completed Operations Liability.</p> <p>This Commercial General Liability Insurance will cover Off-Site activities connected to the project and Products and Completed Operations Liability beyond the "Wrap-Up" Commercial General Liability Insurance policy's Products and Completed Operations extension period.</p> <p>This insurance shall be maintained in effect, during the Works phase until twelve (12) months following the earlier of the termination of the insured's person's involvement in the Works and the date of issuance of the Substantial Completion Certificate for the Works.</p> <p>Policies shall be endorsed to preclude cancellation, except upon 90 days prior written notice provided to the Lenders and IO.</p>	

Type	Amount	Maximum Deductibles	Principal Cover	Estimated Premium
	<p>Owned Automobile Liability</p> <ul style="list-style-type: none"> <li>• [REDACTED] Prairie or Forest Fire Fighting Expenses</li> </ul> <p>Principal Extensions (required to be provided by the Project Co. and its Construction Contractor; shall be endeavored to be provided by any other Contractor, Subcontractors, Sub-subcontractors, Consultants, and Sub-consultants, and Workmen, Tradesmen, or other persons involved in the Works):</p> <ul style="list-style-type: none"> <li>• Owner's and Contractor's Protective</li> <li>• Blanket Contractual (written)</li> <li>• Direct and Contingent Employers Liability</li> <li>• Personal Injury (nil participation)</li> <li>• Cross Liability and Severability of Interest with respect to each insured party</li> <li>• Blasting/Demolition/Excavating/Under-Pinning/Pile Driving/Shoring/Caisson Work/Work below ground surface/tunneling/grading, and similar operations associated with the Works as applicable</li> <li>• Elevator and Hoist Collision Liability</li> <li>• Non-Owned Automobile Liability</li> <li>• Prairie or Forest Fire Fighting Expenses – subject to sublimit</li> <li>• Permission for Unlicensed Vehicles' (partial road use)</li> <li>• Unlicensed Equipment</li> <li>• Loss of Use Without Property Damage</li> <li>• Loading and Unloading of Automobiles</li> <li>• Broad Form Property Damage</li> <li>• Broad Form Completed Operations</li> <li>• Intentional Injury, committed to Protect Persons or Property</li> <li>• Worldwide Territory, subject to suits being brought in Canada or the US</li> </ul>			

**Toronto South Detention Centre Project**

Type	Amount	Maximum Deductibles	Principal Cover	Estimated Premium
<p>Permitted Exclusions:</p> <ul style="list-style-type: none"> <li>• Injury to employees, where WSIB provides valid coverage</li> <li>• Property in the care, custody or control of the insured, except as provided under Broad Form Products and Completed Operations extension period</li> <li>• Operation of licensed motor vehicles, other than attached machinery while used for its purpose, or at the project site</li> <li>• Physical damage to the Project, except during Broad Form Products and Completed Operations extension period</li> <li>• Cyber risk</li> <li>• Mould, fungi and fungal derivatives</li> <li>• Professional liability of engineers, architects, and other professional consultants</li> <li>• Nuclear or radioactive contamination, except release of radioactive isotopes intended for scientific, medical, industrial or commercial use</li> </ul>				
<p><i>Comments</i> • IO, ORC, MCSCS and the Lenders' Agents will be identified as Additional Insureds, or insured clients of Project Co and its Affiliates</p>				
<p><b>Aircraft and Watercraft Liability (If any exposure)</b></p>	<p>Minimum [REDACTED] inclusive, including [REDACTED] passenger hazard – Owned Aircraft</p> <p>Minimum [REDACTED] inclusive – Non-Owned Aircraft</p> <p>Minimum [REDACTED] inclusive Owned or Non-Owned Watercraft</p>	<p>To be determined</p>	<p>Policies shall be endorsed to preclude cancellation, except upon 90 days prior written notice provided to the Lenders and IO.</p>	
<p><i>Comments</i> • IO, ORC, MCSCS and the Lenders' Agents will be identified as Additional Insureds, or insured clients of Project Co and its Affiliates</p>				
<p><b>“All Risks”</b></p>	<p>100% Replacement Cost Valuation basis</p>	<p>Property of Every description destined for</p>		

**Toronto South Detention Centre Project**

<b>Ocean Marine Cargo</b>		<p>incorporation into the Facility, during marine transit, on a full replacement value basis, with no co-insurance provision.</p> <p>This coverage shall be primary with respect to the Facility without right of contribution of any insurance carried by IO, ORC, MCSCS or the Lenders.</p>
<p><i>Comments</i></p> <ul style="list-style-type: none"> <li>• Named Insured includes Project Co, Contractor, Subcontractors, Sub-subcontractors, Consultants, and Sub-consultants. IO, ORC, MCSCS, as their respective interests may appear.</li> <li>• Lenders' Agents and Lender's Security Agent will be shown as Loss Payees</li> </ul>		
<p><b>"All Risks" Contractors' Equipment</b> To cover Project Co, Contractors, Subcontractors, Sub-subcontractors Consultants and Sub-consultants</p>	<p>If Site equipment is three years old or less, the sum insured equal to 100% of the replacement value of all contractors equipment used at the Site. If Site equipment is more than three years old, actual cash value of loss settlement is acceptable.</p>	<p>All Risks coverage on all owned, rented, leased or borrowed contractors' equipment, used at the Project Site.</p>
<p><i>Comments</i></p> <p>Waiver of Subrogation rights against Project Co, IO, ORC, MCSCS, Contractor, Subcontractors, Sub-subcontractors, Consultants, Sub-consultants, Lenders, Lenders' Agents, as well as officers, directors, shareholders and employees of the foregoing</p>		
<b>Comprehensive Crime</b>	<p>[REDACTED] per loss with respect to Employee Dishonesty</p>	<p>Comprehensive Crime insurance, including coverage for Employee Dishonesty insurance against the fraudulent/dishonest acts of employees of Project Co and Project Co Parties including additional coverage for Broad Form Money and Securities, Money Orders and Counterfeit Paper, Depositors' Forgery, Computer Fraud and Funds Transfer Fraud, Audit Expenses and Credit Card Forgery.</p> <p>Custodial endorsement extending protection to third parties.</p> <p>Insurance primary without right of contribution of any other insurance carried by IO, ORC, MCSCS or the Lenders.</p>



**Toronto South Detention Centre Project**

<b>Underwriters (All non-IOCIP Works Phase insurances that are to be provided or caused to be provided by Project Co)</b>	Principal underwriters in compliance with Article 16 of this Schedule 22.
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<b>WSIB</b>	In accordance with Ontario Act's established benefits and schedules	Not Applicable	<p>i) Project Co and its Affiliates shall obtain and maintain at Project Co's expense, WSIB coverage, in accordance with the Province of Ontario requirements.</p> <p>(ii) Project Co shall ensure that satisfactory evidence of WSIB coverage is provided by all Project Co Parties, including all other consultants, sub consultants, contractors, subcontractors, suppliers and tradesmen working at the Site.</p> <p>Prior to commencement of the work, each of the foregoing shall provide satisfactory written confirmation of compliance, from the appropriate authority, including confirmation that all required assessments have been paid to date.</p> <p>Upon Substantial Completion of the Facility, Project Co shall be provided with satisfactory written confirmation that all required assessments have been paid to date.</p> <p>On request, within 30 days of such request, Project Co shall deliver to IO evidence of the WSIB coverage maintained by any person involved in the Works, or confirmation of that person's exemption from WSIB coverage.</p>
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### Services Phase Insurance – Part 2 TSDC Project

Insurance to be provided, or caused to be provided, by Project Co from Substantial Completion Date, or the TIC Completion Date with respect to the TIC, until Expiry Date (Insurance for Services Phase)

Type	Amount	Maximum Deductible	Principal Cover	Estimated Premium
<p><b>“All Risk” Property</b></p>	<p>Full Replacement Cost of all property associated with the Facility, while on the Site or while in transit, including material and supplies destined for incorporation into the Facility or intended to be used in the performance of the Project Co TIC Services or Project Co Services and all In-Contract Equipment</p> <p>Business Interruption (Gross Revenue or Gross Profits Form), – 12 months period of indemnity – including interdependency and contingent coverage re losses at key supplier premises, property in transit or in storage off-site</p> <p>Extra and Expediting Expenses (minimum [REDACTED] sub-limit)</p> <p>If commercially available, such business interruption insurance should be extended to include infectious disease as a peril that triggers the business interruption coverage</p> <p>Principal Extensions:</p> <ul style="list-style-type: none"> <li>• Replacement Cost Valuation (Property)</li> <li>• Most Recent Technology Replacement Cost Valuation (Equipment or Machinery)</li> <li>• Flood (to policy limit with annual aggregate)</li> <li>• Natural or man-made earth movement, including</li> </ul>	<p>3% of loss value / [REDACTED] minimum Earthquake</p> <p>[REDACTED] Flood</p> <p>[REDACTED] All other losses</p> <p>30 days waiting period applicable to time element coverages</p>	<p>All Risks Property insurance covering all property to be insured with a sum insured equivalent to the full replacement cost value of the property insured, and including necessary business interruption and expediting expenses.</p> <p>Such insurance will include Inland Transportation, By-Laws and Off Premises coverage.</p> <p>This coverage shall be primary with respect to the Facility without right of contribution of any insurance carried by IO, ORC, MCSCS or the Lenders.</p>	

Toronto South Detention Centre Project

Type	Amount	Maximum Deductible	Principal Cover	Estimated Premium
	<ul style="list-style-type: none"> <li>earthquake, landslide or subsidence (to policy limit with annual aggregate)</li> <li>• Electronic Data Processing equipment and media, including data restoration and re-creation costs</li> <li>• Debris Removal (minimum [REDACTED] sub-limit)</li> <li>• Transit (minimum [REDACTED] sub-limit)</li> <li>• Unnamed locations (minimum [REDACTED] sub-limit)</li> <li>• Professional Fees (minimum [REDACTED] sub-limit)</li> <li>• Fire Fighting Expenses (minimum [REDACTED] sublimit)</li> <li>• Valuable Papers (minimum [REDACTED] sub-limit)</li> <li>• Accounts Receivable (minimum [REDACTED] sub-limit)</li> <li>• Contamination Clean-up or Removal (minimum [REDACTED] sublimit)</li> <li>• Civil Authority Access Interruption (minimum 8 weeks)</li> <li>• Prevention of Ingress/Egress (minimum 8 weeks)</li> <li>• Automatic Coverage for Newly Acquired Locations (90 day reporting period acceptable)</li> <li>• By-Laws including demolition and increased replacement / repair costs</li> <li>• Permission for Partial Occupancy prior to Substantial Completion</li> <li>• Off premises services interruption</li> <li>• By-laws including demolition, increased cost of repairs and replacement</li> <li>• Margin of profit extension for contractors</li> </ul>			

Type	Amount	Maximum Deductible	Principal Cover	Estimated Premium
	<ul style="list-style-type: none"> <li>• Radioactive contamination caused by sudden and accidental release of radioactive isotopes resulting from an accident to medical equipment)</li> <li>• Joint Loss Agreement (if separate “All Risk” Property and Boiler and Machinery policies are arranged)</li> </ul> <p>Permitted Exclusions:</p> <ul style="list-style-type: none"> <li>• Cyber risk</li> <li>• Mould, fungi and fungal derivatives</li> <li>• Faulty workmanship, materials construction, or design but resultant damage to be insured</li> <li>• War risk</li> <li>• Terrorism</li> <li>• Nuclear or radioactive contamination, except re radioactive isotopes intended for scientific, medical, industrial or commercial use</li> </ul>			
<i>Comments</i>	<ul style="list-style-type: none"> <li>• Named Insured will include Project Co, IO, ORC, MCSCS and the Lenders – the Agents for the Lenders and the Lender’s Security Agent will be covered as Loss Payees and Mortgagees As Their Interests May Appear</li> <li>• All loss proceeds payable to the Insurance Trustee in accordance with the Insurance Trust Agreement</li> <li>• No provision allowing a coinsurance penalty</li> <li>• Waiver of Subrogation against all Insureds, including but not limited to Project Co, the Lenders, Lenders’ Agents, as well as officers, directors and employees, servants, and agents of the foregoing</li> </ul>			
<i>Underwriters</i>	Principal underwriters in compliance with Article 16 of this Schedule 22.			

**Services Phase Insurance – Part 2 TSDC Project**

**Insurance to be provided, or caused to be provided, by Project Co from Substantial Completion Date, or the TIC Completion Date with respect to the TIC, until Expiry Date (Insurance for Services Phase)**

Type	Amount	Maximum Deductible	Principal Cover	Estimated Premium
<p><b>Boiler &amp; Machinery</b></p>	<p>Limit of [REDACTED] each Accident to an Insured Object</p> <p>[REDACTED] Business Interruption Insurance included, subject to a 12 month period of indemnity</p> <p>If a covered accident to insured objects(s) causes an interruption to the MCSCS Services or interruption to the Project Co TIC Services or Project Co Services, as applicable, the Business Interruption loss will include the costs of carrying the Project financing, during the affected period</p> <p>Sublimits ([REDACTED] each):</p> <ul style="list-style-type: none"> <li>• Ammonia Contamination</li> <li>• Automatic Coverage</li> <li>• Bylaws</li> <li>• Errors and Omissions</li> <li>• Expediting Expenses</li> <li>• Extra Expense</li> <li>• Hazardous Substances</li> <li>• Professional Fees</li> <li>• Water Damage</li> </ul>	<p>[REDACTED] per claim, Direct Damage</p> <p>Business Interruption – Maximum 30 day Waiting Period</p>	<p>From the date of Substantial Performance, or activation, whichever shall first occur, Boiler &amp; Machinery insurance on a Comprehensive Policy Form basis including HVAC, but not medical equipment, on a full replacement cost basis, including all appropriate endorsements and extensions as well as necessary business interruption and Expediting and Extra Expense coverage.</p> <p>Boiler and Machinery Insurance may be arranged on a combined Property/Boiler and Machinery basis, subject to the Boiler and Machinery section of such a policy being arranged on a Comprehensive Form basis.</p> <p>This coverage shall be primary with respect to the Facility without right of contribution of any insurance carried by IO, ORC, MCSCS or the Lenders.</p>	
<p><i>Comments</i></p>	<ul style="list-style-type: none"> <li>• Named Insured will include Project Co, IO, ORC, MCSCS – the Agents for the Lenders and the Lender's Security Agent will be covered as Loss Payees and Mortgagees As Their Interests May Appear</li> <li>• All loss proceeds payable to the Insurance Trustee in accordance with the Insurance Trust Agreement</li> </ul> <p>As nearly as possible, coverage will be structured to dovetail with the Property Insurance</p>			

**Toronto South Detention Centre Project**

Underwriters Principal underwriters in compliance with Article 16 of this Schedule 22.

**Services Phase Insurance – Part 2 TSDC Project**

**Insurance to be provided, or caused to be provided, by Project Co from Substantial Completion Date, or the TIC Completion Date with respect to the TIC, until Expiry Date (Insurance for Services Phase)**

Type	Amount	Maximum Deductibles	Principal Cover	Estimated Annual Premium
<b>Commercial General Liability and Non-Owned Automobile Liability</b>	<p>[REDACTED] each accident or occurrence and in the aggregate with respect to Products and Completed Operations</p> <p>Sublimits:</p> <ul style="list-style-type: none"> <li>[REDACTED] Non-Owned Automobile Liability, unless coverage provided under automobile liability insurance</li> <li>[REDACTED] Sudden and Accidental Pollution, and Hostile Fire Pollution</li> <li>[REDACTED] "All Risks" Tenants' Legal Liability, if any exposure</li> <li>[REDACTED] Prairie or Forest Fire Fighting Expense</li> <li>[REDACTED] Employee Benefits Administrative Errors and Omission Liability</li> <li>[REDACTED] Legal Liability for Damages To Non-owned Automobiles (SEF 94) , unless coverage provided under automobile liability insurance</li> <li>[REDACTED] Medical Payments</li> </ul> <p>Principal Extensions:</p> <ul style="list-style-type: none"> <li>Owner's and Contractor's Protective</li> <li>Blanket Contractual (written and oral)</li> <li>Direct and Contingent Employers Liability</li> <li>Employee Benefits Administrative Errors and Omissions</li> <li>Personal Injury (nil participation)</li> <li>Cross Liability and Severability of Interest with respect to each insured</li> </ul>	[REDACTED] per occurrence	<p>Commercial General Liability insurance covering all operations on an occurrence basis against claims for personal injury (including bodily injury and death), Broad Form Property Damage (including Loss of Use), and including Broad Form Products and Completed Operation Liability insurance.</p> <p>Coverage shall be maintained continuously from the date of Substantial Completion Date until Expiry Date.</p> <p>Pollution Liability – Sudden and Accidental Pollution coverage to be not less than IBC 2313 form (120 hours detection/120 hours notice coverage structure). To include Hostile Fire extension.</p> <p>This coverage shall be primary with respect to the Facility without right of contribution of any insurance carried by IO, ORC, MCSCS or the Lenders.</p>	

Type	Amount	Maximum Deductibles	Principal Cover	Estimated Annual Premium
	<ul style="list-style-type: none"> <li>party</li> <li>• Blasting/Demolition/Excavating/Under-Pinning/Pile Driving/Shoring/Caisson Work/Work below ground surface/tunneling/grading, and similar operations as applicable</li> <li>• Elevator and Hoist Collision Liability</li> <li>• Liberalized Notice of Claim Requirement, i.e., requirement to report will commence when knowledge is held by a designated project person(s) – to be identified by Project Co</li> <li>• Non-owned Automobile Tenants' Legal Liability (All Risks) – subject to sublimit</li> <li>• Medical Expenses – subject to sub limit</li> <li>• Prairie or Forest Fire Fighting Expenses – subject to sublimit</li> <li>• Sudden and Accidental Pollution – subject to sublimit</li> <li>• Permission for unlicensed vehicles' partial road use</li> <li>• Unlicensed Equipment</li> <li>• Loss of Use Without Property Damage</li> <li>• Loading and Unloading of Automobiles</li> <li>• Broad Form Property Damage</li> <li>• Broad Form Completed Operations</li> <li>• Intentional Injury, committed to Protect Persons or Property</li> <li>• Voluntary Compensation</li> <li>• Worldwide Territory, subject to suits being brought in Canada or the US</li> </ul> <p>Permitted Exclusions:</p> <ul style="list-style-type: none"> <li>• Injury to employees, where WSIB provides valid coverage</li> <li>• Property in the care, custody or control of the insured, except as provided under Broad Form Products and Completed Operations extension period</li> </ul>			

**Toronto South Detention Centre Project**

Type	Amount	Maximum Deductibles	Principal Cover	Estimated Annual Premium
	<ul style="list-style-type: none"> <li>• Operation of licensed motor vehicles, other than attached machinery while used for its purpose, or at the project site</li> <li>• Cyber risk</li> <li>• Mould, fungi and fungal derivatives</li> <li>• Professional liability of engineers, architects, and other professional consultants</li> <li>• Asbestos</li> <li>• Nuclear or radioactive contamination, except radioactive isotopes intended for scientific, medical, industrial or commercial use</li> <li>• The direct or indirect provision of professional medical services and malpractice liability and any allegations of malpractice, negligence, breach of contract or other cause of action related to the provision of these professional medical services or any resultant malpractice liability</li> </ul>			
<i>Comments</i>	<ul style="list-style-type: none"> <li>• Named Insured includes Project Co and its Affiliates, IO, ORC, MCSCS, Project Co parties involved in the Works, including all other Contractors, Subcontractors, Sub-subcontractors, Suppliers while working on Site, Tradesmen while working on Site; and Engineers, Architects, Consultants and Sub consultants, (other than for Professional Liability); and others as Additional Insureds, as may be required from time to time, arising from all operations and activities pertaining to the Project Co TIC Services or Project Co Services, as applicable, and the control and use of the Site</li> <li>• The Agents for the Lenders will be covered as Additional Insureds</li> <li>• Directors, officers, shareholders, employees of the insured parties involved in the Project Co TIC Services or Project Co Services, as applicable, are covered as Additional Insureds</li> <li>• Insurance primary without right of contribution of any other insurance carried by any Named Insured</li> <li>• Aggregate limits will be permitted for Products and Completed Operations, Prairie and Forest Fire Fighting Expenses and Employee Benefits Administrative Errors &amp; Omissions Liability; no policy general aggregate will be permitted</li> <li>• Professional service activities integral to the Project Co TIC Services or Project Co Services, as applicable, but not covering engineers, architects or other professional consultants, i.e., incidental professional liability risk of a Named Insured and their employed professionals is to be covered, but not the professional liability of independent fee-for-service professional consultants, architects or engineers</li> <li>• Waiver of Subrogation or insurers' rights of recovery, against all Named and/or Additional Insureds, including Project Co, IO, ORC, MCSCS, Contractors, Subcontractors; Sub-subcontractors; Professional Consultants, Engineers and Architects (other than for their Professional Liability); Lenders, Lenders' Agent, as well as officers, directors, employees, servants and agents of the foregoing</li> </ul>			
<i>Underwriters</i>	Principal underwriters in compliance with Article 16 of this Schedule 22.			



**Services Phase Insurance – Part 2 TSDC Project**

**Insurance to be provided, or caused to be provided, by Project Co from Substantial Completion Date, or the TIC Completion Date with respect to the TIC, until Expiry Date (Insurance for Services Phase)**

Type	Amount	Maximum Deductibles	Principal Cover	Estimated Annual Premium
<p><b>Environmental Impairment (Pollution) Liability</b></p>	<p>Minimum [REDACTED] per claim and in the aggregate for all claims, inclusive of defense and all costs and expenses</p> <p>Principal Extensions:</p> <ul style="list-style-type: none"> <li>• Hazardous Substances occurring at or emanating from the Facility or Site during the Policy Period</li> <li>• Microbial Matter (including Fungus/Mould)</li> <li>• Biological Agents</li> <li>• Underground / above ground storage tanks</li> <li>• First Party Restoration and Clean-up</li> <li>• Duty to Defend</li> <li>• Contractual Liability</li> </ul> <p>Permitted Exclusions:</p> <ul style="list-style-type: none"> <li>• Terrorism</li> <li>• Intentional Non-Compliance</li> <li>• WSIB</li> <li>• War</li> <li>• Employers Liability</li> <li>• Nuclear Liability</li> <li>• Professional Liability</li> </ul>	<p>[REDACTED] per claim inclusive of defense and all costs and expenses</p>	<p>Pollution Liability insurance covering third party bodily injury and property damage liability, consequential loss or damage, including necessary on-site and off-site clean-up costs, both at the Site and Off-Site, as required. Coverage is extended to include underground and above ground storage tanks.</p> <p>Coverage shall be maintained continuously, from and after the Substantial Completion Date and at all times thereafter until the Expiry Date.</p> <p>This insurance shall include a twelve (12) month extended discovery period and reporting period provision in the event of termination of the Policy or in the event termination of the Project Agreement for any reason, including its expiration.</p> <p>This coverage shall be primary with respect to the Facility without right of contribution of any insurance carried by IO, ORC, MCSCS or the Lenders.</p>	
<p><i>Comments</i></p>	<ul style="list-style-type: none"> <li>• It is permissible for Project Co to extend the construction pollution policy to include pollution events occurring during the Services phase, on an annual basis throughout the term.</li> <li>• the Agents for the Lenders will be covered as Additional Insureds</li> </ul>			
<p><i>Underwriters</i></p>	<p>Principal underwriters in compliance with Article 16 of this Schedule 22.</p>			

**Services Phase Insurance – Part 2 TSDC Project**

**Services Phase Insurance to be provided, or caused to be provided, by Project Co. from Substantial Completion Date, or the TIC Completion Date with respect to the TIC, until Expiry Date (Insurance for Services Phase)**

Type	Amount	Maximum Deductibles	Principal Cover	Estimated Annual Premium
Automobile Liability	<p>[REDACTED] (Minimum) for Project Co and Project Co's Construction Contractor vehicles</p> <p>[REDACTED] (Minimum) for vehicles of any other Contractor, Subcontractors, Sub-subcontractors, Consultants, and Sub-consultants, and Workmen, Tradesmen, or other persons working on or at the Site</p>		<p>Standard Ontario Owners Form For all vehicles operated by Project Co, Contractor, all Subcontractors, Sub-subcontractors, Consultants, and Sub-consultants, operated in connection with the Project.</p> <p>Coverage shall be maintained continuously, from and after the Substantial Completion Date and at all times thereafter until the Expiry Date.</p> <p>Business Automobile Liability insurance covering third party property damage and bodily injury liability (including accident benefits) arising out of any licensed vehicle.</p> <p>Policies shall be endorsed to preclude cancellation, except upon 60 days prior written notice provided to IO, the Lenders and IO.</p>	
<i>Comments</i>				
<i>Underwriters</i>	Principal underwriters in compliance with Article 16 of this Schedule 22.			

**Services Phase Insurance – Part 2 TSDC Project**

**Services Phase Insurance to be provided, or caused to be provided, by Project Co. from Substantial Completion Date, or the TIC Completion Date with respect to the TIC, until Expiry Date (Insurance for Services Phase)**

Type	Amount	Maximum Deductibles	Principal Cover	Estimated Annual Premium
Comprehensive Crime	[REDACTED] per extension		<p>Comprehensive Crime insurance including coverage for Employee Dishonesty against the fraudulent/dishonest acts of employees of Project Co and its Affiliates, coverage for Broad Form Money and Securities, Money Orders and Counterfeit Paper, Depositors' Forgery, Computer Fraud and Funds Transfer Fraud, Audit Expenses and Credit Card Forgery.</p> <p>Custodial endorsement extending protection to third parties.</p> <p>Coverage shall be maintained continuously, from and after the Substantial Completion Date and at all times thereafter until the Expiry Date.</p> <p>This coverage shall be primary with respect to the Facility without right of contribution of any insurance carried by IO, ORC, MCSCS or the Lenders.</p>	
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<i>Comments</i>				
<i>Underwriters</i>	Principal underwriters in compliance with Article 16 of this Schedule 22.			

Type	Amount	Maximum Deductibles	Principal Cover	Estimated Annual Premium
WSIB	In accordance with Ontario Act's established benefits and schedules	Not Applicable	<p>i) Project Co and its Affiliates shall obtain and maintain at Project Co's expense, WSIB coverage, in accordance with the Province of Ontario requirements.</p> <p>(ii) Project Co shall ensure that satisfactory evidence of WSIB coverage is provided by all Project Co Parties, including all other consultants, sub consultants, contractors, subcontractors, suppliers and tradesmen working at the Site.</p> <p>Prior to commencement of the work, each of the foregoing shall provide satisfactory written confirmation of compliance, from the appropriate authority, including confirmation that all required assessments have been paid to date.</p> <p>Upon Substantial Completion of the Facility, Project Co shall be provided with satisfactory written confirmation that all required assessments have been paid to date.</p> <p>On request, within 30 days of such request, Project Co shall deliver to IO evidence of the WSIB coverage maintained by any person involved in the Works, or confirmation of that person's exemption from WSIB coverage.</p>	

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## SCHEDULE 23

### RECORD PROVISIONS

#### 1. General Requirements

- 1.1 Project Co shall prepare, retain and maintain, at its own expense, all the records (including superceded records) referred to in Section 2.1 of this Schedule 23, as follows:
- (a) in accordance with this Section 1 of this Schedule 23;
  - (b) in accordance with the Output Specifications;
  - (c) in accordance with the requirements of Good Industry Practice;
  - (d) having due regard to the guidelines and policies of the Office of the Information and Privacy Commissioner of Ontario;
  - (e) in accordance with the most stringent of Project Co's, the Construction Contractor's and the Service Provider's normal business practices;
  - (f) in accordance with Canadian GAAP;
  - (g) in chronological order;
  - (h) in sufficient detail, in appropriate categories and generally in such a manner as to enable Project Co to comply with Project Co's obligations under Section 35 of the Project Agreement; and
  - (i) in a form that is capable of audit.
- 1.2 Project Co shall retain and maintain all records at the Facility or otherwise on the Site.
- 1.3 Wherever practical, original records shall be retained and maintained in a hard copy form. Project Co may retain true copies of original records where it is not practical to retain original records.
- 1.4 Any drawings (including, without limitation, the As Built Drawings) required to be made or supplied pursuant to the Project Agreement shall be of a size appropriate to show the detail to be depicted clearly without magnifying aids, shall be consistent in size and format to drawings previously submitted by Project Co to IO, and shall conform to the Output Specifications and Good Industry Practice. Where by prior agreement IO and Project Co have agreed to accept microfilm, microfiche, CD-ROM or other storage media, Project Co shall make or supply drawings and other documents in such form as has been agreed by the Parties and shall include secure back up facilities.

- 1.5 Records may, with the consent of IO, not to be unreasonably withheld or delayed, be stored in electronic form if IO has access thereto and will continue to have access thereto, such that IO will be able to read, copy, download, and search same without licence or payment.
- 1.6 Subject to Sections 1.7 and 1.8 of this Schedule 23, Project Co shall retain and maintain in safe storage, at its expense, all records referred to in Section 2.1 of this Schedule 23 for a period of at least 7 years or such longer period as required by Applicable Law.
- 1.7 Project Co shall notify IO if Project Co wishes to destroy any records referred to in this Schedule 23 which are more than 7 years old, or in respect of which the required period under Applicable Law for their retention has expired. The Parties agree that:
- (a) within 60 days of such notice, IO may elect to require Project Co to deliver such records to IO, in which case Project Co shall, at the expense of IO, deliver such records (with the exception of Sensitive Information) to IO in the manner and to the location as IO shall specify; or
  - (b) if IO fails to notify Project Co of its election pursuant to Section 1.7(a) of this Schedule 23 within such 60 day period, Project Co may, at its expense, destroy such records.
- 1.8 In the event of termination of the Project Agreement prior to the Expiry Date, Project Co shall deliver all records that Project Co retains and maintains pursuant to this Schedule 23 to IO in the manner and to the location that IO shall reasonably specify. IO shall make available to Project Co all the records Project Co delivers pursuant to this Section 1.8 of this Schedule 23 subject to prior reasonable notice. Project Co may deliver true copies of original records required by:
- (a) statute to remain with Project Co;
  - (b) Project Co in connection with its fulfilment of any outstanding obligations under the Project Agreement; or
  - (c) Project Co in connection with its fulfilment of any outstanding obligations under the Lending Agreements.
- 1.9 Where the termination of the Project Agreement arises:
- (a) as a result of an IO Event of Default or pursuant to Section 45.3 of the Project Agreement, then the costs of delivering the records and the costs for retaining such records in safe storage will be borne by IO; or
  - (b) for any other cause, then the costs of delivering the records and the costs for retaining such records in safe storage for a period of at least six years following the Termination Date (unless a longer period is required by Applicable Law), shall be borne by Project Co.

- 1.10 Within 30 days after the end of each Contract Year, Project Co shall deliver to IO a report, as reasonably requested by IO in connection with IO's financial reporting, detailing to the best of Project Co's knowledge at the time of any such report any and all liabilities, claims and demands, including contingent liabilities, claims and demands, that Project Co has or may have against IO or that may be owing by IO to Project Co. The Parties acknowledge and agree that the contents of any such report or the failure to mention any matter in any such report shall not limit either Party's rights or remedies against the other Party as contemplated by the Project Agreement.
- 1.11 Project Co shall provide to IO not later than forty-five (45) days after the end of each fiscal quarter unaudited consolidated financial statements of Project Co, including an unaudited balance sheet and an unaudited statement of income, all prepared in accordance with GAAP, and one hundred and eighty (180) days after the end of each fiscal year, part or all of which falls in a Contract Year, a copy of Project Co's annual audited financial statements, in respect of that period, prepared in accordance with Applicable Law and Canadian GAAP, together with copies of all related auditors' reports and, to the extent publicly available, all related directors' reports and other notices and circulars to shareholders or partners, all of which documents, whether or not marked or identified as confidential or proprietary but subject to the exceptions contained in Section 50 of the Project Agreement, shall be treated by IO as Confidential Information of Project Co.

## **2. Records To Be Kept**

- 2.1 Without limiting any other requirement of the Project Agreement, Project Co shall prepare, retain and maintain at its own expense:
- (a) the Project Agreement, its Schedules and the Project Documents, including all amendments to such agreements;
  - (b) all records relating to the appointment and replacement of the IO Representative and the Project Co Representative;
  - (c) any documents, drawings (including, without limitation, the As Built Drawings) or submissions in accordance with Schedule 8 - Review Procedure;
  - (d) any documents relating to Development Approvals and other Permits, Licences and Approvals, including any refusals and appeals relating to any applications;
  - (e) all records relating to any statutory inspections of the Facility or the Site, including any roadways;
  - (f) any notices, reports, results and certificates relating to Substantial Completion and Final Completion of the Works and completion of the Project Co Commissioning;
  - (g) all operation and maintenance manuals;

- (h) any documents relating to events of Force Majeure, Delay Events, Compensation Events, Relief Events and Excusing Causes;
- (i) all formal notices, reports or submissions made to or received from IO in connection with the provision of the Project Co Services, the monitoring of performance, the availability of the Facility, and payment adjustments;
- (j) all certificates, licences, registrations or warranties related to the provision of the Project Co Services;
- (k) the invoices for Monthly Service Payments;
- (l) all documents submitted in accordance with Schedule 19 - Variation Procedure;
- (m) any documents related to decisions resulting from the Dispute Resolution Procedure;
- (n) any documents related to a Project Co Change in Ownership or Change in Control;
- (o) any documents relating to any Refinancing;
- (p) all accounts for Taxes and transactions relating to Taxes, including in relation to GST and RST applicable to the Project, but excluding any records for:
  - (i) Project Co's liabilities or payments under the *Income Tax Act* (Canada), the *Income Tax Act* (Ontario) or any similar statute in any other jurisdiction;
  - (ii) Project Co's liabilities or payments for capital taxes based on or measured by the capital of Project Co;
  - (iii) the withholdings of any payments by Project Co; or
  - (iv) any business or activity in addition to the business or activities related to, and conducted for, the purpose of the Project;
- (q) the financial accounts of Project Co referred to in Section **Error! Reference source not found.** of this Schedule 23;
- (r) such documents as IO may reasonably require relating to Business Opportunities in which IO has a right or interest;
- (s) all records required by Applicable Law (including in relation to health and safety matters) to be maintained by Project Co with respect to the Project Operations;
- (t) any documents relating to insurance and insurance claims;



- (u) the Plant Services Information Management System;
  - (v) all Jointly Developed Materials; and
  - (w) all other records, documents, information, notices or certificates expressly required to be produced or maintained by Project Co pursuant to the Project Agreement.
- 2.2 Either Party may review the documents required to be prepared, retained and maintained by Project Co pursuant to Section 2.1 of this Schedule 23.

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## SCHEDULE 24

## DISPUTE RESOLUTION PROCEDURE

**1. General**

- 1.1 All disputes, controversies, or claims arising out of or relating to any provision of the Project Agreement, or the alleged wrongful exercise or failure to exercise by a Party of a discretion or power given to that Party under the Project Agreement, or the interpretation, enforceability, performance, breach, termination, or validity of the Project Agreement, including, without limitation, this Schedule 24, or any matter referred to for resolution pursuant to this Schedule 24 (collectively and individually, a "**Dispute**") shall be resolved in accordance with the provisions of this Schedule 24.
- 1.2 The Parties agree that at all times, both during and after the Project Term, each of them will make bona fide efforts to:
- (a) resolve by amicable negotiations any and all Disputes arising between them; and
  - (b) have all Disputes resolved at the lowest level of management before engaging the dispute resolution processes described in Sections 3 to 8 of this Schedule 24.
- 1.3 If the Parties are unable to resolve a Dispute at the lowest level of management pursuant to Section 1.2(b) of this Schedule 24, either Party may deliver to the IO Representative or the Project Co Representative, as applicable, a written notice of dispute (the "**Notice of Dispute**"), which Notice of Dispute shall initiate either the dispute resolution process described in Sections 3 to 8 of this Schedule 24 or the dispute resolution process described in Sections 6 to 8 of this Schedule 24 where the Dispute is a Dispute in relation to the Independent Certifier's decisions for which Section 2.3 of this Schedule 24 provides that Sections 3, 4 and 5 of this Schedule 24 shall not apply. To be effective, the Notice of Dispute must expressly state that it is a notice of dispute, set out the particulars of the matter in dispute, describe the remedy or resolution sought by the Party issuing the Notice of Dispute and be signed by the IO Representative, if given by IO, or by the Project Co Representative, if given by Project Co.

**2. Independent Certifier**

- 2.1 All Disputes related to the Works that,
- (a) arise prior to, or otherwise in relation to, Substantial Completion;
  - (b) relate to completion of Minor Deficiencies; or
  - (c) are referred to in the Project Agreement for determination by the Independent Certifier,

shall initially be submitted to the Independent Certifier for independent determination by the Independent Certifier within such period as may be specified in the Project Agreement, or if no period is specified, within 10 Business Days after submission to the Independent Certifier.

- 2.2 Without limiting any obligations of the Parties under the Independent Certifier Agreement, the Parties shall cooperate with the Independent Certifier and provide such information, records and documents as may be required by the Independent Certifier to make the determination within the period referred to in Section 2.1 of this Schedule 24.
- 2.3 The Independent Certifier's decision to issue or not to issue the Substantial Completion Certificate shall be final and binding on the Parties solely in respect of determining the Payment Commencement Date, and a Dispute in relation to the Payment Commencement Date shall not be subject to resolution pursuant to this Schedule 24. Save and except as aforesaid, the Independent Certifier's determinations are not binding on the Parties, and all Disputes in relation to the Independent Certifier's decisions shall be resolved pursuant to this Schedule 24, provided however that Sections 3, 4 and 5 of this Schedule 24 shall not apply unless otherwise agreed by the Parties on terms acceptable to the Parties.

### **3. Amicable Resolution by Party Representatives**

- 3.1 On receipt of a Notice of Dispute, the IO Representative and the Project Co Representative (collectively "**Party Representatives**" and individually "**Party Representative**") shall each promptly and diligently make all reasonable bona fide efforts to resolve the Dispute. Each Party Representative shall provide to the other, on a without prejudice basis, frank, candid and timely disclosure of relevant facts, information and documents (except such documentation that is subject to legal privilege) as may be required or reasonably requested by the other to facilitate the resolution of the Dispute.

### **4. Amicable Resolution by Senior Officers of each Party**

- 4.1 If a Dispute is not resolved by the Party Representatives within 10 Business Days after receipt by a Party of the applicable Notice of Dispute, or within such longer period of time as the Party Representatives may both expressly agree, then at any time after the expiry of such period of time either Party Representative may, by notice in writing to the other, refer the Dispute to an executive of a Party who:
  - (a) is in a position of authority above that of the IO Representative or the Project Co Representative, as the case may be; and
  - (b) subject only to approval of the board of directors or similar governing body of the Party, has full authority to resolve and settle the Dispute.
- 4.2 Once a Dispute is referred to them, the executive of each Party shall promptly and diligently make all reasonable bona fide efforts to resolve the Dispute. All discussions and negotiations, and all documents exchanged, between them related to the Dispute shall be on a without prejudice basis to facilitate the resolution of the Dispute.

## 5. Expert Determination

- 5.1 If a Dispute is not resolved by negotiation pursuant to Section 4 of this Schedule 24 within 10 Business Days after the date the Dispute is referred to the executives of the Parties for resolution by them, or within such longer period of time as the executives may expressly agree in writing in respect to a specific Dispute to allow them to continue their efforts to resolve the Dispute, then either Party may at any time thereafter, by written notice signed by their Party Representative and delivered to the other Party Representative, require that the Dispute be resolved on an expedited basis by a qualified and experienced expert (the "**Expert**"). The Expert shall be appointed as follows:
- (a) if the Parties agree on the Expert, the Parties shall jointly appoint the Expert as soon as possible and, in any event, within 5 Business Days after delivery of the notice requiring that the Dispute be resolved by an Expert;
  - (b) if the Parties fail to agree or jointly appoint the Expert within such 5 Business Day period, either Party may apply to the Ontario Superior Court of Justice for appointment of the Expert, in which case the court shall appoint the Expert at the earliest opportunity from the list of potential Experts submitted by the Parties or, if either or both Parties fail to submit their list of potential Experts within 7 Business Days, the court may appoint such person as the Expert who meets the requirements set out in this Schedule 24 for qualifications and experience of the Expert.
- 5.2 No one shall be nominated or appointed to act as an Expert who is or was in any way interested, financially or otherwise, in the conduct of the Project Operations or in the business affairs of IO, Project Co, or any consultant, subconsultant or subcontractor of any of them.
- 5.3 The Expert will be appointed on a Dispute by Dispute basis, with each Expert having the qualifications and experience relevant to the issues in the particular Dispute for which the Expert is appointed.
- 5.4 The Expert shall determine the appropriate process for timely and cost effective resolution of the Dispute and, without limiting the generality of the foregoing, the Expert has discretion to, among other things:
- (a) solicit submissions and documents from both Parties, and impose deadlines for the receipt of such submissions;
  - (b) require some or all of the evidence to be provided by affidavit;
  - (c) direct either or both Parties to prepare and provide the Expert with such documents, test results or other things as the Expert may require to assist the Expert in the resolution of the Dispute and rendering of a decision;

- (d) require either Party to supply or prepare for examination by the Expert and the other Party, any document or information the Expert considers necessary;
  - (e) inspect the Project Operations, giving reasonable notice to each Party of the time when, and the place where, the Expert intends to conduct any inspections;
  - (f) convene meetings of the Parties to have the Parties discuss the issues in Dispute in the presence of the Expert; and
  - (g) take, or require either or both Parties to take and provide to the Expert, such measurements, perform such tests, audit such processes and procedures, and take any and all such other measures and steps as the Expert considers necessary to make a final determination in the Dispute.
- 5.5 The Expert shall render a decision as soon as possible and, in any event, shall use all reasonable efforts to render a decision no later than 10 Business Days after the date of the appointment of the Expert, or such longer period of time as agreed to in writing by the Parties. The Expert shall give reasons or a summary of reasons for the Expert's decision.
- 5.6 The Expert shall keep all information about the Dispute confidential and shall not disclose such information to anyone other than the Parties.
- 5.7 Each Party shall bear its own costs of the process for resolution of the Dispute by the Expert. The Expert has the jurisdiction and authority to order that the costs of the Expert be apportioned between the Parties in such proportion as the Expert in his or her discretion considers appropriate in the circumstances, including to order that all of the costs of the Expert be apportioned to and paid by only one Party. In exercising this discretion, the Expert will take into account the desire of the Parties that costs of the Expert should generally be borne by each Party in proportion to the relative success that each Party has in the Dispute before the Expert. If the Expert fails to apportion costs of the Expert between the Parties at the time the Expert's decision is rendered, the costs of the Expert shall be borne equally by the Parties.
- 5.8 Subject to a right to require the Dispute to be arbitrated or litigated pursuant to Sections 6, 7 and 8 of this Schedule 24 by giving the required notices to arbitrate or litigate within the time periods specified therein, the Parties agree that the Expert's determination shall be final and binding on both Parties and not subject to appeal, arbitration, litigation or any other dispute resolution process, and both Parties expressly waive all rights of appeal in connection with the Expert's determination.

## **6. Referral of Disputes to Arbitration or Litigation**

- 6.1 If:
- (a) the amount awarded by the Expert to a Party pursuant to Section 5 of this Schedule 24 is more than [REDACTED] (index linked) in the aggregate or [REDACTED] (index linked) per year, in the case of a decision by the Expert

that would result in either a recurring annual payment (for a period of at least 5 years) by IO or a recurring annual cost to Project Co;

- (b) the Dispute involves issues other than monetary claims by one Party against the other Party and which a Party reasonably believes are material and significant to that Party; or
- (c) a Notice of Dispute has been issued for a Dispute in relation to the Independent Certifier's decisions for which Section 2.3 of this Schedule 24 provides that Sections 3, 4 and 5 of this Schedule 24 shall not apply,

then, subject to the right of a Party to require litigation of the Dispute pursuant to Section 8.1 of this Schedule 24 or a consolidation of proceedings pursuant to Section 10, of this Schedule 24 either Party may, by written notice signed by their Party Representative, require that the Dispute be resolved by arbitration pursuant to Section 7. Such notice will not be effective unless it indicates it is a notice to arbitrate, is signed by the Party Representative and is delivered to the other Party Representative within 15 Business Days after receipt of the Expert's determination or the Notice of Dispute referred to in Section 6.1(c) of this Schedule 24, as applicable, and provided further that such notice expressly identifies the specific Dispute and determination of the Expert or the Independent Certifier, as applicable, that is to be the subject of the arbitration.

- 6.2 If a Party is entitled to refer a Dispute to which Section 5 of this Schedule 24 applies to arbitration or litigation pursuant to Sections 6.1 and 8.1 of this Schedule 24 then, unless the Parties otherwise expressly agree in writing, all information, documents and submissions prepared by a Party for the Expert which are not business records that would otherwise be kept in the normal course of business by the Party for its business purposes, and all decisions and determinations by the Expert, shall be confidential and inadmissible in any arbitration or litigation proceeding.

## 7. Resolution by Arbitration

- 7.1 If a Dispute is referred to arbitration pursuant to Section 6 of this Schedule 24, the Dispute shall be resolved by arbitration in accordance with the *Arbitration Act, 1991* (Ontario).
- 7.2 Disputes referred to arbitration shall be resolved by a single arbitrator unless one of the Parties, by notice in writing delivered to the other Party within 5 Business Days after a notice to arbitrate pursuant to Section 6.1 of this Schedule 24 has been delivered, expressly requires that the Dispute that is the subject of that notice to arbitrate be resolved by a three person arbitration tribunal, in which case that particular Dispute shall be resolved by a three person arbitration tribunal.
- 7.3 If the arbitration tribunal is comprised of a single arbitrator, the arbitrator shall be appointed as follows:

- (a) if the Parties agree on the arbitrator, the Parties shall jointly appoint the arbitrator as soon as possible and in any event within 5 Business Days after delivery of the notice to arbitrate pursuant to Section 6 of this Schedule 24; and
- (b) if the Parties fail to agree or jointly appoint the arbitrator within such 5 Business Day period, either Party may apply to the Ontario Superior Court of Justice for appointment of the arbitrator, in which case the court shall appoint the arbitrator at the earliest opportunity in accordance with the following:
  - (i) from the lists of potential arbitrators submitted to the court by the Parties, provided that potential arbitrators meeting the necessary qualifications and experience set out in this Schedule 24 are on the list; or
  - (ii) if one Party fails to submit its list of potential arbitrators to the court within 5 Business Days of a request from the court to submit a list, from the list submitted by the other Party provided that potential arbitrators meeting the necessary qualifications and experience set out in this Schedule 24 are on the list of that other Party; or
  - (iii) if no list is submitted by either Party, or if the list or lists submitted do not include potential arbitrators with the necessary qualifications and experience, the court shall be entitled at its sole discretion to appoint anyone who meets the requirements set out in this Schedule 24 for the qualifications and experience of the arbitrator.

7.4 If the arbitration tribunal is comprised of three arbitrators:

- (a) the arbitrators shall be appointed as follows:
  - (i) each Party shall appoint one arbitrator no later than 5 Business Days after delivery of the notice to arbitrate pursuant to Section 6 of this Schedule 24;
  - (ii) if a Party fails to appoint an arbitrator within 5 Business Days after delivery of the notice to arbitrate, the other Party is entitled to apply to the Ontario Superior Court of Justice to appoint that arbitrator, in which case the court shall appoint that arbitrator at the earliest opportunity using a comparable process to that described in Section 7.3(b) of this Schedule 24;
  - (iii) the arbitrators appointed in accordance with the foregoing shall, within 5 Business Days after their appointment, jointly appoint a third arbitrator who shall also act as the chair of the arbitration tribunal and who, in addition to all other required qualifications, shall have experience in arbitration or judicial processes and procedures; and
  - (iv) if the two arbitrators appointed by the Parties fail to appoint a third arbitrator within the required time, either of the other two arbitrators may

apply to the Ontario Superior Court of Justice for appointment of the third arbitrator, in which case the court shall appoint the third arbitrator at the earliest opportunity using a comparable process to that described in Section 7.3(b) of this Schedule 24; and

- (b) the arbitrators appointed by the Parties shall at all times be neutral and act impartially and shall not act as advocates for the interests of the Party who appointed them.

7.5 All arbitrators must have qualifications and experience relevant to the issues in the Dispute and also have qualifications and experience as arbitrators.

7.6 No one shall be nominated or appointed to act as an arbitrator who is or was in any way interested, financially or otherwise, in the conduct of the Project Operations or in the business affairs of IO, Project Co, or any consultant, subconsultant or subcontractor of any of them.

7.7 The arbitrator(s) shall have the jurisdiction and power to:

- (a) amend or vary any and all rules under the *Arbitration Act, 1991* (Ontario), including rules relating to time limits, either by express agreement of the Parties or, failing such agreement, as the arbitrator(s) consider appropriate and necessary in the circumstances to resolve the Dispute and render an award;
- (b) require some or all of the evidence to be provided by affidavit;
- (c) hold a hearing at which evidence and submissions are presented by the Parties;
- (d) direct either or both Parties to prepare and provide the arbitrator(s) with such documents, test results or other things as the arbitrator(s) may require to assist them in the resolution of the Dispute and rendering of an award;
- (e) require either Party to supply or prepare for examination by the arbitrator(s) and the other Party, any document or information the arbitrator(s) considers necessary;
- (f) inspect the Project Operations, giving reasonable notice to each Party of the time when, and the place where, the arbitrator(s) intend(s) to conduct any inspections;
- (g) award any remedy or relief that a court or judge of the Ontario Superior Court of Justice could order or grant subject to and in accordance with the Project Agreement, including, without limitation, interim orders, interim and permanent injunctions, and specific performance; and
- (h) require either or both Parties to take and provide to the arbitrator(s) such measurements, perform such tests, perform such audits, or take any and all such other measures or steps as the arbitrator(s) consider necessary or desirable to aid them in making a fair and reasonable award.



- 7.8 The place of arbitration shall be Toronto, Ontario. The language of the arbitration shall be English.
- 7.9 The costs of an arbitration are in the discretion of the arbitrator(s) who, in addition to any jurisdiction and authority under applicable law to award costs, has the jurisdiction and authority to make an order for costs on such basis as the arbitrator(s) considers appropriate in the circumstances, including to award actual legal fees and disbursements and expert witness fees, and to specify or order any or all of the following:
- (a) the Party entitled to costs;
  - (b) the Party who must pay the costs;
  - (c) the amount of the costs or how that amount is to be determined; and
  - (d) how all or part of the costs must be paid.
- 7.10 In exercising discretion to award costs, however, the arbitrator(s) will take into account the desire of the Parties that costs should generally be awarded to each Party in proportion to the relative success that each Party has in the arbitration.
- 7.11 The award of the arbitrator(s) shall be final and binding upon both Parties, and both Parties expressly waive all rights of appeal in connection with the award of the arbitrator(s). Judgment may be entered upon the award in accordance with Applicable Law in any court having jurisdiction.
- 7.12 The Parties agree to and shall co-operate fully with the arbitrator(s) and proceed with the arbitration expeditiously, including in respect of any hearing, in order that an award may be rendered as soon as practicable by the arbitrator(s), given the nature of the Dispute. The arbitrator(s) shall render a decision as soon as possible and, in any event, shall use all reasonable efforts to render a decision no later than 20 Business Days after the date of the hearing, or such longer period of time as agreed to in writing by the Parties. If the arbitration tribunal is comprised of three arbitrators, the decision of a majority of the arbitration tribunal shall be deemed to be the decision of the arbitration tribunal, and where there is no majority decision, the decision of the chair of the arbitration tribunal shall be deemed to be the decision of the arbitration tribunal.
- 7.13 This Project Agreement, including this Schedule 24, constitutes an agreement to arbitrate that shall be specifically enforceable.
- 7.14 Any arbitrator appointed pursuant to this Section 7 of this Schedule 24 shall keep all information about the Dispute confidential and shall not disclose such information to anyone other than the Parties.

## **8. Litigation**

- 8.1 Notwithstanding that a notice to arbitrate has been delivered pursuant to Section 6.1, of this Schedule 24 following receipt of the Expert's award or determination pursuant to

Section 5 of this Schedule 24 or if applicable a Notice of Dispute has been issued following receipt of a decision of the Independent Certifier if the Dispute is a Dispute in relation to the Independent Certifier's decisions for which Section 2.3 of this Schedule 24 provides that Sections 3, 4 and 5 of this Schedule 24 shall not apply, if one or more of the following apply then either Party may elect, by written notice signed by their Party Representative, to require that the Dispute be referred to and resolved solely by litigation in the Ontario Superior Court of Justice, and both Parties agree to attorn to the exclusive jurisdiction of the courts of the Province of Ontario in respect of the Dispute:

- (a) if the actual or potential total value or amount at issue in the Dispute (as determined by adding all claims and counterclaims) is [REDACTED] (index linked) or more, taking into account recurrence over time if the Dispute involves a recurring matter; or
- (b) if the Dispute is considered by IO to involve material issues of public health or safety.

Such notice will not be effective unless it indicates it is a notice to submit the Dispute to litigation, is signed by the Party Representative and is delivered to the other Party Representative within 15 Business Days after receipt of the Expert's determination or the Notice of Dispute referred to in Section 6.1(c) of this Schedule 24, as applicable, and provided further that such notice expressly identifies the specific Dispute and determination of the Expert or Independent Certifier, as applicable, that is to be the subject of the litigation.

8.2 If neither Party delivers a notice of election to resolve a particular Dispute by litigation in the manner and within the time specified in Section 8.1 of this Schedule 24, then:

- (a) provided that one Party has, in the manner and within the time period specified in Section 6.1 of this Schedule 24, given notice to the other Party of election to resolve that Dispute by arbitration, and subject to a consolidation of proceedings pursuant to Section 10 of this Schedule 24, that Dispute shall be resolved only by arbitration pursuant to Section 7 of this Schedule 24; and
- (b) subject to Section 8.2(a) of this Schedule 24, where a Dispute was determined by the Expert, the Expert's determination is final and binding on both Parties and not subject to appeal, arbitration, litigation or any other dispute resolution process.

## **9. Consolidation of Project Agreement Arbitrations and Litigation**

9.1 For all Disputes that arise prior to Substantial Completion, unless:

- (a) both Parties otherwise agree; or
- (b) the issue in a particular Dispute arises in connection with the Review Procedure; or

- (c) the issue in a particular Dispute is such that waiting until after Substantial Completion to resolve that Dispute will cause irreparable harm to one of the Parties; or
- (d) the issue in a particular Dispute arises in connection with requirements of achieving or deficiencies in not achieving Substantial Completion; or
- (e) in respect to a particular Dispute, the Dispute is consolidated with Third Party Disputes (as hereinafter defined) pursuant to Section 10 of this Schedule 24;

all arbitral and litigation proceedings between the Parties prior to Substantial Completion shall be stayed and consolidated into, as applicable, a single arbitration and a single litigation proceeding, with the arbitration and, if applicable, litigation, proceeding promptly and expeditiously after Substantial Completion.

## **10. Consolidation with Third Party Disputes**

- 10.1 Subject to Section 10.4 of this Schedule 24, if either Party is involved in an arbitration in the Province of Ontario with a third party ("**Third Party Arbitration**"), and if such Third Party Arbitration involves common factual or legal issues (including common issues of damages) which are also the subject of a Dispute between the Parties for which a Notice of Dispute has been given, then any arbitration of the Dispute between the Parties which includes those common factual, legal or damages issues ("**Project Agreement Arbitration**") shall be stayed, consolidated or joined with the Third Party Arbitration(s) but only if IO, Project Co and the other parties all agree or, failing their agreement, if a court in the Province of Ontario on application considers it just and convenient in all the circumstances that the Project Agreement Arbitration should be stayed or consolidated or joined with the Third Party Arbitration.
- 10.2 Subject to Section 10.4 of this Schedule 24, if either Party is involved in litigation in the Province of Ontario with a third party ("**Third Party Litigation**") and if:
- (a) such Third Party Litigation involves common factual or legal issues (including common issues of damages) which are the subject of a Project Agreement Arbitration; and
  - (b) one of the Parties is brought directly into the Third Party Litigation as a party to that litigation,

then on the application of either Party to the court in the Province of Ontario having jurisdiction the court may, if it determines that it is just and convenient in all the circumstances, order a stay of either or both the Project Agreement Arbitration proceeding and Third Party Litigation, or order a joinder of the Project Agreement Arbitration and the Third Party Litigation. If such joinder is ordered, the Project Agreement Arbitration and the Third Party Litigation ordered to be joined by the court shall be determined by that court or by another court in Ontario such that the Project Agreement Arbitration and the Third Party Litigation shall be resolved in one forum. For

purposes of the foregoing, joinder of the Project Agreement Arbitration and the Third Party Litigation shall be construed to include stays and conditional stays of issues in the Project Agreement Arbitration pending the commencement and completion of third party proceedings by one or both of the Parties in the Third Party Litigation.

- 10.3 In considering whether to order a stay, consolidation or joinder of a Project Agreement Arbitration with a Third Party Arbitration or Third Party Litigation, the court will be entitled to give substantial weight to the desire by the Parties that all Disputes which are related to Third Party Arbitration or Third Party Litigation be resolved in a single forum to avoid multiplicity of proceedings and the potential for contradictory findings of fact, liability and quantum, and to ensure the arbitrator or court has the advantage of obtaining full evidence and disclosure from the Parties and from the other parties, as applicable and as required to resolve the Dispute and to make findings of fact, liability and quantum of damages and awards or judgments binding on the Parties based on all available evidence.
- 10.4 Sections 10.1 and 10.2 of this Schedule 24 only apply:
- (a) if the Dispute between the Parties includes a claim by one Party against the other for contribution or indemnity for that Party's liability or potential liability to the third party where such liability results or will result from an award in the Third Party Arbitration or a judgment in the Third Party Litigation; and
  - (b) to those specific issues that are common issues in the Project Agreement Arbitration, the Third Party Arbitration and the Third Party Litigation, such that all other issues in the Dispute shall continue to be resolved by Project Agreement Arbitration and shall not be consolidated with the Third Party Arbitration or Third Party Litigation.

## **11. Miscellaneous**

- 11.1 Project Co and IO shall diligently carry out their respective obligations under the Project Agreement during the pendency of any Disputes, including arbitration proceedings or litigation proceedings. If during the pendency of any Dispute it is considered necessary by either Party to proceed in respect of the matter that is in Dispute, then without prejudice to Project Co's rights in respect of the Dispute (including in respect of Delay Events, Compensation Events and Variations), Project Co shall proceed in accordance with the direction of IO, and in the event the matter in dispute is determined in favour of Project Co, proceeding in accordance with IO's position shall, subject to and in accordance with Section 38 of the Project Agreement, be treated as a Delay Event and, subject to and in accordance with Section 39 of the Project Agreement, be treated as a Compensation Event.
- 11.2 Nothing contained in this Schedule 24 will prevent the Parties from seeking interim protection from the courts of the Province of Ontario, including seeking an interlocutory injunction, if necessary to prevent irreparable harm to a Party.

- 11.3 Interest on amounts agreed to be paid pursuant to resolution of a Dispute by the Party Representatives or by the executives of the Parties pursuant to Sections 3 and 4 of this Schedule 24, and interest on an award or judgment, shall be payable at the Default Interest Rate, accruing:
- (a) for amounts payable by Project Co to IO, from the date of any overpayment to Project Co or, as applicable, from the date on which payment was due under the Project Agreement to IO; or
  - (b) for amounts payable by IO to Project Co, from the date on which payment was due under the Project Agreement to Project Co.
- 11.4 Project Co shall ensure that any and all documents and other information in the possession or control of any Project Co Party that are available to Project Co and that may be necessary for the resolution of a Dispute on an informed basis by the Party Representatives or by the executives of the Parties pursuant to Sections 3 and 4 of this Schedule 24, or by an arbitrator or court of competent jurisdiction, are made available in a timely manner to IO and the IO Representative.
- 11.5 IO shall ensure that any and all documents and other information in the possession or control of any IO Party that are available to IO and that may be necessary for the resolution of a Dispute on an informed basis by the Party Representatives or by the executives of the Parties pursuant to Sections 3 and 4 of this Schedule 24, or by an arbitrator or court of competent jurisdiction, are made available in a timely manner to Project Co and the Project Co Representative.
- 11.6 The Parties can, by written agreement, on a Dispute by Dispute basis:
- (a) extend any or all timelines set out in this Schedule 24;
  - (b) agree to waive or by-pass any one or more of the Dispute resolution processes in Sections 3, 4 and 5 of this Schedule 24 and, instead, proceed directly to resolution of the Dispute by arbitration or litigation pursuant to Sections 7 and 8 of this Schedule 24;
  - (c) agree to resolve a Dispute by litigation rather than arbitration notwithstanding the requirements of Section 7 of this Schedule 24, or agree to resolve a Dispute by arbitration rather than litigation notwithstanding the requirements of Section 8 of this Schedule 24; and
  - (d) agree to resolve a Dispute relating to the decision of an Expert by arbitration or litigation, notwithstanding the provisions of Section 6 of this Schedule 24.

**SCHEDULE 25**

**REFINANCING**

**1. DEFINITIONS**

1.1 The following terms shall have the following meanings:

- (a) **“Distribution”** means, whether in cash or in kind, any:
- (i) dividend or other distribution in respect of the Equity Capital;
  - (ii) reduction of capital, redemption or purchase of shares or any other reorganization or variation to the Equity Capital;
  - (iii) payment, loan, contractual arrangement or transfer of assets or rights to the extent (in each case) it was put in place after Financial Close and was neither in the ordinary course of business nor on reasonable commercial terms; or
  - (iv) the receipt of any other benefit which is not received in the ordinary course of business nor on reasonable commercial terms,
- and where any such Distribution is not in cash, the equivalent cash value of such Distribution shall be calculated.
- (b) **“Equity IRR”** means the projected internal rate of return to the Equity Provider over the full term of the Project Agreement, taking into account the aggregate of all its investments and of all Distributions made and projected to be made.
- (c) **“Equity Provider”** means [REDACTED] and [REDACTED] and any Affiliate thereof.
- (d) **“Exempt Refinancing”** means:
- (i) any Refinancing that was fully taken into account in the calculation of the Monthly Service Payments and included in the output from the Financial Model as of the date of the Project Agreement;
  - (ii) a change in taxation or change in accounting treatment pursuant to a Change in Law or change in Canadian GAAP;
  - (iii) the exercise of any right, the grant of any amendment, waiver or consent or any similar action under the Lending Agreements that does not provide for a financial benefit to Project Co under those agreements;
  - (iv) any sale of Equity Capital or securitization of the existing rights or interests attaching to such Equity Capital, unless such sale or securitization involves

- increasing the Senior Debt Amount or the Junior Debt Amount, as applicable, or amending the Senior Debt Makewhole or the Junior Debt Makewhole, as applicable, on terms more favourable to Project Co than contained in the Lending Agreements;
- (v) any Qualifying Bank Transaction;
  - (vi) any Rescue Refinancing;
  - (vii) any Refinancing that was approved by IO prior to the execution of the Project Agreement and occurs during the first six months following the date of the Project Agreement;
  - (viii) any amendment, variation or supplement of any agreement approved by IO as part of any Variation under the Project Agreement; or
  - (ix) any Permitted Borrowing.
- (e) **“Mandatory Refinancing”** means an Exempt Refinancing described in Section 1.1(d)(i).
- (f) **“Qualifying Bank”** means a lending institution that is:
- (i) a bank listed in Schedule I, II or III of the *Bank Act* (Canada); or
  - (ii) a bank, life insurance company, pension fund or fund managed by a professional fund manager that controls funds in excess of \$500,000,000.00, provided such institution is not a Restricted Person or a person whose standing or activities may compromise (1) the Province’s reputation or integrity, or (2) the nature of the Province’s corrections system, so as to affect public confidence in that system.
- (g) **“Qualifying Bank Transaction”** means:
- (i) the disposition by a Lender of any of its rights or interests in the Lending Agreements to a Qualifying Bank;
  - (ii) the grant by a Lender to a Qualifying Bank of any rights of participation in respect of the Lending Agreements; or
  - (iii) the disposition or grant by a Lender to a Qualifying Bank of any other form of benefit or interest in either the Lending Agreements or the revenues or assets of Project Co, whether by way of security or otherwise.
- (h) **“Qualifying Refinancing”** means any Refinancing that will give rise to a Refinancing Gain that is not an Exempt Refinancing.

- (i) **“Refinancing”** means:
- (i) any amendment, variation, novation, supplement or replacement of any Lending Agreement;
  - (ii) the exercise of any right, or the grant of any waiver or consent, under any Lending Agreement;
  - (iii) the disposition of any rights or interests in, or the creation of any rights of participation in respect of, the Lending Agreements or the creation or granting of any other form of benefit or interest in either the Lending Agreements or the contracts, revenues or assets of Project Co whether by way of security or otherwise; or
  - (iv) any other arrangement put in place by Project Co or another person which has an effect which is similar to any of the foregoing provisions of this definition above or which has the effect of limiting Project Co’s ability to carry out any of the foregoing provisions of this definition.
- (j) **“Refinancing Financial Model”** means a comprehensive and detailed financial model satisfactory to IO, acting reasonably, prepared for the purpose of Section 2 of this Schedule 25, which financial model shall be similar in form and content to the Financial Model, suitable for the purposes for which it will be used in this Schedule 25, and shall take into account:
- (i) cash flows for the entire remaining Project Term;
  - (ii) any changes in structure and funding since the date of the Project Agreement;
  - (iii) the performance of the Project Operations to the date of the Refinancing;
  - (iv) macroeconomic assumptions; and
  - (v) all other relevant factors.
- (k) **“Refinancing Gain”** means an amount equal to the greater of zero and  $(A - B)$ , where:
- A = the net present value, discounted at a discount rate equal to the Base Case Equity IRR, of all Distributions as projected immediately prior to the Refinancing (using the Refinancing Financial Model and taking into account the effect of the Refinancing) to be made over the remaining term of the Project Agreement following the Refinancing.
- B = the net present value, discounted at a discount rate equal to the Base Case Equity IRR, of all Distributions as projected immediately prior to the Refinancing (using the Refinancing Financial Model but without taking into account the effect of the



Refinancing) to be made over the remaining term of the Project Agreement following the Refinancing.

- (l) “**Refinancing Notice**” has the meaning given in Section 2.8.
- (m) “**Rescue Refinancing**” means any Refinancing which takes place due to the failure or prospective failure of Project Co to comply with any material financial obligation under the Lending Agreements, or any of them, which does not increase any liability of IO, whether actual or potential.

## **2. REFINANCING**

2.1 Project Co shall not carry out any Qualifying Refinancing unless Project Co has obtained the prior written consent of IO, which consent, subject to Section 2.2 of this Schedule 25, shall not be unreasonably withheld or delayed.

2.2 IO may withhold its consent to any Qualifying Refinancing, in its sole discretion:

- (a) where any person with whom Project Co proposes to carry out a Qualifying Refinancing is a Restricted Person;
- (b) if, at the time the Qualifying Refinancing is contemplated and effected, the Qualifying Refinancing will materially adversely affect the ability of Project Co to perform its obligations under the Project Documents or the Project Agreement; or
- (c) if, at the time the Qualifying Refinancing is contemplated and effected, the Qualifying Refinancing will have the effect of increasing any liability of IO, whether actual or contingent, present or future, known or unknown.

2.3 IO shall be entitled to receive:

- (a) a 50 per cent share of any Refinancing Gain arising from a Qualifying Refinancing, in respect of any Refinancing Gain up to (when considered in aggregate with all previous Qualifying Refinancings) a Refinancing Gain of \$2 million;
- (b) a 60 per cent share of any further Refinancing Gain arising from a Qualifying Refinancing, in respect of any Refinancing Gain in excess of \$2 million and up to (when considered in aggregate with all previous Qualifying Refinancings) a Refinancing Gain of \$5 million; and
- (c) a 70 per cent share of any further Refinancing Gain arising from a Qualifying Refinancing.

2.4 Project Co shall promptly provide IO with full details of any proposed Qualifying Refinancing, including a copy of the proposed Refinancing Financial Model and the basis for the assumptions used in the proposed Refinancing Financial Model. IO shall (before, during and at any time after any Refinancing) have unrestricted rights of audit over the Refinancing

- Financial Model and any documentation (including any aspect of the calculation of the Refinancing Gain) used in connection with such Refinancing (whether or not such Refinancing is determined to be a Qualifying Refinancing). Project Co shall promptly, and, in any event, within 5 Business Days of receiving a written request from IO, provide any information in relation to a proposed Refinancing as IO may reasonably require. Project Co shall keep IO informed as to any changes to the material terms of the Refinancing.
- 2.5 Subject to Section 2.6 of this Schedule 25, IO shall have the right to elect to receive its share of any Refinancing Gain as:
- (a) a single payment in an amount less than or equal to any Distribution made on or about the date of the Refinancing; and/or
  - (b) a reduction in the Monthly Service Payments over the remaining Project Term, such that the total net present value, discounted at the Discount Rate, of the foregoing, calculated at the time immediately prior to the Refinancing, shall equal IO's share of the Refinancing Gain.
- 2.6 IO and Project Co will negotiate in good faith to agree upon the basis and method of calculation of the Refinancing Gain and payment of IO's share of the Refinancing Gain (taking into account how IO has elected to receive its share of the Refinancing Gain under Section 2.5 of this Schedule 25 and the profile of the Refinancing Gain). If the parties fail to agree upon the basis and method of calculation of the Refinancing Gain or the payment of IO's share, the Dispute shall be determined in accordance with Schedule 24 - Dispute Resolution Procedure.
- 2.7 The Refinancing Gain shall be calculated after taking into account the reasonable out-of-pocket costs that each Party directly incurs in relation to the Qualifying Refinancing and on the basis that, within 15 Business Days of any Qualifying Refinancing, Project Co will reimburse IO for all such reasonable out-of-pocket costs incurred by IO.
- 2.8 If Project Co must, at a future date, undertake a Mandatory Refinancing, then IO may at any time request that Project Co provide to IO full and complete details and information with respect to the Mandatory Refinancing and its plan for the Mandatory Refinancing, including in respect to all relevant assumptions regarding the Mandatory Refinancing set out in the Financial Model (the "**Refinancing Information**"). For clarity, if Project Co must, at a future date, undertake a Mandatory Refinancing, IO must request Project Co to provide the Refinancing Information before it can issue a Refinancing Notice pursuant to Section 2.9. If IO and Project Co mutually agree, acting reasonably, that based on the Refinancing Information, a Refinancing prior to the Mandatory Refinancing would not have a negative material financial impact on the Mandatory Refinancing, then IO may provide Project Co with a Refinancing Notice pursuant to Section 2.9.
- 2.9 If IO considers the funding terms generally available in the market to be more favourable than those reflected in the Lending Agreements, IO may, by notice in writing to Project Co

- (a “**Refinancing Notice**”), require Project Co to request potential funders to provide terms for a potential Refinancing.
- 2.10 The Refinancing Notice shall set out in reasonable detail the grounds upon which IO believes such funding terms to be available. Project Co and IO shall meet to discuss the Refinancing Notice within 20 Business Days. Such a meeting will consider the evidence available to both parties about the availability of funding terms for a potential Refinancing. IO shall be entitled to withdraw the Refinancing Notice at or before such a meeting, or within 7 Business Days following the meeting.
- 2.11 If IO serves a Refinancing Notice which is not withdrawn pursuant to Section 2.10, then Project Co shall:
- (a) act promptly, diligently and in good faith with respect to the potential Refinancing;
  - (b) use all reasonable endeavours to obtain the most favourable available terms from existing and/or new lenders for any potential Refinancing (provided that Project Co shall not be required to propose refinancing in a manner which a prudent board of directors of a company operating the same business in Canada to that operated by Project Co, in similar circumstances, would not approve), for the avoidance of doubt also being terms which are likely to generate a positive Refinancing Gain after the deduction of costs in accordance with the provisions of Section 2.7; and
  - (c) either:
    - (i) as soon as reasonably practicable after receipt of the Refinancing Notice, provide to IO (I) full details of the proposed Refinancing, including a financial model and the basis for the assumptions used in the financial model and evidence to the reasonable satisfaction of IO that these assumptions represent the most favourable available terms for the potential Refinancing on the basis set out in Section 2.11(b) and (II) initial drafts of any changes to the Project Agreement including in relation to potential compensation on termination which might be required to give effect to the proposed Refinancing; or
    - (ii) if Project Co (acting reasonably) believes that it is not possible to obtain funding terms which are more favourable than those reflected in the Financing Agreements in accordance with the requirements of Section 2.11(b), provide evidence to the reasonable satisfaction of IO for such belief and evidence to the reasonable satisfaction of IO that Project Co has complied with its obligations in Sections 2.11(a) and (b) above.
- 2.12 Following receipt of the information referred to in Section 2.11(c)(i), IO shall, acting reasonably, either:
- (a) instruct Project Co to implement the proposed Refinancing; or

(b) instruct Project Co to discontinue the proposed Refinancing,

provided that if IO reasonably considers that the requirements of Sections 2.11(c)(i) or (ii) have not been satisfied, IO may require Project Co to satisfy its obligations under Sections 2.11(c)(i) or (ii). If Project Co must, at a future date, undertake a Mandatory Refinancing, IO shall not instruct Project Co to implement the proposed Refinancing unless both IO and Project Co, acting reasonably, agree that such Refinancing will be likely to generate a positive Refinancing Gain after the deduction of costs in accordance with the provisions of Section 2.7 and will not have a negative material financial impact on the Mandatory Refinancing.

2.13 If IO instructs Project Co to implement the proposed Refinancing:

- (a) Project Co shall, as soon as reasonably practicable, use all reasonable endeavours to ensure that such proposed Refinancing is implemented;
- (b) such proposed Refinancing shall be deemed to be a Qualifying Refinancing; and
- (c) the provisions of Sections 2.1 to 2.7 shall apply.

2.14 If:

- (a) IO instructs Project Co to discontinue the potential Refinancing pursuant to Section 2.12(b); or
- (b) the requirements of Section 2.11(c)(ii) are satisfied,

then, IO shall reimburse Project Co for the reasonable and proper professional costs incurred by Project Co in relation to the potential Refinancing, such costs to be paid to Project Co by IO within 20 Business Days after receipt of a valid invoice in respect of such amount. Such costs shall not include any internal management costs incurred by Project Co except insofar as (i) it can be demonstrated to the reasonable satisfaction of IO that such costs have been incurred in place of professional costs which would in the normal course of such business have been paid to third parties and (ii) IO has, by prior written agreement, approved the use of such internal management resource.

2.15 IO shall be entitled to issue a Refinancing Notice under Section 2.9 at any time but not more than once in any two-year period. For the avoidance of doubt, a Refinancing Notice that has been withdrawn under Section 2.10 has been issued for the purpose of this Section 2.15.

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SCHEDULE 26A

STANDBY LETTER OF CREDIT

[NTD: The Standby Letter of Credit must be issued by a bank acceptable to IO, acting reasonably, and must be callable at the bank's counters in Toronto, Ontario.]

Letter of Credit: #[●]

Date: [●]

Infrastructure Ontario  
777 Bay Street  
6<sup>th</sup> Floor  
Toronto, Ontario

Attn.: [●]

Dear Sir/Madam:

RE: Toronto South Detention Centre Project

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At the request of our client, [●] ("**Project Co**"), we, [**insert name and address of issuing bank**], hereby issue in your favour an irrevocable standby letter of credit (the "**Letter of Credit**") in the amount of [**REDACTED**].

The amount available under this Letter of Credit is payable to Infrastructure Ontario ("**IO**"), at any time and from time to time, upon (a) receipt by us of a written demand for payment, accompanied by a certificate signed by two officers of IO certifying that IO is entitled to draw on this Letter of Credit pursuant to Section 2.3(c) of a project agreement dated [●] (as amended from time to time, the "**Project Agreement**"), and (b) presentation of the original of this Letter of Credit.

This Letter of Credit will expire at 5:00 p.m. on [**insert the date that is 180 days after the Financial Close Target Date**], and IO may call for payment of any amount outstanding under this Letter of Credit at any time up to 5:00 p.m. on that date should this Letter of Credit not be renewed.

It is a condition of this Letter of Credit that it shall be automatically extended, without amendment, for one year from the expiration date hereof, or any future expiration date, unless, at least 30 days prior to any expiration date, we notify you, in writing, that we elect not to consider this Letter of Credit renewed for any such additional period. Upon receipt by you of such notice, you may draw the full amount hereunder by means of your demand.

Partial drawings are permitted.

We hereby agree that demands delivered under this Letter of Credit will be duly honoured upon presentation provided that all terms and conditions herein have been complied with.

Written demands drawn under this Letter of Credit shall state on their face that they are drawn under Letter of Credit #[●].

It is understood that **[insert name of issuing bank]** is obligated under this Letter of Credit for payments of monies only.

The Project Agreement is referred to herein for reference purposes only and does not form part of the terms of this Letter of Credit.

This Letter of Credit is subject to the Uniform Customs and Practice for Documentary Credits (2007 Revision) of the International Chamber of Commerce (ICC Publication No. 600) (the “UCP”) with the exception of Articles 18-30 inclusive (other than Article 29a, which shall apply) and Articles 31b, 31c and 32 except to the extent, if any, inconsistent with the express terms of this Letter of Credit. Notwithstanding Article 36 of the UCP, if this Letter of Credit expires during an interruption of business as contemplated in such Article 36, we shall honour any demand made under this Letter of Credit prior to the expiration date, within 30 days after the date on which such interruption of business ends (and we shall notify you promptly when it does so end). For matters not covered by such publication, this Letter of Credit shall be governed by and construed in accordance with the laws of the Province of Ontario.

Yours very truly,

**[Name of Issuing Bank]**

By: \_\_\_\_\_

Name:

Title:

By: \_\_\_\_\_

Name:

Title:

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**SCHEDULE 26B**

**REMAINING WORKS LETTER OF CREDIT**

**[NTD: The Remaining Works Letter of Credit must be issued by a bank acceptable to IO, acting reasonably, and must be callable at the bank's counters in Toronto, Ontario.]**

Letter of Credit: #[●]

Date: [●]

Infrastructure Ontario  
777 Bay Street  
6<sup>th</sup> Floor  
Toronto, Ontario

Attn.: [●]

Dear Sir/Madam:

RE: Toronto South Detention Centre Project

---

At the request of our client, [●] ("**Project Co**"), we, [**insert name and address of issuing bank**], hereby issue in your favour an irrevocable standby letter of credit (the "**Letter of Credit**") in the amount of [**REDACTED**].

The amount available under this Letter of Credit is payable to Infrastructure Ontario ("**IO**"), at any time and from time to time, upon (a) receipt by us of a written demand for payment, accompanied by a certificate signed by two officers of IO certifying that IO is entitled to draw on this Letter of Credit pursuant to Section 24.14(a) of a project agreement dated [●] (as amended from time to time, the "**Project Agreement**"), and (b) presentation of the original of this Letter of Credit.

This Letter of Credit will expire at 5:00 p.m. on [●], and IO may call for payment of any amount outstanding under this Letter of Credit at any time up to 5:00 p.m. on that date should this Letter of Credit not be renewed.

It is a condition of this Letter of Credit that it shall be automatically extended, without amendment, for one year from the expiration date hereof, or any future expiration date, unless, at least 30 days prior to any expiration date, we notify you, in writing, that we elect not to consider this Letter of Credit renewed for any such additional period. Upon receipt by you of such notice, you may draw the full amount hereunder by means of your demand.

Partial drawings are permitted.

We hereby agree that demands delivered under this Letter of Credit will be duly honoured upon presentation provided that all terms and conditions herein have been complied with.

Written demands drawn under this Letter of Credit shall state on their face that they are drawn under Letter of Credit #[●].

It is understood that [insert name of issuing bank] is obligated under this Letter of Credit for payments of monies only.

The Project Agreement is referred to herein for reference purposes only and does not form part of the terms of this Letter of Credit.

This Letter of Credit is subject to the Uniform Customs and Practice for Documentary Credits (2007 Revision) of the International Chamber of Commerce (ICC Publication No. 600) (the “UCP”) with the exception of Articles 18-30 inclusive (other than Article 29a, which shall apply) and Articles 31b, 31c and 32 except to the extent, if any, inconsistent with the express terms of this Letter of Credit. Notwithstanding Article 36 of the UCP, if this Letter of Credit expires during an interruption of business as contemplated in such Article 36, we shall honour any demand made under this Letter of Credit prior to the expiration date, within 30 days after the date on which such interruption of business ends (and we shall notify you promptly when it does so end). For matters not covered by such publication, this Letter of Credit shall be governed by and construed in accordance with the laws of the Province of Ontario.

Yours very truly,

**[Name of Issuing Bank]**

By: \_\_\_\_\_  
Name:  
Title:

By: \_\_\_\_\_  
Name:  
Title:

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**SCHEDULE 27**

**INSURANCE TRUST AGREEMENT**

**THIS AGREEMENT** is made as of the 26<sup>th</sup> day of October, 2009

**BETWEEN:**

**ONTARIO INFRASTRUCTURE PROJECTS CORPORATION**, a non-share capital corporation continued under the *Ontario Infrastructure Projects Corporation Act*, S.O. 2006, c.9, Schedule I, as amended, as agent for Her Majesty The Queen in Right of Ontario, as represented by the Minister of Energy and Infrastructure

("IO")

**AND:**

**COMPUTERSHARE TRUST COMPANY OF CANADA**, in its capacity as security agent for and on behalf of the Lenders under the Lending Agreements

(the "**Lenders' Agent**")

**AND:**

**INTEGRATED TEAM SOLUTIONS (JUSTICE INFRASTRUCTURE) PARTNERSHIP, [REDACTED]**

("Project Co")

**AND:**

**BNY TRUST COMPANY OF CANADA**, a trust company incorporated under the laws of Canada

(the "**Account Trustee**")

**WHEREAS:**

- A. IO and Project Co have entered into the Project Agreement.
- B. IO, the Lenders' Agent and Project Co have entered into the Lenders' Direct Agreement.
- C. IO, the Lenders' Agent and Project Co have agreed that all amounts from time to time contained in the Insurance Trust Account are to be held in trust by the Account Trustee in accordance with the terms of this Insurance Trust Agreement, and that no releases,

distributions or transfers of any funds from the Insurance Trust Account shall be made other than in accordance with the terms of this Insurance Trust Agreement.

D. [REDACTED]

**NOW THEREFORE** in consideration of the mutual covenants and agreements of the Parties hereinafter contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties covenant and agree as follows:

## **1. DEFINITIONS**

In this Insurance Trust Agreement, unless the context otherwise requires:

- (a) **"Bank"** means [REDACTED].
- (b) **"Business Day"** has the meaning given in the Project Agreement.
- (c) **"Change of Authorization Event"** has the meaning given in Section 8(a) of this Insurance Trust Agreement.
- (d) **"Change of Authorization Notice"** has the meaning given in Section 8(b)(ii) of this Insurance Trust Agreement.
- (e) [REDACTED]
- (f) [REDACTED]
- (g) [REDACTED]
- (h) **"Default Notice"** means a written notice given by the Lenders' Agent to the Account Trustee that an event of default under the Lending Agreements has occurred and is continuing.
- (i) **"Default Period"** means the period commencing on the date upon which the Account Trustee receives a Default Notice and ending on the date upon which the Account Trustee receives written notice from the Lenders' Agent that the event of default which was the subject matter of the applicable Default Notice has been cured.
- (j) **"Facility"** has the meaning given in the Project Agreement.
- (k) **"Governmental Authority"** has the meaning given in the Project Agreement.
- (l) **"Insurance Policies"** has the meaning given in Section 4(a) of this Insurance Trust Agreement.
- (m) **"Insurance Proceeds"** has the meaning given in Section 4(b) of this Insurance Trust Agreement.

- (n) **"Insurance Trust Account"** means [REDACTED].
- (o) **"Insurance Trust Agreement"** means this insurance trust agreement.
- (p) **"Lenders"** has the meaning given in the Project Agreement.
- (q) **"Lenders' Direct Agreement"** means the lenders' direct agreement made on or about the date hereof between IO, Project Co and the Lenders' Agent.
- (r) **"Lending Agreements"** has the meaning given in the Project Agreement.
- (s) **"Order"** has the meaning given in Section 7(k) of this Insurance Trust Agreement.
- (t) **"Party"** means any of IO, Project Co, the Lenders' Agent or the Account Trustee, and **"Parties"** means all of IO, Project Co, the Lenders' Agent and the Account Trustee.
- (u) **"Project"** has the meaning given in the Project Agreement.
- (v) **"Project Agreement"** means the project agreement made on or about October 26, 2009 between IO and Project Co.
- (w) **"Project Co Event of Default"** has the meaning given in the Project Agreement.
- (x) **"Project Operations"** has the meaning given in the Project Agreement.
- (y) **"Trust Property"** means all of the property held in trust by the Account Trustee pursuant to this Insurance Trust Agreement, including, without limitation, the Insurance Trust Account, and all amounts from time to time contained therein, the Insurance Policies, the Insurance Proceeds and [REDACTED].

## 2. INTERPRETATION

This Insurance Trust Agreement shall be interpreted according to the following provisions, unless the context requires a different meaning:

- (a) The headings in this Insurance Trust Agreement are for convenience of reference only, shall not constitute a part of this Insurance Trust Agreement, and shall not be taken into consideration in the interpretation of, or affect the meaning of, this Insurance Trust Agreement.
- (b) Unless the context otherwise requires, references to specific Sections, Clauses, Paragraphs, Subparagraphs, and other divisions are references to such Sections, Clauses, Paragraphs, Subparagraphs, or divisions of this Insurance Trust Agreement and the terms "Section" and "Clause" are used interchangeably and are synonymous.
- (c) Words importing persons or parties are to be broadly interpreted and include an individual, corporation, firm, partnership, joint venture, trust, unincorporated organization, Governmental Authority, unincorporated body of persons or association

- and any other entity having legal capacity, and the heirs, beneficiaries, executors, administrators or other legal representatives of a person in such capacity.
- (d) Unless the context otherwise requires, wherever used herein the plural includes the singular, the singular includes the plural, and each of the masculine, feminine and neuter genders include all other genders.
  - (e) References to any standard, principle, agreement or document include (subject to all relevant approvals and any other provisions of this Insurance Trust Agreement concerning amendments) a reference to that standard, principle, agreement or document as amended, supplemented, restated, substituted, replaced, novated or assigned.
  - (f) The words in this Insurance Trust Agreement shall bear their natural meaning.
  - (g) References containing terms such as:
    - (i) "hereof", "herein", "hereto", "hereinafter", and other terms of like import are not limited in applicability to the specific provision within which such references are set forth but instead refer to this Insurance Trust Agreement taken as a whole; and
    - (ii) "includes" and "including", whether or not used with the words "without limitation" or "but not limited to", shall not be deemed limited by the specific enumeration of items but shall, in all cases, be deemed to be without limitation and construed and interpreted to mean "includes without limitation" and "including without limitation".
  - (h) In construing this Insurance Trust Agreement, the rule known as the *ejusdem generis rule* shall not apply nor shall any similar rule or approach to the construction of this Insurance Trust Agreement and, accordingly, general words introduced or followed by the word "other" or "including" or "in particular" shall not be given a restrictive meaning because they are followed or preceded (as the case may be) by particular examples intended to fall within the meaning of the general words.
  - (i) Where this Insurance Trust Agreement states that an obligation shall be performed "no later than" or "within" or "by" a stipulated date or event which is a prescribed number of days after a stipulated date or event, the latest time for performance shall be 5:00 p.m. on the last day for performance of the obligation concerned, or, if that day is not a Business Day, 5:00 p.m. on the next Business Day.
  - (j) Where this Insurance Trust Agreement states that an obligation shall be performed "on" a stipulated date, the latest time for performance shall be 5:00 p.m. on that day, or, if that day is not a Business Day, 5:00 p.m. on the next Business Day.
  - (k) Any reference to time of day or date means the local time or date in Toronto, Ontario.
  - (l) Unless otherwise indicated, time periods will be strictly construed.

- (m) Whenever the terms "will" or "shall" are used in this Insurance Trust Agreement they shall be construed and interpreted as synonymous and to read "shall".
- (n) Where Project Co is a general partnership, each partner shall be jointly and severally liable for Project Co's actions and any reference that a third party shall have no liability to Project Co shall be construed as the third party having no liability to Project Co or any of its partners.

### **3. INSURANCE TRUST ACCOUNT**

- (a) Prior to the commencement of a Default Period, the Insurance Trust Account, and all amounts from time to time contained therein, including interest thereon, shall be held in trust by the Account Trustee for the benefit of Project Co. During a Default Period, the Insurance Trust Account, and all amounts from time to time contained therein, shall be held in trust by the Account Trustee for the benefit of the Lenders' Agent and the Lenders, provided that, upon receipt by the Account Trustee of a Change of Authorization Notice, the Insurance Trust Account, and all amounts from time to time contained therein, shall be held in trust by the Account Trustee for the benefit of IO.
- (b) The Account Trustee shall not release, distribute or transfer any funds from the Insurance Trust Account other than in accordance with the terms of this Insurance Trust Agreement.
- (c) Notwithstanding any other provision of this Insurance Trust Agreement and subject to Section 3(d), the Lenders' Agent, IO, and Project Co agree that, if any of them either receives any Insurance Proceeds from the Insurance Trust Account or has the right to direct the Account Trustee to advance funds in respect of any Insurance Proceeds from the Insurance Trust Account to third parties, such funds shall be directed, used or advanced only for one of the following purposes:
  - (i) the repair, reinstatement, restoration or replacement of the Facility or any other assets, materials or goods necessary or desirable for the carrying out of the Project Operations in respect of which such Insurance Proceeds have been paid;
  - (ii) the completion of the Project; or
  - (iii) indemnification for any IO loss for which the subject Insurance Proceeds were paid under the Insurance Policies (as defined below).

For greater certainty, use of any Insurance Proceeds received in respect of a claim by Project Co under delay in start-up insurance prior to the Substantial Completion Date or business interruption insurance after the Substantial Completion Date until the Termination Date shall be applied in accordance with the terms of the Lending Agreements so as to enable Project Co to carry out the Project Operations.

- (d) Notwithstanding anything in this Insurance Trust Agreement, if IO is entitled to indemnification under the Insurance Policies in respect of any loss incurred by IO, such related insurance proceeds are to be paid directly to IO by the insurer or the Account

Trustee and shall not be Insurance Proceeds subject to Section 3(c)(i) or (ii) of this Insurance Trust Agreement. For greater certainty, it is understood and agreed that IO shall be required to use such proceeds for carrying out the purposes referred to in Sections 3(c)(i) and (ii) in respect of which such proceeds have been paid.

#### 4. INSURANCE

- (a) Project Co shall deliver, or cause to be delivered, to the Account Trustee originals of all property and asset related insurance policies that Project Co is required to maintain under the Project Agreement (collectively, the "**Insurance Policies**"), and the Account Trustee shall hold the Insurance Policies in trust for the benefit of each of the beneficiaries and loss payees, as the case may be, thereunder.
- (b) The Account Trustee shall distribute any proceeds of any Insurance Policy that are paid over to it by any insurer, Project Co, the Lenders' Agent or IO (the "**Insurance Proceeds**") as follows:
- (i) in the case of the all risks course of construction (builders' risk) property insurance policy that Project Co is required to maintain under the Project Agreement:
- (A) if the Account Trustee has not received a Default Notice and:
- (1) if the amount of such Insurance Proceeds, together with the aggregate of all Insurance Proceeds paid in respect of the same loss or claim, is less than **[REDACTED]**, to Project Co to repair, restore or replace the assets in respect of which such Insurance Proceeds have been paid; or
- (2) if the amount of such Insurance Proceeds, together with the aggregate of all Insurance Proceeds paid in respect of the same loss or claim, is equal to or greater than **[REDACTED]**, to the Lenders' Agent to reimburse Project Co for the costs of repairing, restoring or replacing the assets in respect of which such Insurance Proceeds have been paid; or
- (B) if the Account Trustee has received a Default Notice, to the Insurance Trust Account to be distributed by the Account Trustee in such amounts and to such persons as the Lenders' Agent may at any time or from time to time direct in writing, provided that, if the Account Trustee has received a Change of Authorization Notice, the Account Trustee shall release such Insurance Proceeds from the Insurance Trust Account in such amounts and to such parties as IO may at any time or from time to time direct in writing, in each case, to repair, restore or replace the assets in respect of which such Insurance Proceeds have been paid; and

- (ii) in the case of any other Insurance Policies, to the Lenders' Agent, or, following receipt by the Account Trustee of a Change of Authorization Notice, to IO, to be distributed to the parties entitled thereto.
- (c) All losses under (i) all risks course of construction (builder's risk) including boiler and machinery insurance carried by Project Co prior to Substantial Completion; (ii) property insurance carried by Project Co after Substantial Completion; and (iii) the boiler and machinery insurance carried by Project Co after Substantial Completion, which in each case related to Equipment purchased by IO, shall be payable solely to IO, as applicable, and shall not be payable to the Account Trustee or distributed pursuant to this Insurance Trust Agreement.
- (d) The Account Trustee shall distribute any excess Insurance Proceeds remaining after the distributions contemplated in Section 4(b)(ii) have been made, including, without limitation, any Insurance Proceeds held in the Insurance Trust Account:
  - (i) if the Account Trustee has not received a Default Notice, to Project Co; and
  - (ii) if the Account Trustee has received a Default Notice, to such persons as the Lenders' Agent, or, following receipt by the Account Trustee of a Change of Authorization Notice, IO, may at any time or from time to time direct in writing.

**5. [REDACTED]**

**6. ACCOUNT AGREEMENT**

- (a) The Account Trustee hereby agrees to promptly provide to the Lenders' Agent all monthly statements and other information with respect to the Insurance Trust Account provided to the Account Trustee by the Bank pursuant to the relevant account agreement. The Account Trustee further agrees that it shall make such requests to the Bank for additional information with respect to the Insurance Trust Account as the Lenders' Agent may from time to time request in writing.
- (b) The Account Trustee hereby agrees to promptly provide to IO all monthly statements and other information with respect to the Insurance Trust Account provided to the Account Trustee by the Bank pursuant to the relevant account agreement. The Account Trustee further agrees that it shall make such requests to the Bank for additional information with respect to the Insurance Trust Account as IO may from time to time request in writing.

**7. THE ACCOUNT TRUSTEE**

- (a) The Account Trustee shall not have any duty or obligation to manage, control, use, make any payment in respect of, register, record, insure, inspect, sell, dispose of or otherwise deal with any part of the Trust Property except as expressly provided by the terms of this Insurance Trust Agreement. The Account Trustee shall carry out all written directions given by the Lenders' Agent, IO or Project Co, as applicable, in accordance with this Insurance Trust Agreement and shall not be required to exercise any discretion in

exercising any of its duties under this Insurance Trust Agreement in pursuance of such written directions. The Account Trustee shall not be bound to do or take any act, action or proceeding by virtue of the powers conferred on it hereby unless and until it shall have been required to do so under the terms hereof and has received instruction, advice or direction from the Lenders' Agent, IO or Project Co, as applicable, as to the action to be taken (except with respect to actions specifically set out herein to be performed by the Account Trustee).

- (b) The Account Trustee will exercise its powers and carry out its obligations hereunder as account trustee honestly, in good faith and in the best interests of the beneficiaries hereunder and in connection therewith will exercise that degree of care, diligence, and skill that a reasonably prudent professional trustee would exercise in comparable circumstances. Unless otherwise required by law, the Account Trustee will not be required to give bond surety or security in any jurisdiction for the performance of any duties or obligations hereunder. No provision of this Insurance Trust Agreement shall be construed to relieve the Account Trustee from liability for its own dishonesty, fraud, negligence (including, without limitation, negligence in the handling of funds), wilful misconduct, bad faith or reckless disregard of any duty hereunder.
- (c) The Account Trustee will not be subject to any liability whatsoever, in tort, contract or otherwise in connection with the Trust Property or the carrying out of its duties under this Insurance Trust Agreement to the Lenders' Agent, the Lenders, Project Co or any other person for any action taken or permitted by it to be taken, or for its failure to take any action, or for not performing any act or fulfilling any duty, obligation or responsibility hereunder by reason of any occurrence beyond the control of the Account Trustee (including, but not limited to, any act or provision of any present or future law or of any Governmental Authority, any act of God or war, or the unavailability of any wire or communication facility), provided that the foregoing limitation will not apply in respect of any action or failure to act arising from or in connection with wilful misconduct, negligence or reckless disregard of duty by the Account Trustee. The Account Trustee in doing anything or permitting anything to be done in respect of the Trust Property or the carrying out of its duties under this Insurance Trust Agreement is, and will be conclusively deemed to be, acting as trustee for the beneficiaries hereunder and not in any other capacity. Except to the extent provided in this Section 7(c), the Account Trustee will not be subject to any liability for debts, liabilities, obligations, claims, demands, judgments, costs, charges or expenses against or with respect to the Trust Property, arising out of anything done or permitted by it to be done or its failure to take any action in respect of the execution of its duties hereunder and resort will be had solely to the Trust Property for the payment or performance thereof, and no other property or assets of the Account Trustee, whether owned in its personal capacity or otherwise, will be subject to levy, execution or other enforcement procedure with regard to any obligation under this Insurance Trust Agreement.
- (d) The Account Trustee shall not be required to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers hereunder, or in acting at the request or direction of



the Lenders' Agent on behalf of the Lenders, unless it shall have received adequate indemnity or security against such risk or liability satisfactory to it.

- (e) Notwithstanding the foregoing, the Account Trustee shall be liable for any action or failure to act arising from or in connection with the dishonesty, fraud, negligence (including, without limitation, negligence in the handling of funds), wilful misconduct, bad faith or reckless disregard of any duty hereunder by the Account Trustee or any of its directors, officers or employees, or the failure to comply with the standard of care referred to in Section 7(b).
- (f) Except as otherwise provided in Sections 7(c), 7(d) and 7(e):
  - (i) the Account Trustee may rely and shall be protected in acting or refraining from acting upon any signature, resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order or other paper or document reasonably believed by it in good faith to be genuine and to have been signed or presented by the proper party or parties; and
  - (ii) the Account Trustee may exercise its powers and perform its duties by or through such attorneys, representatives, agents and employees as it shall appoint; and may consult with counsel, accountants and other skilled persons selected and employed or retained by it, and the Account Trustee shall not be liable for anything done, suffered or omitted in good faith by it in accordance with the written advice of such counsel, accountants or other skilled persons (provided that such advice pertains to such matters as the Account Trustee may reasonably presume to be within the scope of such person's area of competency) and not contrary to any express provision in this Insurance Trust Agreement.
- (g) Project Co hereby agrees to pay, indemnify and hold harmless the Account Trustee from and against any and all loss, liability, cost, claim and expense incurred by the Account Trustee with respect to the performance of this Insurance Trust Agreement by the Account Trustee or any of the Account Trustee's directors, officers or employees, unless arising from its or their own dishonesty, fraud, negligence (including, without limitation, negligence in the handling of funds), wilful misconduct, bad faith or reckless disregard of any duty hereunder.
- (h) Subject to the terms and conditions set forth in the Account Trustee fee letter, the Account Trustee shall receive from the Trust Property reasonable compensation for its services hereunder and shall be reimbursed by Project Co for its reasonable fees and expenses (including the disbursements and reasonable fees of counsel).
- (i) The Account Trustee agrees to look solely to Project Co, and not, except as expressly set forth herein, to the Lenders' Agent, the Lenders or IO for any claim for indemnification which may arise under this Insurance Trust Agreement.
- (j) The Account Trustee shall be responsible for keeping all appropriate books and records relating to the receipt and disbursement of all money which it receives hereunder.

- (k) If at any time the Account Trustee is served with any judicial or administrative order, judgment, decree, writ or other form of judicial or administrative process which in any way affects the Trust Property held by it hereunder (including but not limited to orders of attachment or garnishment or other forms of levies or injunctions or stays relating to the transfer of Trust Property) (each, an "**Order**"), the Account Trustee is authorized to comply therewith in any manner as it or legal counsel of its own choosing deems appropriate. The Account Trustee shall in no way be bound to call for further evidence (whether as to due execution validly or effectiveness, or the jurisdiction of any court, or as to the truth of any fact), and shall not be responsible for any loss that may be occasioned by its failing to do so. If the Account Trustee complies with any Order, the Account Trustee shall not be liable to any of the Parties hereto or to any other person or entity even though such Order may be subsequently modified or vacated or otherwise determined to have been without legal force or effect. If the Account Trustee is served with any Order, it shall forthwith and, in any event, within three (3) Business Days, deliver a copy of such Order to each of the Lenders' Agent, IO and Project Co.
- (l) Unless otherwise specifically set forth herein, the Account Trustee shall proceed as soon as practicable to collect any cheques or other collection items at any time deposited hereunder. All such collections shall be subject to the Account Trustee's usual collection practices or terms regarding items received by the Account Trustee for deposit or collection. Except and to the extent provided herein, the Account Trustee shall not be required, or have any duty, to notify any person of any payment or maturity under the terms of any instrument deposited hereunder, nor to take any legal action to enforce payment of any cheque, note or security deposited hereunder, or to exercise any right or privilege which may be afforded to the holder of any such security.
- (m) In the event that the Account Trustee determines that any direction, instruction, notice or other communication given under this Insurance Trust Agreement by the Lenders' Agent or, where the Account Trustee has received a Change of Authorization Notice, IO, is ambiguous or uncertain, the Account Trustee may, in its sole discretion, refrain from taking any action other than retaining possession of the Trust Property, unless the Account Trustee has received written instructions, signed by the Lenders' Agent or, if the Account Trustee has received a Change of Authorization Notice, IO, which resolve such ambiguity or uncertainty, provided that the Account Trustee shall, forthwith upon determining that such direction, instruction, notice or other communication is ambiguous or uncertain, seek clarification from the Lenders' Agent, or where the Account Trustee has received a Change of Authorization Notice, IO, to resolve such ambiguity or uncertainty.
- (n) Prior to receipt of a Change of Authorization Notice by the Account Trustee, any instruction, notice or other communication delivered to the Account Trustee by the Lenders' Agent shall be paramount to and supersede any direction, instruction, notice or other communication from any other Party to this Insurance Trust Agreement, and the Account Trustee shall comply with such direction, instruction, notice or other communication from the Lenders' Agent. After the Account Trustee has received a Change of Authorization Notice, any instruction, notice or other communication

delivered to the Account Trustee by IO shall be paramount to and supersede any direction, instruction, notice or other communication from any other Party to this Insurance Trust Agreement, and the Account Trustee shall comply with such direction, instruction, notice or other communication from IO.

- (o) Each of the Lenders' Agent and IO shall provide to the Account Trustee an incumbency certificate setting out the names and sample signatures of individuals authorized to give instructions to the Account Trustee hereunder. The Account Trustee shall be entitled to rely on each such incumbency certificate until a revised or replacement incumbency certificate is provided to the Account Trustee by the Lenders' Agent or IO, as applicable. The Account Trustee shall refuse to act upon any instruction given by the Lenders' Agent or IO which is signed by any person other than an individual named in the incumbency certificate provided to the Account Trustee by the Lenders' Agent or IO, as applicable, pursuant to this Section 7(o), as any such incumbency certificate may be amended, supplemented or replaced from time to time.
- (p) The Account Trustee shall be entitled to rely on, and act upon, any direction, instruction, notice or other communication provided to it hereunder which is sent to it by facsimile transmission, provided that any such direction, instruction, notice or other communication is signed by an individual named in the incumbency certificate delivered to the Account Trustee by the Lenders' Agent or IO, as applicable, pursuant to Section 7(o).

## 8. LENDERS' AGENT AND IO RIGHTS TO DIRECT

- (a) Until the termination of the Project Agreement in accordance with the Lenders' Direct Agreement and receipt by Project Co of any amounts to which it is entitled pursuant to Schedule 20 - Compensation on Termination to the Project Agreement and all Insurance Proceeds to the extent that the value of such Insurance Proceeds was deducted from the amounts payable to Project Co by IO (a "**Change of Authorization Event**"), the Lenders' Agent shall, subject to Sections 3 and 4 of this Insurance Trust Agreement, have the exclusive right to direct the Account Trustee with respect to the Insurance Trust Account, the Insurance Policies, the Insurance Proceeds, [REDACTED].
- (b) Upon the occurrence of a Change of Authorization Event:
  - (i) the Lenders' Agent shall cease to be entitled, and IO shall thenceforth be entitled, to direct the Account Trustee with respect to the Insurance Trust Account, the Insurance Policies, the Insurance Proceeds, the Construction Contractor Performance Bond and the Contractor Bond Proceeds; and
  - (ii) the Lenders' Agent and IO shall jointly provide notice to the Account Trustee (a "**Change of Authorization Notice**") that IO shall, as of the date of such Change of Authorization Event, have the exclusive right to direct the Account Trustee with respect to the Insurance Trust Account, the Insurance Policies, [REDACTED].

- (c) Notwithstanding the foregoing, no Change of Authorization Event shall occur and no Change of Authorization Notice shall be delivered to the Account Trustee where an IO Event of Default has occurred. Where an IO Event of Default has occurred, upon receipt by the Lenders' Agent and Lenders of all amounts owing by IO to the Lenders' Agent and Lenders under the Lenders' Direct Agreement, the Account Trustee shall release all amounts in the Insurance Trust Account, the Insurance Policies, the Insurance Proceeds, [REDACTED] to Project Co or as Project Co may otherwise direct from time to time.

## **9. TERMINATION**

- (a) Subject to the provisions of Section 9(b), this Insurance Trust Agreement shall remain in full force and effect and be binding in accordance with and to the extent of its terms until:
- (i) the obligations of Project Co to the Lenders' Agent and the Lenders under the Lending Agreements have been paid and performed in full and the Lenders have no further obligation to make any further advances or other credit accommodations under the Lending Agreements; and
  - (ii) the obligations of Project Co to IO have been paid and performed in full.
- (b) The Account Trustee may terminate this Insurance Trust Agreement at any time upon sixty (60) days prior written notice to the other Parties hereto, provided that no termination of this Insurance Trust Agreement by the Account Trustee shall be effective until such time as the Lender's Agent, IO, and Project Co have entered into a replacement insurance trust agreement on the same terms and conditions as this Insurance Trust Agreement with a replacement account trustee satisfactory the Lenders' Agent, the Lenders and IO.

## **10. ASSIGNMENT**

- (a) The Account Trustee shall not assign, transfer or otherwise dispose of any of its rights or obligations under this Insurance Trust Agreement without the prior written consent of the Lenders' Agent, IO and Project Co.

## **11. NOTICES**

- (a) All notices, requests, demands, instructions, certificates, consents and other communications required or permitted under the Project Agreement shall be in writing (whether or not "written notice" or "notice in writing" is specifically required by the applicable provision of this Insurance Trust Agreement) and served by sending the same by registered mail, facsimile or by hand, as follows:

If to IO: Infrastructure Ontario  
777 Bay Street  
6<sup>th</sup> Floor  
Toronto, Ontario

Fax No.: **[REDACTED]**

Attn.: Senior Vice President, Project Development  
and Construction

With a copy to: Infrastructure Ontario  
777 Bay Street  
6<sup>th</sup> Floor  
Toronto, Ontario

Fax No.: **[REDACTED]**

Attn.: Vice President, Project Delivery  
Toronto South Detention Centre Project

If to the Lenders' Agent: Computershare Trust Company of Canada  
100 University Avenue  
9th Floor, North Tower  
Toronto, Ontario  
M5J 2Y1

Fax No: **[REDACTED]**

Attn: Manager, Corporate Trust

If to Project Co: Integrated Team Solutions (Justice Infrastructure)  
Partnership  
5000 Yonge Street, Suite 1805  
Toronto, ON, M2N 7E9

Fax No.: **[REDACTED]**

Attn: Vice President

If to the Account  
Trustee:

BNY Trust Company of Canada  
4 King Street West  
Suite 1101  
Toronto, Ontario, M5H 1B6

Fax No.: **[REDACTED]**

Attn: Senior Trust Officer

- (b) Where any notice is provided or submitted to a Party via facsimile, an original of the notice sent via facsimile shall promptly be sent by regular mail or registered mail. For greater certainty, a notice given via facsimile shall not be invalid by reason only of a Party's failure to comply with this Section 11(b).
- (c) Any Party to this Insurance Trust Agreement may, from time to time, change any of its contact information set forth in Section 11(a) by prior notice to the other Parties, and such change shall be effective on the Business Day that next follows the recipient Party's receipt of such notice unless a later effective date is given in such notice.
- (d) Subject to Sections 11(e), 11(f) and 11(g):
  - (i) a notice given by registered mail shall be deemed to have been received on the third Business Day after mailing;
  - (ii) a notice given by hand delivery shall be deemed to have been received on the day it is delivered; and
  - (iii) a notice given by facsimile shall be deemed to have been received on the day it is transmitted by facsimile.
- (e) If the Party giving the notice knows or ought reasonably to know of difficulties with the postal system which might affect negatively the delivery of mail, any such Notice shall not be mailed but shall be made or given by personal delivery or by facsimile transmission in accordance with this Section 11.
- (f) If any notice delivered by hand or transmitted by facsimile is so delivered or transmitted, as the case may be, either on a day that is not a Business Day or on a Business Day after 4:00 p.m. (recipient's local time), then such notice shall be deemed to have been received by such recipient on the next Business Day.
- (g) A Notice given by facsimile shall be deemed to have been received by the recipient on the day it is transmitted only if a facsimile transmission report (maintained by the sender) indicates that the transmission of such Notice was successful.

**12. AMENDMENTS**

This Insurance Trust Agreement may not be varied, amended or supplemented except by an agreement in writing signed by duly authorized representatives of the Parties and stating on its face that it is intended to be an amendment, restatement or other modification, as the case may be, to this Insurance Trust Agreement.

**13. WAIVER**

- (a) No waiver made or given by a Party under or in connection with this Insurance Trust Agreement shall be binding or effective unless the waiver is in writing, signed by an authorized representative of the Party giving such waiver, and delivered by such Party to the other Parties. No waiver made with respect to any right, power or remedy in one instance will be deemed to be a waiver with respect to any other instance involving the exercise of such right, power, or remedy or with respect to any other right, power, or remedy.
- (b) Failure by any Party to exercise any of its rights, powers or remedies hereunder or its delay to do so shall not constitute a waiver of those rights, powers or remedies. The single or partial exercise of a right, power or remedy shall not prevent its subsequent exercise or the exercise of any other right, power or remedy.

**14. RELATIONSHIP BETWEEN THE PARTIES**

The Parties are independent contractors. This Insurance Trust Agreement is not intended to and does not create or establish between the Parties any relationship as partners, joint venturers, employer and employee, master and servant, or, except as provided in this Insurance Trust Agreement, of principal and agent.

**15. ENTIRE AGREEMENT**

Except where provided otherwise in this Insurance Trust Agreement, this Insurance Trust Agreement constitutes the entire agreement between the Parties in connection with its subject matter and supersedes all prior representations, communications, negotiations and understandings, whether oral, written, express or implied, concerning the subject matter of this Insurance Trust Agreement.

**16. SEVERABILITY**

Each provision of this Insurance Trust Agreement shall be valid and enforceable to the fullest extent permitted by law. If any provision of this Insurance Trust Agreement is declared invalid, unenforceable or illegal by the courts of a competent jurisdiction, such provision may be severed and such invalidity, unenforceability or illegality shall not prejudice or affect the validity, enforceability and legality of the remaining provisions of this Insurance Trust Agreement. If any such provision of this Insurance Trust Agreement is invalid, unenforceable or illegal, the Parties shall, acting in good faith, promptly

negotiate new provisions to eliminate such invalidity, unenforceability or illegality and to restore this Insurance Trust Agreement as near as possible to its original intent and effect.

**17. ENUREMENT**

This Insurance Trust Agreement shall enure to the benefit of, and be binding on, each of the Parties and their respective successors and permitted transferees and assigns.

**18. GOVERNING LAW AND JURISDICTION**

- (a) This Insurance Trust Agreement shall be governed by and construed in accordance with the laws of Ontario and the laws of Canada applicable therein and shall be treated in all respects as an Ontario contract, without regard to conflict of laws principles.
- (b) The Parties agree that the courts of the Province of Ontario and all courts competent to hear appeals therefrom shall have exclusive jurisdiction to hear and settle any action, suit, proceeding or dispute in connection with this Insurance Trust Agreement and hereby irrevocably attorn to the exclusive jurisdiction of such courts.

**19. FURTHER ASSURANCE**

Each Party shall do all things, from time to time, and execute all further documents necessary to give full effect to this Insurance Trust Agreement.

**20. LANGUAGE OF AGREEMENT**

Each Party acknowledges having requested and being satisfied that this Insurance Trust Agreement and related documents be drawn in English. Chacune des parties reconnaît avoir demandé que ce document et ses annexes soient rédigés en anglais et s'en declare satisfaite.

**21. COUNTERPARTS**

This Insurance Trust Agreement may be executed in one or more counterparts. Any single counterpart or a set of counterparts executed, in either case, by all the Parties shall constitute a full, original and binding agreement for all purposes. Counterparts may be executed either in original or faxed form provided that any Party providing its signature in faxed form shall promptly forward to such Party an original signed copy of this Insurance Trust Agreement which was so faxed.

*[Signature pages follow]*



**IN WITNESS WHEREOF** the Parties have executed this Insurance Trust Agreement as of the date first above written.

**ONTARIO INFRASTRUCTURE  
PROJECTS CORPORATION**

Per: \_\_\_\_\_  
Name: **[REDACTED]**  
Title: Senior Vice President,  
Infrastructure Lending and  
CFO

Per: \_\_\_\_\_  
Name: **[REDACTED]**  
Title: Senior Vice President,  
Project Delivery

I/We have authority to bind the corporation.

**COMPUTERSHARE TRUST  
COMPANY OF CANADA**, in its capacity  
as security agent for and on behalf of the  
Lenders under the Lending Agreements

Per: \_\_\_\_\_  
Name:  
Title:

Per: \_\_\_\_\_  
Name:  
Title:

I/We have authority to bind the corporation.

**INTEGRATED TEAM SOLUTIONS  
(JUSTICE INFRASTRUCTURE)  
PARTNERSHIP,**

**[REDACTED]**

Per: \_\_\_\_\_  
Name:  
Title:

Per: \_\_\_\_\_  
Name:  
Title:

**[REDACTED]**

Per: \_\_\_\_\_  
Name:  
Title:

Per: \_\_\_\_\_  
Name:  
Title:

I/We have authority to bind the corporation.

**BNY TRUST COMPANY OF CANADA**

Per: \_\_\_\_\_  
Name:  
Title:

Per: \_\_\_\_\_  
Name:  
Title:

I/We have authority to bind the corporation.

## SCHEDULE 28

## BENCHMARKING AND MARKET TESTING PROCEDURE

## 1. DEFINITIONS

## 1.1 Definitions

The following terms shall have the following meanings:

- (a) "**Affiliated Person**" means:
- (i) an Affiliate of any of Project Co, the Service Provider, the Construction Contractor, the Subcontractors or any other Project Co Party;
  - (ii) any partner in any partnership or any person who participates in any profit sharing, cost-sharing or joint venture arrangement, in each case to which any of Project Co, the Service Provider, the Construction Contractor, the Subcontractors, any other Project Co Party or any person mentioned in Section 1.1(a)(i) of this Schedule 28 is also a party;
  - (iii) any shareholder, director, officer or employee of any of the persons referred to in Sections 1.1(a)(i) and 1.1(a)(ii) of this Schedule 28 or any of those persons' spouses, children, stepchildren or partners; or
  - (iv) any body corporate of which any person referred to in Section 1.1(a)(iii) of this Schedule 28 is a shareholder, director, officer or employee.
- (b) "**Benchmark Price**" means the range of prices that is within 5% less than and 5% greater than the simple average of prices for the relevant Market Tested Services obtained from the suitable comparators as part of a Benchmarking Exercise conducted hereunder, once adjustments have been made to make such comparators comparable, including adjusting for standards, as agreed by the Parties, provided however that the higher limit of such range shall not exceed the highest of the suitable comparators.
- (c) "**Benchmarking Exercise**" has the meaning given in Section 3.1(a) of this Schedule 28.
- (d) "**Benchmarking Proposal**" has the meaning given in Section 3.1(e) of this Schedule 28.
- (e) "**Draft Proposal**" means the proposal described in Section 4.3(a) of this Schedule 28.
- (f) "**Excluded Person**" means Project Co, any Affiliated Person, any subcontractor of an Affiliated Person or any Affiliate of their respective subcontractors.

- (g) "**Market Tested Services**" means each of the following Project Co Services, each as described in Part B of Schedule 12 – Output Specifications:
- (i) ground maintenance and landscaping services;
  - (ii) waste management and recycling; and
  - (iii) pest control.
- (h) "**Market Testing**" means the process described in Section 4 of this Schedule 28, including the Benchmarking Exercise, if applicable.
- (i) "**Market Testing Date**" means the fifth anniversary of the Substantial Completion Date, and thereafter every fifth anniversary of such date.
- (j) "**Market Testing Meeting**" means a meeting convened in accordance with Section 4 of this Schedule 28.
- (k) "**Market Testing Proposal**" means the final version of the Draft Proposal, as agreed by the Parties or as determined, in either case, in accordance with this Schedule 28.
- (l) "**Preferred Service Tenderer**" means, following the Market Testing of any Market Tested Service, any group of Market Tested Services or any part of any Market Tested Service (as the case may be), the Service Tenderer selected to provide such services in accordance with the provisions of Section 4.6 of this Schedule 28.
- (m) "**Prospective Service Tenderers**" means those persons who express an interest in being requested, or are identified by the Parties pursuant to Section 4.4(a) of this Schedule 28 to prepare and submit tenders for each Market Tested Service, group of Market Tested Services or any part of any Market Tested Service (as the case may be).
- (n) "**Qualifying Service Tender**" means a tender received from a Service Tenderer which complies with the Service Tender Requirements.
- (o) "**Quality Satisfaction Surveys**" has the meaning given in the FM Output Specifications.
- (p) "**Service Tender Requirements**" means the form and requirements of the tender documents to be sent to Service Tenderers as agreed or determined in accordance with the provisions of this Schedule 28.
- (q) "**Service Tenderers**" means those of the Prospective Service Tenderers selected to submit tenders in accordance with Section 4.4 of this Schedule 28.
- (r) "**Service Tender Validity Period**" means the period within which tenders from Service Tenderers must be received if they are to be valid.

## 2. GENERAL OBLIGATIONS

### 2.1 Market Testing Dates

- (a) The Market Testing of each Market Tested Service shall, notwithstanding any other provision of this Schedule 28 (including, without limitation, the participation of IO described in Section 4 of this Schedule 28), be the responsibility of Project Co and shall be carried out in accordance with this Schedule 28 so that the Preferred Service Tenderer shall, if appointed, to act as a Subcontractor for the purposes of providing such Market Tested Service, commence provision of the relevant Market Tested Services on the relevant Market Testing Date.
- (b) If for any reason the applicable Benchmarking Exercise or other Market Testing for any Market Tested Services shall not be complete on the relevant Market Testing Date, then Project Co shall remain responsible to ensure the continued provision of the relevant Market Tested Services, and IO shall be responsible to continue to pay Project Co as provided in the Project Agreement for the continued provision of the relevant Market Tested Services, pending completion of the applicable Benchmarking Exercise or other Market Testing. The pricing of such continued Market Tested Services shall, pending the establishment of new pricing as contemplated under this Schedule 28, be at the same pricing as prevailed before the relevant Market Testing or Benchmarking Exercise commenced subject to adjustment for CPI increases calculated as CPI<sub>In</sub>/ CPI<sub>O</sub>.

## 3. BENCHMARKING

### 3.1 Benchmarking

- (a) Project Co may, at least 8 months before each Market Testing Date, give notice to IO that Project Co wishes to carry out a benchmarking exercise (the "**Benchmarking Exercise**") of one or more of the Market Tested Services, rather than Market Testing as otherwise provided in this Schedule 28.
- (b) Unless otherwise agreed by the Parties, such notice referred to in Section 3.1(a) of this Schedule 28 may only be given, and Project Co shall only be entitled to carry out a Benchmarking Exercise, in respect of a Market Tested Service if:
  - (i) the Service Provider has, on the most recent Quality Satisfaction Survey conducted in accordance with the FM Output Specifications prior to the date of such notice, achieved a score equal to or higher than the level established in accordance with the FM Output Specifications; and
  - (ii) Project Co has received fewer than two Warning Notices during the twelve-month period prior to the date of such notice. All such scoring will not be subject to the Dispute Resolution Procedure.
- (c) Within 7 days after receipt of the notice referred to in Section 3.1(a) of this Schedule 28, the Parties shall meet to:

- (i) discuss and agree to the procedure for, and factors to be taken into account, in the Benchmarking Exercise to ensure that the Market Tested Services are compared on a like to like basis with suitable comparators and reliable information, which shall include comparing the standards and prices of such Market Tested Services and the costs of providing them with the standards and prices of equivalent services and the costs of providing them in similar circumstances by reputable organizations possessing an appropriate degree of skill, resources, reputation and financial standing relative to the provision of such Market Tested Services; and
  - (ii) review the Output Specifications for each Market Tested Service that will be subject to the Benchmarking Exercise and, if required by IO, amend the relevant Output Specifications to be applicable to the Market Tested Service after the Market Testing Date, as appropriate, provided that Project Co may only object to any change in the requirements of IO on the grounds referred to in Section 1.5 of Schedule 19 - Variation Procedure and any such objection must be made in writing to IO within 15 days of the relevant meeting at which the change was contemplated.
- (d) If Project Co cannot establish to IO's satisfaction, acting reasonably, that for a Market Tested Service there are suitable comparators and reliable information as described in Section 3.1(c)(i) of this Schedule 28, then the Benchmarking Exercise for that Market Tested Service shall not proceed and Market Testing of such Market Tested Service shall be as otherwise provided in this Schedule 28.
- (e) Project Co shall, prior to the start of the Benchmarking Exercise, submit a proposal (the "**Benchmarking Proposal**") for the pricing of each Market Tested Services that is the subject of the Benchmarking Exercise. The pricing shall not exceed any amount contractually agreed between Project Co and the Service Provider that is applicable for the period after the Market Testing Date.
- (f) After Project Co submits the Benchmarking Proposal, Project Co shall carry out the Benchmarking Exercise for the relevant Market Tested Services.
- (g) Project Co shall maintain complete and accurate records of each Benchmarking Exercise and shall present the results of the Benchmarking Exercise to IO, together with all necessary supporting documentation and such other information for full transparency of relevant cost and other information relating to the Benchmarking Exercise and as IO may reasonably require in order to evaluate properly the results of the Benchmarking Exercise. The Parties shall agree upon the Benchmark Price and, if no agreement can be reached, Section 4 of this Schedule 28 shall apply.
- (h) If the pricing of a Market Tested Service in the Benchmarking Proposal is less than the Benchmark Price, then Project Co shall confirm the appointment of the Service Provider then providing such Market Tested Service to continue providing such Market Tested Service for a further five year term and the re-pricing of such Market Tested Service shall be at the pricing set out in the Benchmarking Proposal.

- (i) If the pricing of a Market Tested Service in the Benchmarking Proposal is within the Benchmark Price, then at Project Co's option Project Co shall confirm the appointment of the Service Provider then providing such Market Tested Service to continue providing such Market Tested Service for a further five-year term at the pricing set out in the Benchmarking Proposal. If Project Co does not exercise such option, then Market Testing of such Market Tested Service shall be as otherwise provided in this Schedule 28.
- (j) If the pricing of a Market Tested Service in the Benchmarking Proposal is more than the Benchmark Price, then Market Testing of such Market Tested Service shall be conducted as otherwise provided in this Schedule 28.
- (k) Project Co shall bear all costs, fees and expenses associated with the Benchmarking Exercise.
- (l) The provisions of Sections 1, 4.8 and 4.10 of this Schedule 28 shall apply, *mutatis mutandis*, to the Benchmarking Exercise as provided in this Section 3.
- (m) The Parties acknowledge and agree that the Benchmarking Exercise is intended to be an expedited process that is completed at least 6 months prior to the relevant Market Testing Date to allow time for Market Testing to proceed as otherwise provided in this Schedule 28, and accordingly, either Party may, at any time after the date that is 10 months prior to the relevant Market Testing Date, request a meeting with the other Party to discuss the likelihood and scope of a Benchmarking Exercise, as it is then known to the Parties, and to review the proposed timeline, details and issues concerning a Benchmarking Exercise. The other Party shall meet with the requesting Party, and both Parties, acting reasonably, shall consider the timelines set out in this Section 3 and, if agreed, the timelines set out in this Section 3 shall be modified for the Benchmarking Exercise.

#### **4. MARKET TESTING**

##### **4.1 Market Testing Program**

- (a) Except as provided in Section 3 of this Schedule 28, at least 6 months before each Market Testing Date, the Parties shall hold Market Testing Meetings in respect of all Market Tested Services:
  - (i) to review the Output Specifications for each Market Tested Service and if required by IO, to amend the relevant Output Specifications, provided that Project Co may only object to any change in the requirements of IO on the grounds referred to in Section 1.5 of Schedule 19 - Variation Procedure and any such objection must be made in writing to IO within 15 days of the relevant Market Testing Meeting at which the change was contemplated;
  - (ii) to discuss and seek to agree (subject to the provisions of Section 4.2 of this Schedule 28) upon any grouping or groupings of Market Tested Services or any division of any Market Tested Service into separate parts which will optimize the opportunity for IO to obtain best value for money;

- (iii) to discuss and seek to agree upon the appropriate media for advertising the Market Tested Services and identifying the Prospective Service Tenderers;
- (iv) to discuss and seek to agree upon the basis on which the Service Tenderers shall be selected by Project Co from among the Prospective Service Tenderers; and
- (v) to discuss and seek to agree upon the Service Tender Requirements which shall be in sufficient detail to allow Project Co, with IO's agreement, to determine the Preferred Service Tenderer and shall include, without limitation:
  - (A) a statement of the Service Tender Validity Period;
  - (B) requirements in respect of the possible grouping or groupings of Market Tested Services and any division of any Market Tested Service into separate parts;
  - (C) details of the tender evaluation criteria;
  - (D) the information Service Tenderers are required to provide; and
  - (E) details of the required financial capacity and performance security/guarantees to be provided to support the Preferred Service Tenderer's obligations.
- (b) Any tender evaluation criteria agreed between Project Co and IO and made available to the Service Tenderers as part of the Service Tender Requirements must be objective and impartial.
- (c) Project Co shall provide at least one month's prior written notice to IO of the time, place and agenda for the first Market Testing Meeting. Thereafter, each subsequent Market Testing Meeting shall be convened on not less than 7 days notice, with such notice identifying the agenda items to be discussed at the Market Testing Meeting, provided that in emergencies a Market Testing Meeting may be called at any time on such notice as may be reasonable in the circumstances. The Parties shall hold Market Testing Meetings as often as necessary.

#### **4.2 Grouping of Services**

- (a) Unless Project Co can demonstrate to IO that Project Co will optimize its ability to obtain best value for money for IO if Market Tested Services are tendered separately or in particular groupings or if any Market Tested Service is divided into separate parts, the grouping of any Market Tested Services shall be left to the discretion of Service Tenderers on the basis that the Service Tender Requirements shall specify that:
  - (i) Service Tenderers may submit tenders for all or any of the Market Tested Services; and



- (ii) where a Service Tenderer submits a tender for a group or groups of Market Tested Services, such Service Tenderer may be required to provide all or any of the Project Co Services in such group or groups and shall, in any event, provide separate pricing for each Service in such group or groups.

#### **4.3 Market Testing Proposal**

- (a) Notwithstanding any failure of the Parties to agree upon any matter referred to in Section 4.1(a) of this Schedule 28, Project Co shall prepare and deliver to IO no later than four months before the relevant Market Testing Date a draft market testing proposal (the "**Draft Proposal**") describing in detail Project Co's proposals for the Market Testing of each Market Tested Service. The Market Testing Proposal shall describe all of the matters referred to in, and agreed pursuant to, Section 4.1(a) of this Schedule 28 and the form of contract which the Preferred Service Tenderer will be required to accept.
- (b) IO may, within 30 days of IO's receipt of the Draft Proposal, provide comments and request amendments to the Draft Proposal and Project Co shall revise the Draft Proposal as required by IO.
- (c) If Project Co and IO are unable to agree on any matter relating to the Draft Proposal within 60 days of IO's receipt of the Draft Proposal, either Party may refer the matter for resolution in accordance with Schedule 24 - Dispute Resolution Procedure.
- (d) It shall be a principle of the Market Testing Proposal that, unless otherwise agreed by the Parties, the allocation of risk to the Preferred Service Tenderer, if appointed to act as a Service Provider, shall not be materially greater than such allocation to the Service Provider whom the Preferred Service Tenderer is to replace.
- (e) The Output Specifications, Service Tender Requirements and form of contracts set out in the Market Testing Proposal shall be used for the Market Testing.

#### **4.4 Selection of Service Tenderers**

- (a) Project Co shall be responsible for compiling the list of Prospective Service Tenderers. Except with the prior written consent of IO in its sole discretion, the Prospective Service Tenderers shall not include any Restricted Person or other person who is not permitted to be a Subcontractor pursuant to the Project Agreement. If IO recommends any Prospective Service Tenderers, then Project Co shall include any such recommendations in the list of Prospective Service Tenderers.
- (b) Project Co, in consultation with IO, shall be responsible for selecting the Service Tenderers from the list of Prospective Service Tenderers on the basis of relevant criteria, including:
  - (i) the financial standing of the Prospective Service Tenderers;

- (ii) the technical, managerial and other relevant experience and ability of the Prospective Service Tenderers, taking into account any relevant customer references; and
- (iii) any other basis or Service Tender Requirements identified pursuant to Sections 4.1(a)(iv) or 4.1(a)(v) of this Schedule 28.

All such relevant criteria shall be subject to the prior written approval of IO, not to be unreasonably withheld.

- (c) IO shall have the right to object to the selection of, and Project Co shall not select, any person as a Prospective Service Tenderer if such person does not, or could not reasonably be considered to, comply with and meet any of the criteria referred to in Section 4.4(b) of this Schedule 28 or with the requirements of Section 57.3 of the Project Agreement.
- (d) An Excluded Person shall not be disqualified from selection as a Service Tenderer merely by virtue of being a party to one or more of the Project Documents, subject to:
  - (i) compliance with all Applicable Laws; and
  - (ii) the establishment of, and compliance with, arrangements reasonably satisfactory to IO to avoid any conflict of interest or unfair advantage, provided however that failure by Project Co to comply with any such arrangements shall automatically lead to the disqualification of the Excluded Person and the provisions of Section 4.10 of this Schedule 28 shall apply.
- (e) IO shall, in its absolute discretion, have the right to reject and veto the selection of any person as a Service Tenderer on the grounds that the Prospective Service Tenderer has committed a Prohibited Act, where the term "Prohibited Act" shall have the extended meaning given in Section 4.11 of this Schedule 28.
- (f) Project Co shall, after consultation with IO, provide any Prospective Service Tenderer which is unsuccessful in being selected as a Service Tenderer with an appropriate explanation of the reasons behind its non-selection, if so requested by the person in question.
- (g) Where, in respect of any Market Tested Service or group of Market Tested Services or any part of any Market Tested Service, there is only one Prospective Service Tenderer, or Project Co intends to select only one of the Prospective Service Tenderers as Service Tenderer, then Project Co will provide notice thereof to IO and the following shall apply:
  - (i) The Parties will discuss and consider whether the Market Testing conducted for the relevant Market Tested Services was adequate or whether such Market Testing should be re-performed on a broader or other basis.
  - (ii) If the Parties conclude that such Market Testing was adequate, or if such Market Testing is re-performed and there is still only one Prospective Service Tenderer or

only one Prospective Service Tenderer that Project Co intends to select as Service Tenderer, then Project Co shall confirm the appointment of such Service Tenderer to provide the relevant Market Tested Service. The pricing of such Market Tested Service shall be at the same pricing as prevailed before the relevant Market Testing, subject to (A) adjustment for CPI increases calculated as  $CPI_n/CPI_o$ , and (B) adjustment for any extraordinary additional costs incurred since the last Market Testing or foreseeable before the next Market Testing which are identified by Project Co to the extent the same are not taken into account by (A) by price increases since the last Market Testing, or by any other price variation mechanism under the Project Agreement, such additional costs to be approved by IO acting reasonably or determined pursuant to Schedule 24 - Dispute Resolution Procedure. Such pricing so adjusted shall continue until the next scheduled Market Testing hereunder unless Project Co elects to perform earlier Market Testing for such Market Tested Services in which case such earlier Market Testing shall occur in accordance with this Schedule 28, *mutatis mutandis*, to take account of the earlier Market Testing date.

#### 4.5 Service Tendering Process

- (a) Project Co shall be responsible for managing and co-ordinating the Market Testing in an efficient and fair manner in accordance with the Market Testing Proposal (and in particular, but without limitation, the Service Tender Requirements) and shall ensure that only Service Tenderers selected in accordance with this Schedule 28 are invited to submit tenders. Project Co shall ensure that the principle of equality of information to, and treatment of, Service Tenderers shall apply at all times.
- (b) Project Co shall send all necessary documents and information to Service Tenderers (including without limitation the Service Tender Requirements) in a timely manner.
- (c) Tenders must be assessed on the basis of relevant criteria, including:
  - (i) their compliance with the Service Tender Requirements; and
  - (ii) the value for money that the tenders represent for IO.
- (d) Project Co shall bear all costs, fees and expenses associated with Market Testing.
- (e) IO may, at its own cost, appoint a monitor for the purpose of monitoring and reporting to IO on Project Co's compliance with all requirements for Market Testing. Such monitor shall be entitled to attend all meetings and processes relating to Market Testing, including without limitation evaluation meetings and processes, inspect copies of all the tender documentation, bids and evaluation documentation and comment (on behalf of IO) to Project Co as to compliance with the requirements for Market Testing.
- (f) In the event that Project Co does not comply with all requirements for Market Testing, then, without limiting any other remedies of IO under the Project Agreement or

otherwise, Project Co shall re-perform the relevant Market Testing in accordance with such requirements.

#### 4.6 Preferred Service Tenderers

- (a) Following expiry of the Service Tender Validity Period, Project Co shall, subject to the provisions of this Section 4.6, determine which Service Tenderer (the "Preferred Service Tenderer") offers the Qualifying Service Tender in respect of any Market Tested Service, group of Market Tested Services or individual part of any Market Tested Service, that represents, as the case may be, the best value for money for IO.
- (b) Immediately upon making the aforesaid determination of the Preferred Service Tenderer, Project Co shall supply to IO a copy of its tender evaluation, together with sufficient supporting information concerning the tender evaluation to enable IO to analyse and understand the basis for Project Co's determination.
- (c) If IO does not agree with Project Co's determination in the case of any Qualifying Service Tender, IO may, within 30 days of being provided with the tender evaluation, dispute such determination and, if the Parties do not resolve such Dispute within a further 30 days, the Dispute shall be referred for resolution in accordance with Schedule 24 - Dispute Resolution Procedure.

#### 4.7 Appointment

- (a) On, or about each Market Testing Date, Project Co shall ensure that all Preferred Service Tenderers, as agreed or determined in accordance with Section 4.6 of this Schedule 28, are appointed to provide and enter into contracts to provide the relevant Market Tested Service or group of Market Tested Services or individual parts of any Market Tested Service, as the case may be, for five year terms and on the basis set out in their Qualifying Service Tender.
- (b) Without prejudice to Section 4.4(g) of this Schedule 28, where Project Co believes that only one Qualifying Service Tender is likely to be submitted, or where only one Qualifying Service Tender is in fact submitted, then Project Co will provide notice thereof to IO and the following shall apply:
  - (i) The Parties will discuss and consider whether the Market Testing conducted for the relevant Market Tested Services was adequate or whether such Market Testing should be re-performed on a broader or other basis; and
  - (ii) If the Parties conclude that such Market Testing was adequate, or if such Market Testing is re-performed and there is still only one Qualifying Service Tender likely to be or in fact submitted, then Project Co shall confirm the appointment of such Qualifying Service Tender to provide the relevant Market Tested Service. The pricing of such Market Tested Service shall be at the same pricing as prevailed before the relevant Market Testing, subject to (A) adjustment for CPI increases calculated as  $CPI_n/CPI_o$ , and (B) adjustment for any extraordinary

additional costs incurred since the last Market Testing or foreseeable before the next Market Testing which are identified by Project Co to the extent the same are not taken into account by (A), by price increases since the last Market Testing, or by any other price variation mechanism under the Project Agreement, such additional costs to be approved by IO acting reasonably or determined pursuant to Schedule 24 - Dispute Resolution Procedure. Such pricing so adjusted shall continue until the next scheduled Market Testing hereunder unless Project Co elects to perform earlier Market Testing for such Market Tested Services in which case such earlier Market Testing shall occur in accordance with this Schedule 28, *mutatis mutandis*, to take account of the earlier Market Testing date.

- (c) Project Co shall, after consultation with IO, provide any Service Tenderer which is unsuccessful in being selected as a Preferred Service Tenderer with an appropriate explanation of the reasons behind its non-selection, if so requested by the Party in question.

#### **4.8 Periodic Service Payment Adjustments**

- (a) On the appointment of any Preferred Service Tenderer or, if applicable, on the completion of the re-pricing of a Market Tested Service pursuant to the Benchmarking Exercise, the Annual Service Payment and the Monthly Service Payments shall be altered in accordance with Schedule 18 - Payment Mechanism.
- (b) Any alteration to the Annual Service Payment and Monthly Service Payments shall take effect, in the case of Market Tested Services subject to a Benchmarking Exercise, on the Market Testing Date, and in the case of all other Market Tested Services, on the later of the Market Testing Date to which the Market Testing related and the date on which the Preferred Service Tenderer begins to perform the relevant Market Tested Services.

#### **4.9 Information Requirements**

- (a) Without prejudice to any of Project Co's general obligations under the Project Agreement, including without limitation pursuant to Section 35 of the Project Agreement, Schedule 23 - Record Provisions and the other provisions of this Schedule 28, Project Co shall:
  - (i) maintain a full record and audit trail of each Market Testing and make all such records, including details of all tenders received, available for inspection by IO, IO's Representative and other authorized representatives on reasonable notice from IO;
  - (ii) provide to IO, in a comprehensive and accurate manner, all information necessary to enable IO to review and assess all matters relating to the Market Testing; and
  - (iii) certify to IO within 30 days of expiry of the Service Tender Validity Period that:

- (A) to the best of Project Co's knowledge after due enquiry, no Excluded Person intends to or will obtain any direct or indirect financial or other benefit from such appointment, other than the benefit of the contract itself;
- (B) to the best of Project Co's knowledge after due enquiry, no Excluded Person has colluded in connection with the Market Testing; and
- (C) there has been full compliance with all requirements relating to ensuring equality of information provided to, and treatment of, Service Tenderers.

#### 4.10 Indemnities

- (a) Project Co shall indemnify and save harmless IO and each Government Entity and each of their respective directors, officers, employees, agents and representatives at all times from and against all Direct Losses which may be brought against them, suffered, sustained or incurred as a result of, in respect of, or arising out of:
  - (i) the implementation of this Schedule 28;
  - (ii) any breach of the provisions of this Schedule 28; and
  - (iii) any claim made by any person, including any Prospective Service Tenderer, Service Tenderer or Preferred Service Tenderer, that is not awarded a contract,

save and except to the extent that any such breach or claim results from any failure of IO to comply with the express provisions of this Schedule 28.

#### 4.11 Irregularity in Award of Contracts

- (a) Where Project Co carries out Market Testing, for the purposes of this Schedule 28 and Section 58 of the Project Agreement, the following shall extend the definition of "**Prohibited Act**":
  - (i) all references to "IO" in such definition shall be deemed to be references to "Project Co or IO";
  - (ii) all references to "Project Co" in such definition shall be deemed to be references to "Project Co or the Prospective Service Tenderer"; and
  - (iii) it shall be an additional Prohibited Act for Project Co or any Affiliated Person, or anyone acting on its or their behalf, to:
    - (A) accept or agree to accept any gift or consideration of any kind as an inducement or reward:
      - (1) for doing or not doing, or for having done or not having done, any act in relation to the obtaining or performance of any Service Contract or other Subcontract; or

(2) for showing or not showing favour or disfavour to any person in relation to any Service Contract or other Subcontract; or

(B) enter into any Service Contract or Subcontract for Market Tested Services in connection with which a commission or fee has been paid or has been agreed to be paid to Project Co or IO or any public body or to any person employed by or on behalf of Project Co or IO or any public body, or to any family member of such person, unless before the Service Contract or Subcontract is made, particulars of any such commission or fee have been disclosed in writing to Project Co and IO and IO has consented to the same, in IO's absolute discretion,

and the provisions of Section 58 of the Project Agreement shall be deemed to be modified accordingly and to apply and be construed accordingly. For greater certainty, the provisions of Section 58.3 of the Project Agreement shall apply such that nothing in this Section 4.11 shall prevent any person from paying any proper commission, fee or bonus whether to its employees within the agreed terms of their employment or otherwise, and such commission, fee or bonus shall not constitute a Prohibited Act.

(b) In addition, where Project Co carries out Market Testing and any Prospective Service Tenderer or Service Tenderer (or anyone acting on its or their behalf or any of its or their directors, officers or employees) offers or agrees to give to Project Co or any Affiliated Person any gift or consideration of any kind as inducement or reward contrary to Section 4.11(a)(iii) of this Schedule 28:

(i) for doing or not doing, or for having done or not having done, any act in relation to the obtaining or performance of any Service Contract or other Subcontract; or

(ii) for showing or not showing favour or disfavour to any person in relation to any Service Contract or Subcontract,

IO may (without prejudice to any of its other rights) by notice to Project Co require Project Co to secure, as soon as practicable, the termination of that person's involvement in the Market Testing or, if discovered after the award of the relevant contract, the termination of the relevant Service Contract or other Subcontract (and the provisions of Section 58 of the Project Agreement shall apply and be construed accordingly).

(c) Project Co shall notify IO of the occurrence and details of any Prohibited Act promptly on Project Co becoming aware of its occurrence.

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## SCHEDULE 29

## ENERGY MATTERS

## 1. Definitions

The following definitions shall have the following meanings:

- 1.1 "**Aggregate Actual Consumption**" means the actual consumption of all Energy Utilities as invoiced by the relevant utility companies for each Contract Year;
- 1.2 "**Aggregate Energy Target**" or "**AET**" means the total energy consumption set forth in the Energy Target Letter submitted by Project Co with its Design Development Submittals and which has been accepted by IO.
- 1.3 "**Annual Renewable Energy Generation**" has the meaning given in Section 6.4(a) of this Schedule 29.
- 1.4 "**Annual Renewable Energy Generation Minimum Threshold**" has the meaning given in Section 6.1(a) of this Schedule 29.
- 1.5 "**Annual Review Meeting**" means meetings between IO Representatives and Project Co Representatives to occur within ninety (90) days of each anniversary of the Substantial Completion Date (or such other date as may be agreed between IO and Project Co) to discuss Energy Services;
- 1.6 "**Average Annual Cooling Degree Days**" means the average annual cooling degree days for Toronto, Ontario calculated over the 30 year period between 1978 and 2008, based on data published by Environment Canada;
- 1.7 "**Average Annual Heating Degree Days**" means the average annual heating degree days for Toronto, Ontario calculated over the 30 year period between 1978 and 2008, based on data published by Environment Canada;
- 1.8 "**Average Unit Rate Price**" means the average price for each standard unit of each discrete Energy Utility in a Contract Year as reported by the applicable utility companies responsible for the supply of such Energy Service;
- 1.9 "**BOMA BEST**" means the Building Operators and Managers Association of Canada's Building Environmental Standards for recognizing environmental best practices in existing buildings;
- 1.10 "**Commercial Building Incentive Program**" or "**CBIP**" means an incentive program from Natural Resources Canada;
- 1.11 "**Corrected Aggregate Energy Consumption**" means, for a Contract Year, the sum of CAECH for each discrete Energy Service and CAECC for each discrete Energy Service



- plus all non-heating and non-cooling Energy Utilities consumption at the Facility for such Contract Year;
- 1.12 **"Corrected Aggregate Energy Consumption Cooling"** or **"CAECC"** means the sum of the Corrected Discrete Energy Consumption for each of the discrete Energy Utilities for cooling energy, calculated in accordance with Section 3.1(f)(ii);
- 1.13 **"Corrected Aggregate Energy Consumption Heating"** or **"CAECH"** means the sum of the Corrected Discrete Energy Consumption for each of the discrete Energy Utilities for heating energy, calculated in accordance with Section 3.1(f)(i);
- 1.14 **"Corrected Discrete Energy Consumption"** means the Discrete Energy Service Actual Consumption for each discrete Energy Service (calculated for each discrete Energy Service) corrected for each Contract Year in accordance with this Schedule 29 to reflect the climatic conditions for that Contract Year;
- 1.15 **"Discrete Energy Service Actual Consumption"** means the consumption of an individual Energy Service at the Facility as invoiced by the relevant utility company for each Contract Year;
- 1.16 **"Discrete Energy Targets"** or **"DET"** means the consumption of an individual energy service set forth in the Energy Target Letter submitted by Project Co with its Design Development Submittals and which have been accepted by IO.
- 1.17 **"Energy Analysis Report"** has the meaning given to it in Section 3 of this Schedule 29;
- 1.18 **"Energy Service"** means any metered provision of Energy Utilities at the Facility;
- 1.19 **"Energy Target Letter"** means the letter submitted by Project Co with its Design Development Submittals as of Commercial Close setting forth the AET and the DET;
- 1.20 **"Energy Utilities"** means energy/power including electricity, natural gas, fuel, oil and any other energy source used at the Facility, including Renewable Energy;
- 1.21 **"Five Year Renewable Energy Report"** has the meaning given in Section 6.4(a) of this Schedule 29.
- 1.22 **"Full Occupancy"** means, in respect of the Facility (but excluding the TIC), when the usage of cells in the Facility reaches approximately 85% as determined by MCSCS acting reasonably.
- 1.23 **"Gainshare Adjustment"** means the amount payable by IO to Project Co (which amount will be included in the calculation of the Monthly Service Payment for the Contract Month following the date in which such adjustment has been determined in accordance with Section 5 of this Schedule 29) based on Energy Utilities consumption for each discrete Energy Service that falls outside the set bands set out in Section 5 of this Schedule 29;

- 1.24 "**High Cost Measures**" means, in respect of a Contract Year, energy saving measures that incur capital expenditure with a Simple Payback of greater than 36 months;
- 1.25 "**Low Cost Measures**" means, in respect of a Contract Year, energy saving measures that incur capital expenditure with a Simple Payback of no greater than 36 months and are considered to be revenue items as opposed to capital investment measures;
- 1.26 "**Model National Energy Code for Buildings**" or "**MNECB**" means the code as developed by the National Research Council of Canada and published in 1997. Compliance to this code is demonstrated by using a performance based computer simulation tool and by following the "Procedures for Modelling buildings to MNECB and CBIP, version 3.0";
- 1.27 "**No Cost Measures**" means energy savings measures, including those related to good house-keeping, involving no material additional expenditure and/or no capital expenditure to carry out;
- 1.28 "**Painshare Adjustment**" means the deduction which may be claimed by IO from Project Co which amount will be deducted from the calculation of the Monthly Service Payment for the Contract Month following the date in which such adjustment has been determined in accordance with Part B of Schedule 18 – Payment Mechanism based on Energy Utilities consumption for each discrete Energy Service which falls outside the bands set out in Section 5 of this Schedule 29.
- 1.29 "**Pass Through Costs**" has the meaning given in Section 2.1 of this Schedule 29.
- 1.30 "**Renewable Energy Loss**" has the meaning given in Section 6.5(a) of this Schedule 29.
- 1.31 "**Renewable Energy Structure**" has the meaning given in Section 6.1(a) of this Schedule 29.
- 1.32 "**Simple Payback**" means the number of years after which an investment will have paid for itself. Simple Payback is calculated by dividing the initial cost of the retrofit by the energy cost savings. Those projects with the shortest paybacks are assumed to be the most cost effective.  $\text{Simple Payback} = \text{initial cost of energy retrofit} / \text{energy savings}$ .
2. **Procedures for Determining Energy Cost Sharing**
- 2.1 IO will reimburse Project Co for the cost of consumption and use by Project Co of Energy Utilities at the Facility (the "**Pass Through Costs**") based on service invoices provided to IO as part of the Monthly Service Payment invoices; such amount to be paid by IO as part of the invoice issued for each Monthly Service Payment in accordance with Section 32.6(a) of the Project Agreement. IO will reimburse Project Co for the Pass Through Costs with respect to the TIC based service invoices provided to IO as part of the TIC Monthly Service Payment invoices; such amount to be paid by IO as part of the invoice issued for each TIC Monthly Service Payment in accordance with Section 32.6(a) of the Project Agreement. For purposes of optimizing Energy Utilities costs, IO may, at any

time and from time to time, direct Project Co to use a particular type of fuel energy source at the Facility.

- 2.2 The Discrete Energy Targets shall form the normalized thirty (30) year benchmark for calculating the Energy Services cost sharing in respect of each discrete Energy Service at the Facility. The Discrete Energy Service Actual Consumption for each discrete Energy Service shall be corrected to reflect actual degree days for each Contract Year. The Corrected Discrete Energy Consumption for each discrete Energy Service shall be used to calculate Painshare Adjustments and Gainshare Adjustments. The Aggregate Energy Target and the Discrete Energy Targets shall not be altered or adjusted, except by the process described in Section 4 of this Schedule 29.
- 2.3 Project Co shall provide IO with a draft Energy Analysis Report within ninety (90) days following the end of each Contract Year, which report shall include, copies of all working papers to fully support the draft Energy Analysis Report. The draft Energy Analysis Report shall be consistent with the format and content requirements set out in Section 3 of this Schedule 29.
- (a) As soon as practicable and in any event within one hundred and twenty (120) days following the end of each Contract Year, Project Co and IO shall convene an Annual Review Meeting to be attended by the Project Co Representative and the IO Representative. At the Annual Review Meeting, Project Co shall present the draft Energy Analysis Report to IO, and IO and Project Co shall discuss the Aggregate Actual Consumption and the Discrete Energy Service Actual Consumption for each discrete Energy Service for the preceding Contract Year.
- 2.4 Project Co shall assist the IO Representative and afford the IO Representative such information and access to the Facility, building management system records, utility meters, and Help Desk (as such services are described in Part B of Schedule 12 – Output Specifications) and by other means as may reasonably be required for the IO Representative to confirm the draft Energy Analysis Report provided by Project Co to determine the Aggregate Actual Consumption and the Discrete Energy Service Actual Consumption for each separate Energy Service at the Facility for the Contract Year. IO shall promptly notify Project Co of the details of any disagreement of all or any aspect of the Energy Analysis Report, and the parties shall then seek to agree to any matters in dispute, but where matters cannot be resolved within such twenty (20) Business Day period (or such other period as may be otherwise agreed between the IO Representative, acting reasonably) it shall be dealt with in accordance with the Dispute Resolution Procedure.
- (a) Within twenty (20) Business Days following each Annual Review Meeting, or within such period as may be otherwise agreed between the IO Representative and the Project Co Representatives, acting reasonably:
- (i) IO shall confirm its acceptance of all or any aspect of the Energy Analysis Report; and

- (ii) Subject to Section 4 of this Schedule 29, Project Co and IO shall agree to any adjustments to the Aggregate Energy Target and the Discrete Energy Target(s) after taking into account load or usage changes as a result of any changes in occupancy.
- (b) Subject to Section 2.4(c), Project Co or IO, as the case may be, shall be entitled annually to a Gainshare Adjustment or a Painshare Adjustment, as the case may be, calculated in accordance with this Schedule 29, provided that neither Project Co nor IO shall be entitled to a Gainshare Adjustment or a Painshare Adjustment until the Facility has reached Full Occupancy. Furthermore, neither Project Co nor IO shall be entitled to a Gainshare Adjustment or a Painshare Adjustment during the TIC Interim Period.
- (c) Claims made by either Project Co or IO for a Gainshare Adjustment or a Painshare Adjustment shall be made at an Annual Review Meeting. If Project Co makes a claim for Painshare Adjustment, Project Co shall within ten (10) Business Days after acceptance of the Energy Analysis Report by the IO Representative or within such other period as may be agreed by the IO Representative and Project Co, acting reasonably, submit an account to IO setting out its calculation and justifying the quantification of the Painshare Adjustment. If IO makes a claim for a Gainshare Adjustment, IO shall, within ten (10) Business Days after acceptance of the Energy Analysis Report by the IO Representative or within such other period as may be agreed by the IO Representative and Project Co, acting reasonably, submit an account to Project Co setting out its calculations and justifying the quantification of the Gainshare Adjustment.
- (d) If either Project Co or IO wishes to dispute any account presented pursuant to Section 2.4(c) of this Schedule 29, it must do so by notice to the other Party within ten (10) Business Days of receipt of such account. The IO Representative and the Project Co representative shall use reasonable efforts to resolve the dispute for an additional ten (10) Business Days. If there is no agreement following such negotiations, then either Party may refer the matter to the Dispute Resolution Procedure. If neither Party objects in accordance with this Section 2.4(d), or following final determination of the disputed account in accordance with this Section 2.4(d), Project Co shall include the relevant Gainshare Adjustment or Painshare Adjustment as a separate item within the next invoice prepared by Project Co in accordance with Section 32.6(a) of the Project Agreement. No adjustments shall be made to the Service Payment for any claimed Gainshare Adjustment or Painshare Adjustment except in accordance with the procedure set out in Section 5 of this Schedule 29.

### 3. Content and Format of the Energy Analysis Report

- 3.1 The Energy Analysis Report shall present findings of Aggregate Actual Consumption and the Discrete Energy Service Actual Consumption for each separate Energy Service for the relevant Contract Year and shall include the following:

- (a) a summary of actual usage, degree days, and breakdown by utility in megajoules and cubic meters, or other utility rate units. The summary should also highlight any exceptional changes in consumption or pattern of use since any previous survey;
  - (b) accurate and precise consumption data; and
  - (c) identification of potential cost savings in respect of Energy Utilities usage at the Facility and provide an estimate of potential Energy Service consumption savings broken down by fuel type, implementation costs, Simple Payback periods and projected savings along with identifying potential risks associated with each proposed cost savings measure. Project Co shall categorize these cost savings measures in the following categories: No Cost Measures, Low Cost Measures and High Cost Measures. Project Co shall also advise IO of projected Energy Utilities usage at the Facility for the next five (5) years and cost projections in respect of such projected Energy Utilities usage along with pricing trends and potential risks associated with each.
- 3.2 The objectives of the Energy Analysis Report are to confirm Aggregate Actual Consumption and Discrete Energy Service Actual Consumption for each individual Energy Service at the Facility in the relevant Contract Year and to provide data to calculate Corrected Aggregate Energy Consumption, Corrected Discrete Energy Consumption for each individual Energy Service and Gainshare Adjustment or Painshare Adjustment for each individual Energy Service.
- 3.3 Consistent with the objectives set out in Section 3.2 of this Schedule 29, Project Co shall ensure that each Energy Analysis Report has the following components:
- (a) presentation of Aggregate Actual Consumption, Discrete Energy Service Actual Consumption for each individual Energy Service, and calculation of Corrected Discrete Energy Consumption for each individual Energy Service and the Corrected Aggregate Energy Consumption;
  - (b) presentation of degree day data for the relevant Contract Year;
  - (c) establishment of a basis for continued monitoring of energy and utility consumption and adjustments to the Aggregate Energy Target and/or the Discrete Energy Targets; and
  - (d) utility data collected by Project Co shall be presented in the table set out in Appendix A to this Schedule 29.
  - (e) Detailed analysis of metered end-uses:
    - (i) Lighting systems and controls;
    - (ii) Constant and variable motor loads;

- (iii) Variable frequency drive operation;
  - (iv) Chiller efficiency at variable loads;
  - (v) Cooling load;
  - (vi) Air and water economizer and heat recovery cycles;
  - (vii) Air distribution static pressures and ventilation air volumes;
  - (viii) Boiler efficiencies;
  - (ix) Building related process energy and equipment;
  - (x) Indoor water risers and outdoor irrigation systems; and
  - (xi) Any other metered systems.
- (f) Procedure for determining the Corrected Discrete Energy Consumption for each individual Energy Service will be calculated using the following formula (with separate calculations to be conducted and provided for each discrete Energy Service):
- (i) Corrected Discrete Energy Consumption for the discrete Energy Service for heating energy ("**CAECH**") = Discrete Energy Service Actual Consumption (Mega Joules) x Average Annual Heating Degree Days / heating degree days published by Environment Canada for the Contract Year.
  - (ii) Corrected Discrete Energy Consumption for the discrete Energy Service for cooling energy ("**CAECC**") = Discrete Energy Services Actual Consumption (Mega Joules) x Average Annual Cooling Degree Days / cooling degree days published by Environment Canada for the Contract Year.
- (g) Outline any outstanding issues from any previous Energy Analysis Report.
- (h) Adjustments to the Aggregate Energy Target and Discrete Energy Target(s).
- (i) Table showing the percentage variation in Energy Utilities consumption against the Discrete Energy Target(s) and the Discrete Actual Energy Consumption for each discrete Energy Service.
- (j) Tables and graphs showing the consumption, unit costs, and total costs for all purchased Energy Utilities for the previous twelve (12) months. Breakdown of Energy Utilities types and costs for each energy use described in Section 3.1(c) of this Schedule 29 and any other major energy use for the previous twelve (12) months.

- (k) Appendices - The appendices shall include graphs, calculations and miscellaneous data that are relevant to the Energy Analysis Report.
  - (l) Summary tables from all previous Energy Analysis Reports delivered by Project Co to IO.
- 3.4 Project Co shall, and it agrees that it will participate in the BOMA BEST. As part of the BOMA BEST implementation, Project Co will be required to conduct an energy audit and a water audit every three (3) years (or at such other time as may be required by the BOMA BEST) based on the BOMA BEST requirements. For each year that a BOMA BEST submission is required to be prepared by Project Co (in accordance with the BOMA BEST requirements), a copy of such submission shall be appended to the Energy Analysis Report.
4. **Corrected Discrete Energy Consumption and Process for Amending the Aggregate Energy Target and the Discrete Energy Targets**
- 4.1 Following the acceptance of the Energy Analysis Report by the IO Representative in accordance with Sections 2.4 of this Schedule 29, the data set out in the Energy Analysis Report will be used to determine the Painshare Adjustments or Gainshare Adjustments.
- 4.2 For each Contract Year the Corrected Discrete Energy Consumption for each Energy Service shall be compared to the Discrete Energy Target for each Energy Service, and:
- (a) if the Corrected Discrete Energy Consumption in respect of any discrete Energy Service is greater than 105% of the Discrete Energy Target in respect of such Energy Service then Project Co shall calculate the Painshare Adjustment and credit IO's Monthly Service Payments accordingly in accordance with Schedule 18 – Payment Mechanism; or
  - (b) if the Corrected Discrete Energy Consumption in respect of a discrete Energy Service is less than 95% of the Discrete Energy Target in respect of such Energy Service, then Project Co shall calculate the Gainshare Adjustment.
- 4.3 At any time commencing after the first anniversary of the Completion Date, Project Co and IO shall, acting reasonably, agree to make any adjustments to the Aggregate Energy Target and the Discrete Energy Target(s) only in the event of:
- (a) substantial climate change for the relevant time period as reported by Environment Canada compared to the 1978 to 2008 thirty (30) year average meteorological data for Toronto, Ontario as reported by Environment Canada. Climate change can only be evidenced by a climatic authority such as Environment Canada and must be presented to IO with documented evidence of increased consumption trends in similar facilities in the Southern Ontario;
  - (b) changes implemented in accordance with the Project Agreement that would cause load changes or other changes in Energy Utilities usage; or

- (c) changes in the utilization of the Facility from that described in the Project Agreement.
- 4.4 Pursuant to Section 4.3, Project Co may elect to propose a correction to the Aggregate Energy Target and the Discrete Energy Targets in direct proportion to any substantial change in occupation hours of the Facility.
- 4.5 The Party requesting an amendment to the Aggregate Energy Target and the Discrete Energy Target(s) shall appoint, subject to the other Party's approval (acting reasonably) and pay for a complete energy audit to be conducted by a third party auditor. The energy audit shall include a detailed computer simulation of Energy Utilities use by function and a comprehensive evaluation of Energy Utilities use patterns. The energy auditor shall prepare a report making a recommendation regarding amendments to the Aggregate Energy Target and Discrete Energy Target(s). Both IO and Project Co must agree to the amended Aggregate Energy Target and Discrete Energy Target(s) within twenty (20) Business Days following receipt of such report. If there is no agreement within a further ten (10) Business Day period, then either Party may refer the matter to Dispute Resolution Procedure.
- 4.6 Any amendment to the Aggregate Energy Target and the Discrete Energy Target(s) shall only affect the Monthly Service Payment (as a result of any Painshare Adjustments or Gainshare Adjustments) from the date on which the amendment is effective and shall not, for greater certainty, have a retrospective effect on any other previous Monthly Service Payments.
- 5. Calculation of Gainshare Adjustment or Painshare Adjustment**
- 5.1 The table below shows the banding mechanism used for calculating the Painshare Adjustment or the Gainshare Adjustment to Project Co and IO for each Energy Service.

Variance from DET in Year "x"	Project Co's Pain
0-5%	[REDACTED]
>5%	[REDACTED]

Variance from DET in Year "x"	Project Co's Gain
0-5%	[REDACTED]
5-20%	[REDACTED]
>20%	[REDACTED]

- 5.2 The formulae to calculate the Gainshare Adjustment and the Painshare Adjustment set out in this Section 5.2 are based on the table in Section 5.1 of this Schedule 29. For the avoidance of doubt, if Corrected Discrete Energy Consumption in respect of a discrete Energy Utility falls within a set band above or below the relevant Discrete Energy Utility Target (i.e. no more than 5% above or below the benchmark) no Gainshare Adjustment or Painshare Adjustment will be made for that Energy Utility in that year.



(a) For the purposes of Section 5.2(b):

A = the Corrected Discrete Energy Consumption during the relevant year for a particular Energy Service in units e.g. megajoules; m<sup>3</sup>, etc.

B = the Discrete Energy Target for the relevant year for a discrete Energy Service in units e.g. megajoules; m<sup>3</sup>, etc.

(b) In respect of every year following the Substantial Completion Date:

IF:  $A < \frac{95B}{100}$  then Project Co shall be entitled to claim and be paid a Gainshare Adjustment ('GS') for that year, where

$$\text{if } \frac{80B}{100} < A < \frac{95B}{100} \quad \text{then } GS = 0.5 \left( \frac{95B}{100} - A \right) * \text{Average Unit Rate Price}$$

$$\text{but if } A < \frac{80B}{100} \quad \text{then } GS = \left[ \left( \frac{80B}{100} - A \right) + \frac{B}{13.3} \right] * \text{Average Unit Rate Price}$$

(In the above formula, a factor of 13.3333 is used to divide B. This is obtained by multiplying the range of the 2<sup>nd</sup> band by the percentage of Project Co pain/gain. The range of the 2<sup>nd</sup> band is 20%-5%= 15% and the Project Co gain percentage is 50%. The product is 7.5% which results in the factor of 13.3333.)

BUT IF:  $A > \frac{105B}{100}$  then IO shall be entitled to deduct a Painshare Adjustment ('PS') where

$$\text{if } A > \frac{105B}{100} \quad \text{then } PS = \left[ A - \frac{105B}{100} \right] * \text{Average Unit Rate Price}$$

## 6. Renewable Energy Structure

### 6.1 Capital Improvements for Renewable Energy

- (a) In its performance of the Works, Project Co shall construct and install all civil, mechanical, electrical and any associated systems in accordance with and in connection with Schedule 36 – Renewable Energy (the "**Renewable Energy Structure**") and shall operate and maintain the Renewable Energy Structure for the Project Term. The Renewable Energy Structure shall generate a minimum of **[REDACTED]** of Renewable Energy annually (the "**Annual Renewable Energy Generation Minimum Threshold**").

### 6.2 Research of and Application for Grants and Similar Funding Programs

- (a) Project Co shall, at no additional cost to IO, make all commercially reasonable efforts to research, make application for, and pursue all funding programs of any kind whatsoever that may be available to defray the capital, operating and/or maintenance cost of the Renewable Energy Structure and shall do so for the benefit of IO. Project Co acknowledges and agrees that any funds that are received by Project Co as a result of these efforts are owned by IO.
- (b) Project Co shall report to IO, on an annual basis and in advance of the forthcoming year, on grants or any other similar funding programs that may be available to IO, including a report on Project Co's plan to make application for and pursue such grants or any other similar program.

### 6.3 Payment for the Renewable Energy Structure (Including Operations and Maintenance)

- (a) The Parties acknowledge and agree that the cost of constructing, operating and maintaining the Renewable Energy Structure is included in the Annual Service Payment.

### 6.4 Renewable Energy Reporting

- (a) For each five year period following Substantial Completion, Project Co shall submit to IO a report, in a form satisfactory to IO, that sets out the actual level of Renewable Energy generated by the Renewable Energy Structure on an annual basis (the "**Annual Renewable Energy Generation**") and that is consistent with the monthly Renewable Energy Report prepared in accordance with the Output Specifications (the "**Five Year Renewable Energy Report**"). The Five Year Renewable Energy Report shall also demonstrate a comparison of the five-year average of Annual Renewable Energy Generation and the Annual Renewable Energy Generation Minimum Threshold.

### 6.5 Renewable Energy Gains and Losses

- (a) If Project Co's Annual Renewable Energy Generation is less than the Annual Renewable Energy Generation Minimum Threshold in any given year, Project Co shall have incurred a "Renewable Energy Loss" and IO shall be entitled to a deduction, assessed every five years, in accordance with Section 13 of Part C of Schedule 18 – Payment Mechanism. If Project Co's Annual Renewable Energy Generation is greater than the Annual Renewable Energy Generation Minimum Threshold in any given year, IO shall be entitled to the benefit of any such gain and shall be the owner of any Renewable Energy generated in excess of the Annual Renewable Energy Generation Minimum Threshold.

APPENDIX A

	Thirty Year Average for Toronto	Contract Year	% variance between Average Annual Heating Days/Average Annual Cooling Days and Contract Year
Heating Degree Days	Average Annual Heating Days: ●	Contract Year Heating Days (as provided by Environment Canada): ●	
Cooling Degree Days	Average Annual Cooling Days: ●	Contract Year Cooling Days (as provided by Environment Canada): ●	

Total Energy Summary	Discrete Energy Targets		Actual Consumption		Corrected Discrete Energy Consumption		Percent Variance between vi and ii	Painshare Adjustment or Gainshare Adjustment
	Usage	Cost for Contract Year (calculated based on Discrete Energy Targets multiplied by average unit cost of each discrete Energy Utility)	Usage	Cost for Contract Year	Usage	Corrected Cost for Contract Year (calculated based on Corrected Discrete Energy Consumption for each of the discrete Energy Utilities multiplied by average unit cost of each such discrete Energy Utilities )		
	i	ii	iii	iv	v	vi	vii	viii
Electricity								
Natural Gas								
Oil / Other								
Aggregate sums	[To include Aggregate Energy Target]		[Aggregate Actual Consumption: ●]		[Corrected Aggregate Energy Consumption: ●]			

**SCHEDULE 30**

**FINANCIAL MODEL EXTRACTS**

**[REDACTED]**

12341113.1

**SCHEDULE 31**

**PROJECT CO PROPOSAL EXTRACTS**

**[REDACTED]**

**Appendix A**

**Project Co Proposal Extracts**

**[REDACTED]**

12341114.1

**SCHEDULE 32**

**CUSTODY AGREEMENT**

**THIS AGREEMENT** is made as of the 26<sup>th</sup> day of October, 2009

**BETWEEN:**

**ONTARIO INFRASTRUCTURE PROJECTS CORPORATION**, a non-share capital corporation continued under the *Ontario Infrastructure Projects Corporation Act*, S.O. 2006, c.9, Schedule I, as amended, as agent for Her Majesty The Queen in Right of Ontario, as represented by the Minister of Energy and Infrastructure

(“IO”)

**AND:**

**INTEGRATED TEAM SOLUTIONS (JUSTICE INFRASTRUCTURE) PARTNERSHIP, [REDACTED]**

(“Project Co”)

**AND:**

**BNY TRUST COMPANY OF CANADA**, a corporation incorporated under the laws of Canada

(the “Custodian”)

**AND:**

**COMPUTERSHARE TRUST COMPANY OF CANADA**, in its capacity as security agent for and on behalf of the Lenders under the Lending Agreements

(the “Lenders’ Agent”)

**WHEREAS:**

- A. IO and Project Co (collectively, the “**PA Parties**” and each, a “**PA Party**”) have entered into the Project Agreement.
- B. Pursuant to the terms of the Project Agreement, the PA Parties wish to appoint the Custodian, and the Custodian wishes to accept such appointment, to perform certain services in connection with the Project Agreement.
- C. The PA Parties and the Custodian wish to enter into this Custody Agreement in order to record the terms by which the Custodian shall perform such services.



**NOW THEREFORE** in consideration of the mutual covenants and agreements of the PA Parties and the Custodian herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the PA Parties and the Custodian covenant and agree as follows:

## 1. Definitions

In this Custody Agreement, including the recitals and appendices, unless the context indicates a contrary intention, terms which are defined in the Project Agreement (and not otherwise defined in this Custody Agreement) shall have meanings given to them in the Project Agreement and the following terms shall have the following meanings:

- (a) **“Material”** means hard and electronic copies of the Financial Model.
- (b) **“IO Signatory”** has the meaning given in Section 6(a)(i).
- (c) **“PA Parties”** means both IO and Project Co, and **“PA Party”** means either IO or Project Co, as the context requires.
- (d) **“Party”** means IO, the Custodian, Project Co or the Lenders’ Agent, and **“Parties”** means IO, the Custodian, Project Co and the Lenders’ Agent.
- (e) **“Project Agreement”** means the project agreement made on or about October 26, 2009 between IO and Project Co.
- (f) **“Project Co Signatory”** has the meaning given in Section 6(a)(ii).
- (g) **“Step-Out Date”** has the meaning given in Section 14(e).

## 2. Interpretation

This Custody Agreement shall be interpreted according to the following provisions, unless the context requires a different meaning:

- (a) The headings in this Custody Agreement are for convenience of reference only, shall not constitute a part of this Custody Agreement, and shall not be taken into consideration in the interpretation of, or affect the meaning of, this Custody Agreement.
- (b) Unless the context otherwise requires, references to specific Sections, Paragraphs, Subparagraphs, and other divisions are references to such Sections, Paragraphs, Subparagraphs, or divisions of this Custody Agreement and the terms “Section” and “Section” are used interchangeably and are synonymous.
- (c) Words importing persons or parties are to be broadly interpreted and include an individual, corporation, firm, partnership, joint venture, trust, unincorporated organization, Governmental Authority, unincorporated body of persons or association and any other entity having legal capacity, and the heirs, beneficiaries, executors, administrators or other legal representatives of a person in such capacity.

**Toronto South Detention Centre Project**

- (d) Unless the context otherwise requires, wherever used herein the plural includes the singular, the singular includes the plural, and each of the masculine, feminine and neuter genders include all other genders.
- (e) References to any standard, principle, agreement or document include (subject to all relevant approvals and any other provisions of this Custody Agreement concerning amendments) a reference to that standard, principle, agreement or document as amended, supplemented, restated, substituted, replaced, novated or assigned.
- (f) The words in this Custody Agreement shall bear their natural meaning.
- (g) References containing terms such as:
  - (i) “hereof”, “herein”, “hereto”, “hereinafter”, and other terms of like import are not limited in applicability to the specific provision within which such references are set forth but instead refer to this Custody Agreement taken as a whole; and
  - (ii) “includes” and “including”, whether or not used with the words “without limitation” or “but not limited to”, shall not be deemed limited by the specific enumeration of items but shall, in all cases, be deemed to be without limitation and construed and interpreted to mean “includes without limitation” and “including without limitation”.
- (h) In construing this Custody Agreement, the rule known as the *ejusdem generis* rule shall not apply nor shall any similar rule or approach to the construction of this Custody Agreement and, accordingly, general words introduced or followed by the word “other” or “including” or “in particular” shall not be given a restrictive meaning because they are followed or preceded (as the case may be) by particular examples intended to fall within the meaning of the general words.
- (i) Where this Custody Agreement states that an obligation shall be performed “no later than” or “within” or “by” a stipulated date or event which is a prescribed number of days after a stipulated date or event, the latest time for performance shall be 5:00 p.m. on the last day for performance of the obligation concerned, or, if that day is not a Business Day, 5:00 p.m. on the next Business Day.
- (j) Where this Custody Agreement states that an obligation shall be performed “on” a stipulated date, the latest time for performance shall be 5:00 p.m. on that day, or, if that day is not a Business Day, 5:00 p.m. on the next Business Day.
- (k) Any reference to time of day or date means the local time or date in Toronto, Ontario.
- (l) Unless otherwise indicated, time periods will be strictly construed.
- (m) Whenever the terms “will” or “shall” are used in this Custody Agreement they shall be construed and interpreted as synonymous and to read “shall”.

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- (n) Where Project Co is a general partnership, each partner shall be jointly and severally liable for Project Co's actions and any reference that a third party shall have no liability to Project Co shall be construed as the third party having no liability to Project Co or any of its partners.

**3. Project Co's Duties and Warranties**

- (a) IO will, together with Project Co, verify the identity and consistency of two copies of the Material, which shall be delivered by Project Co to the Custodian on the date of this Custody Agreement.
- (b) Project Co shall at all times ensure that the Material as delivered to the Custodian is capable of being used to generate the latest version of the Financial Model issued to IO and shall deliver further copies of the Material to the Custodian as and when necessary.
- (c) Upon creation of any new versions of the Financial Model and within 30 days from receipt of a notice served upon it by the Custodian under the provisions of Section 4(a)(v), the replacement copy of the Material shall be verified by the PA Parties in accordance with Section 3(a) and delivered by Project Co to the Custodian.
- (d) Project Co warrants that:
- (i) it owns the Intellectual Property Rights in the Material and has authority to enter into this Custody Agreement;
  - (ii) the use of the Materials by IO under the terms of this Custody Agreement shall not infringe any Intellectual Property Rights of any person; and
  - (iii) the Material delivered under Section 3(a) shall contain all information in human-readable form and on suitable media to enable a reasonably skilled programmer or analyst to understand, maintain and correct the Material without the assistance of any other person.

**4. Custodian's Duties**

- (a) The Custodian shall:
- (i) hold in safe custody all versions of the Financial Model delivered to it pursuant to the terms hereof, and the provisions of this Custody Agreement shall apply (with any necessary changes being made) to any revised Financial Model;
  - (ii) hold the Material in a safe and secure environment;
  - (iii) inform Project Co and IO of the receipt of any copy of the Material;
  - (iv) at all times retain a copy of the latest verified deposit of the Material; and

- (v) promptly notify Project Co and IO if it becomes aware at any time during the term of this Custody Agreement that any copy of the Material held by it has been lost, damaged or destroyed.
- (b) The Custodian shall not be responsible for procuring the delivery of the Material in the event of failure by Project Co to do so.
- (c) In accordance with Section 10, the Custodian shall allow the PA Parties to inspect and audit the Financial Model from time to time.

**5. Payment**

- (a) In consideration of the Custodian performing the services contemplated by this Custody Agreement, Project Co shall pay the Custodian’s fees as agreed from time to time between the Custodian and Project Co.

**6. Release Events**

- (a) The Custodian shall hold the Material to the order of the PA Parties and shall honour the instructions and signatures of:
  - (i) the President & CEO and designated signing officers of IO or such other person nominated by it and notified to the Custodian and Project Co in writing (the “**IO Signatory**”); and
  - (ii) the President & CEO and designated signing officers of Project Co or such other person nominated by it and notified to the Custodian and IO in writing (the “**Project Co Signatory**”);

and shall, subject to Section 6(b), upon receiving signed joint instructions from the IO Signatory and the Project Co Signatory, release one copy of the Material to the person either named in such instructions or previously identified in writing by the IO Signatory and the Project Co Signatory.

- (b) The PA Parties each agree that they shall give joint instructions to the Custodian for the release of the Material, in accordance with Section 6(a), on each occasion that the Material is required to be released pursuant to the Project Agreement or that the Material must be released to allow the Material to be maintained and/or corrected.
- (c) The Custodian shall release the Material to a duly authorized officer of IO on any termination of the Project Agreement prior to the Expiry Date.

**7. Records**

- (a) The PA Parties shall be entitled, at reasonable hours and upon giving the Custodian reasonable notice, to inspect any records kept by the Custodian in accordance with this Custody Agreement.

**8. Confidentiality**

- (a) The Material shall remain the confidential property of Project Co and, in the event that the Custodian provides a copy of the Material to IO, IO shall be permitted to use the Material only in accordance with the intellectual property and confidentiality obligations in the Project Agreement.
- (b) The Custodian agrees for itself, its directors, officers, employees, sub-contractors and agents, to maintain all information and/or documentation in whatever form coming into its possession or to its knowledge under or in connection with this Custody Agreement in strictest confidence and secrecy. The Custodian further agrees not to make use of such information and/or documentation other than for the purposes of this Custody Agreement and will not disclose or release it other than in accordance with the terms of this Custody Agreement.
- (c) In the event that the Material is released under Section 6, IO shall:
  - (i) use the Material only for the purpose of understanding, maintaining and correcting the Financial Model exclusively on behalf of IO;
  - (ii) not use the Material for any other purpose nor disclose it to any person, save such of its employees or contractors who need to know the same in order to understand, maintain and correct the Financial Model exclusively on behalf of IO;
  - (iii) hold all media containing the Material in a safe and secure environment when not in use; and
  - (iv) forthwith destroy the same should IO cease to be entitled to use the Financial Model.

**9. Intellectual Property Rights**

- (a) The release of the Material to IO and to the Custodian will not act as an assignment of any Intellectual Property Rights that Project Co possesses in the Material.

**10. Inspection**

- (a) Subject to the following provisions of this Section 10, the Custodian shall bear no obligation or responsibility to any person, firm, company or entity whatsoever to determine the existence, relevance, completeness, accuracy, effectiveness or any other aspect of the Financial Model.
- (b) The PA Parties shall be entitled, at reasonable hours and upon giving the Custodian reasonable notice, to inspect and audit or to procure the inspection and audit of the Financial Model in accordance with this Section 10.
- (c) The Custodian shall, upon receiving duly signed instructions from both of the PA Parties (but only upon receiving such instructions), provide facilities for IO and/or Project Co and/or

such person identified in the duly signed written instructions to inspect and audit the Financial Model.

- (d) The Custodian shall maintain a record of any inspection and audit made pursuant to Section 10(b), including details of the person who made the inspection and/or audit and the date of the same.

## 11. Custodian's Liability

- (a) The Custodian shall not be liable for any loss or damage caused to Project Co or IO either jointly or severally except to the extent that such loss or damage is caused by the negligent acts or omissions of or a breach of any contractual duty by the Custodian, its employees, agents or sub-contractors, and in such event, the Custodian's total liability in respect of all claims arising under or by virtue of this Custody Agreement shall not (except in the case of claims for personal injury or death) exceed the sum of [REDACTED] (index-linked).
- (b) The Custodian shall in no circumstances be liable to Project Co or IO for indirect or consequential loss of any nature whatsoever whether for loss of profit, loss of business or otherwise.
- (c) Subject to complying with the provisions of Section 6, and save in the case of manifest error, the Custodian shall be protected in acting upon any written request, waiver, consent, receipt or other document furnished to it pursuant to this Custody Agreement, not only in assuming its due execution and the validity and effectiveness of its provisions but also as to the truth and acceptability of any information contained in it, which the Custodian in good faith believes to be genuine and what it purports to be.
- (d) The duties, responsibilities and obligations of the Custodian shall be limited to those expressly set forth herein and no duties, responsibilities or obligations shall be inferred or implied. The Custodian shall not be subject to, nor required to comply with, any other agreement between or among any or all of the other Parties or to which any Party is a party, even though reference thereto may be made herein, or to comply with any direction or instruction (other than those contained herein or delivered in accordance herewith). The Custodian shall not be required to expend or risk any of its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder except ordinary corporate costs incurred in the performance of such duties.
- (e) If at any time the Custodian is served with any judicial or administrative order, judgment, decree, writ or other form of judicial or administrative process which in any way affects the Material (including, but not limited to, orders of attachment or garnishment or other forms of levies or injunctions or stays relating to the transfer of property), the Custodian is authorized to comply therewith in any manner as it or its legal counsel deems appropriate, acting reasonably; provided that the Custodian, when so served, shall promptly notify Project Co and IO, in writing, of such process and the Custodian's intended action in order to provide Project Co and IO a reasonable opportunity to intervene or challenge such process in a court or tribunal of competent jurisdiction.

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- (f) The Custodian may consult with legal counsel at the expense of Project Co and IO as to any matter relating to this Custody Agreement, and the Custodian shall not incur any liability in acting in good faith in accordance with any advice from such counsel. All reasonable fees and disbursements incurred by the Custodian shall be added to the fees otherwise payable hereunder.
- (g) The Custodian shall not incur any liability for not performing any act or fulfilling any duty, obligation or responsibility hereunder by reason of any occurrence beyond the control of the Custodian (including, but not limited to, any act or provision of any present or future law or regulation or governmental authority, any act of God or war, or the unavailability of any wire or communication facility).
- (h) The Custodian shall not be responsible in any respect for the form or content of the Material delivered to it hereunder.
- (i) In the event of any ambiguity or uncertainty hereunder or in any notice, instruction or other communication received by the Custodian hereunder, the Custodian shall notify Project Co and IO in writing of such ambiguity or uncertainty and request instructions to eliminate such ambiguity or uncertainty. The Custodian may, acting reasonably, refrain from taking any action other than to retain possession of the Material, unless the Custodian receives written instructions, signed by Project Co and IO, which eliminates such ambiguity or uncertainty.
- (j) In the event of any dispute between or conflicting claims by or among the PA Parties and/or any other person or entity with respect to the Material, the Custodian shall be entitled, acting reasonably, to refuse to comply with any and all claims, demands or instructions with respect to the Material so long as such dispute or conflict shall continue, and the Custodian shall promptly notify Project Co and IO of its intention to do so. In such circumstances, the Custodian shall not be or become liable in any way to Project Co or IO for failure or refusal to comply with such conflicting claims, demands or instructions. The Custodian shall be entitled to refuse to act until, acting reasonably, either (i) such conflicting or adverse claims or demands shall have been determined by a final order, judgment or decree of a court of competent jurisdiction, which order, judgment or decree is not subject to appeal, or settled by agreement between the conflicting parties as evidenced in writing satisfactory to the Custodian, or (ii) the Custodian shall have received security or an indemnity satisfactory to it acting reasonably sufficient to hold it harmless from and against any and all losses which it may incur by reason of so acting. The Custodian may, in addition, elect, acting reasonably, to commence an interpleader action or seek other judicial relief or orders as it may deem, acting reasonably, necessary, including, without limiting the generality of the foregoing, depositing all or any part of the Material into court. The costs and expenses (including reasonable attorneys' fees and expenses) incurred in connection with such proceeding shall be paid by, and shall be deemed a joint and several obligation of, Project Co and IO.
- (k) Each of Project Co and IO shall provide to the Custodian an incumbency certificate setting out the names and sample signatures of persons authorized to give instructions to the Custodian hereunder. The Custodian shall be entitled to rely on such certificate until a revised certificate is provided to it hereunder. The Custodian shall be entitled to refuse to act

upon any instructions given by a party which are signed by any person other than a person described in the incumbency certificate provided to it pursuant to this section.

- (l) The Custodian shall be entitled to rely, and act upon, on any direction, order, instruction, notice or other communication provided to it hereunder which is sent to it by facsimile transmission.
- (m) This Section 11 shall survive the termination of this Custody Agreement.

## **12. Indemnity**

- (a) Save for any claim falling within the provisions of Section 11(a), Project Co and IO, on a joint and several basis, shall be liable for and shall indemnify and hold harmless the Custodian, and its officers, directors and employees, from and against any and all claims, losses, liabilities, costs, damages or expenses (including reasonable attorneys' fees and expenses) arising from or in connection with or related to this Custody Agreement or acting as Custodian hereunder (including, but not limited to, losses incurred by the Custodian in connection with its successful defense of any claim of negligence or willful misconduct on its part), provided, however, that nothing contained herein shall require the Custodian to be indemnified for losses caused by its negligence or willful misconduct.

## **13. Termination**

- (a) The Custodian may terminate this Custody Agreement for failure by Project Co to pay any outstanding fee provided for herein within 30 days of receipt of written notice in respect thereof.
- (b) The Custodian may terminate this Custody Agreement by giving 120 days prior written notice to Project Co and IO. In that event, Project Co and IO shall appoint a mutually acceptable new custodian on terms similar to those contained in this Custody Agreement.
- (c) If the Custodian is not notified of the new custodian within the notice period given in Section 13(b), the Custodian will destroy the Material.
- (d) IO may terminate this Custody Agreement by giving 30 days prior written notice to the Custodian and Project Co.
- (e) Project Co may, with the prior written consent of IO, terminate this Custody Agreement by giving 30 days prior written notice to the Custodian and IO.
- (f) This Custody Agreement shall terminate upon release of the Material to IO in accordance with Section 6(c).
- (g) Upon termination under the provisions of Sections 13(d) or 13(e), the Custodian will deliver the Material to Project Co. If the Custodian is unable to trace Project Co within 60 days of writing to the last registered address notified by Project Co to the Custodian, the Custodian will destroy the Material.



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- (h) Upon termination under the provisions of Section 13(a), the Material will be available for collection by Project Co from the Custodian for 60 days from the date of termination. After such 60-day period, the Custodian will destroy the Material.
- (i) The Custodian may forthwith terminate this Custody Agreement and destroy the Material if it is unable to trace Project Co within 60 days of writing to the last registered address notified by Project Co to the Custodian having used all reasonable endeavours to do so.
- (j) The provisions of Sections 8, 11 and 12 shall continue in full force and effect after termination of this Custody Agreement.
- (k) The Agreement shall terminate on the Expiry Date, at which time Project Co will write to the Custodian requesting the release of the Materials to it. The Custodian agrees that it will notify IO of Project Co's request and, failing receipt of any notice of objection from IO within 30 days of the receipt of the notice by IO, it shall release the Materials to Project Co.
- (l) On termination of this Custody Agreement, Project Co shall remain liable to the Custodian for payment in full of any fee which has become due but which has not been paid as at the date of termination.

**14. Step-In Rights**

- (a) The Custodian shall, from time to time:
  - (i) permit IO to perform or discharge any obligation of Project Co under this Custody Agreement, where Project Co is in breach of the same;
  - (ii) permit Project Co to perform or discharge any obligation of IO under this Custody Agreement, where IO is in breach of the same; and
  - (iii) following notification by the Lenders' Agent (who at the same time shall provide a copy of any such notification to IO and MCSCS), permit the Lenders' Agent or another person specified in such notice with effect from the date specified in the same to perform or discharge all the obligations of Project Co under this Custody Agreement, provided that the Lenders' Agent shall have the benefit of and be entitled to enforce against the Custodian any and all of the Custodian's obligations to Project Co under this Custody Agreement and the Custodian undertakes to perform such obligations in favour of the Lenders' Agent.
- (b) Project Co consents to the performance or discharge of its obligations by IO pursuant to Section 14(a)(i).
- (c) IO consent to the performance or discharge of their obligations by Project Co pursuant to Section 14(a)(ii).
- (d) The PA Parties consent to the performance or discharge of Project Co's obligations by the Lenders' Agent pursuant to Section 14(a)(iii).

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- (e) IO or the Lenders' Agent shall be entitled to terminate the Lenders' Agent's obligations pursuant to Section 14(a)(iii) on giving the Custodian prior notice (IO or the Lenders' Agent at the same time shall provide a copy of any such notification to IO) of at least 15 Business Days. On and from the date of expiry of such notice (the "**Step-Out Date**"), the Lenders' Agent shall be automatically released from all obligations pursuant to this Custody Agreement, except for any which have fallen due for performance or discharge on or before the Step-Out Date and which have not been fully and unconditionally performed or discharged.
- (f) The occurrence of the Step-Out Date shall not affect the continuation of Project Co's obligations towards the Custodian under this Custody Agreement.
- (g) The Lenders' Agent is a Party to this Custody Agreement solely for the purposes of taking the benefit of its rights under this Section 14 and shall have no rights or obligations or liabilities hereunder, except pursuant to the operation of this Section 14.

**15. Assignment**

- (a) This Custody Agreement shall be binding on, and enure to the benefit of, the Custodian, Project Co and IO and their respective successors and permitted transferees and assigns.
- (b) Project Co may assign, transfer or otherwise dispose of the benefit of this Custody Agreement to any person to whom Project Co assigns, transfers or otherwise disposes of its interest in the Project Agreement pursuant to Section 57.1 of the Project Agreement.
- (c) IO may assign, transfer or otherwise dispose of the benefit of this Custody Agreement to any person to whom IO assigns, transfers or otherwise disposes of its interest in the Project Agreement pursuant to Section 57.2 of the Project Agreement.
- (d) The Custodian shall not, without the prior written consent of the PA Parties assign, transfer or otherwise dispose of the benefit of this Custody Agreement to any person.

**16. Notices**

- (a) All notices, requests, demands, instructions, certificates, consents and other communications required or permitted under this Custody Agreement shall be in writing (whether or not "written notice" or "notice in writing" is specifically required by the applicable provision of this Custody Agreement) and served by sending the same by registered mail, facsimile or by hand, as follows:

If to IO:

Infrastructure Ontario  
777 Bay Street, 6<sup>th</sup> Floor  
Toronto, Ontario  
M5G 2C8

Fax No.: **[REDACTED]**

Attn.: Senior Vice President, Project Development

and Construction

With a copy to:

Infrastructure Ontario  
777 Bay Street, 6<sup>th</sup> Floor  
Toronto, Ontario  
M5G 2C8

Fax No.: **[REDACTED]**

Attn.: Vice President, Project Delivery  
Toronto South Detention Centre Project

If to Project Co:

Integrated Team Solutions (Justice Infrastructure)  
Partnership  
5000 Yonge Street, Suite 1805  
Toronto, ON, M2N 7E9

Fax No.: **[REDACTED]**

Attn: Vice President

If to the Custodian:

BNY Trust Company of Canada  
4 King Street West  
Suite 1101  
Toronto, Ontario, M5H 1B6

Fax No.: **[REDACTED]**

Attn: Senior Trust Officer

If to the Lenders' Agent:

Computershare Trust Company of Canada  
100 University Avenue  
9th Floor, North Tower  
Toronto, Ontario  
M5J 2Y1

Fax No: **[REDACTED]**

Attn: Manager, Corporate Trust

- (b) Where any notice is provided or submitted to a Party via facsimile, an original of the notice sent via facsimile shall promptly be sent by regular mail or registered mail. For greater certainty, a notice given via facsimile shall not be invalid by reason only of a Party's failure to comply with this Section 16(b).
- (c) Any Party to this Custody Agreement may, from time to time, change any of its contact information set forth in Section 16(a) by prior notice to the other Parties, and such change shall be effective on the Business Day that next follows the recipient Party's receipt of such notice unless a later effective date is given in such notice.
- (d) Subject to Sections 16(e), 16(f) and 16(g):
  - (i) a notice given by registered mail shall be deemed to have been received on the third Business Day after mailing;
  - (ii) a notice given by hand delivery shall be deemed to have been received on the day it is delivered; and
  - (iii) a notice given by facsimile shall be deemed to have been received on the day it is transmitted by facsimile.
- (e) If the Party giving the notice knows or ought reasonably to know of difficulties with the postal system which might affect negatively the delivery of mail, any such notice shall not be mailed but shall be made or given by personal delivery or by facsimile transmission in accordance with this Section 16.
- (f) If any notice delivered by hand or transmitted by facsimile is so delivered or transmitted, as the case may be, either on a day that is not a Business Day or on a Business Day after 4:00 p.m. (recipient's local time), then such notice shall be deemed to have been received by such recipient on the next Business Day.
- (g) A notice given by facsimile shall be deemed to have been received by the recipient on the day it is transmitted only if a facsimile transmission report (maintained by the sender) indicates that the transmission of such notice was successful.

## **17. Amendments**

- (a) This Custody Agreement may not be varied, amended or supplemented except by an agreement in writing signed by duly authorized representatives of the Parties and stating on its face that it is intended to be an amendment, restatement or other modification, as the case may be, to this Custody Agreement.

## **18. Waiver**

- (a) No waiver made or given by a Party under or in connection with this Custody Agreement shall be binding or effective unless the waiver is in writing, signed by an authorized representative of the Party giving such waiver, and delivered by such Party to the other Parties. No waiver made with respect to any right, power or remedy in one instance will be

deemed to be a waiver with respect to any other instance involving the exercise of such right, power, or remedy or with respect to any other right, power, or remedy.

- (b) Failure by any Party to exercise any of its rights, powers or remedies hereunder or its delay to do so shall not constitute a waiver of those rights, powers or remedies. The single or partial exercise of a right, power or remedy shall not prevent its subsequent exercise or the exercise of any other right, power or remedy.

**19. Relationship Between the Parties**

- (a) The Parties are independent contractors. This Custody Agreement is not intended to and does not create or establish between the Parties any relationship as partners, joint venturers, trustee and beneficiary, employer and employee, master and servant, or principal and agent.

**20. Entire Agreement**

- (a) Except where provided otherwise in this Custody Agreement, this Custody Agreement and the Project Agreement constitute the entire agreement between the Parties in connection with the subject matter of this Custody Agreement and supersede all prior representations, communications, negotiations and understandings, whether oral, written, express or implied, concerning the subject matter of this Custody Agreement.

**21. Severability**

- (a) Each provision of this Custody Agreement shall be valid and enforceable to the fullest extent permitted by law. If any provision of this Custody Agreement is declared invalid, unenforceable or illegal by the courts of a competent jurisdiction, such provision may be severed and such invalidity, unenforceability or illegality shall not prejudice or affect the validity, enforceability and legality of the remaining provisions of this Custody Agreement. If any such provision of this Custody Agreement is invalid, unenforceable or illegal, the Parties shall, acting in good faith, promptly negotiate new provisions to eliminate such invalidity, unenforceability or illegality and to restore this Custody Agreement as near as possible to its original intent and effect.

**22. Enurement**

- (a) This Custody Agreement shall enure to the benefit of, and be binding on, each of the Parties and their respective successors and permitted transferees and assigns.

**23. Governing Law and Jurisdiction**

- (a) This Custody Agreement shall be governed by and construed in accordance with the laws of Ontario and the laws of Canada applicable therein and shall be treated in all respects as an Ontario contract, without regard to conflict of laws principles.
- (b) The Parties agree that the courts of the Province of Ontario and all courts competent to hear appeals therefrom shall have exclusive jurisdiction to hear and settle any action, suit,

proceeding or dispute in connection with this Custody Agreement and hereby irrevocably attorn to the exclusive jurisdiction of such courts.

**24. Further Assurance**

- (a) Each Party shall do all things, from time to time, and execute all further documents necessary to give full effect to this Custody Agreement.

**25. Language of Agreement**

- (a) Each Party acknowledges having requested and being satisfied that this Custody Agreement and related documents be drawn in English. Chacune des parties reconnaît avoir demandé que ces documents soient rédigés en anglais et s'en declare satisfaite.

**26. Proof of Authority**

- (a) IO reserves the right to require any person executing this Custody Agreement on behalf of Project Co or the Construction Contractor to provide proof, in a form acceptable to IO, that such person has the requisite authority to execute this Custody Agreement on behalf of and to bind Project Co or the Construction Contractor, respectively.

**27. Counterparts**

- (a) This Custody Agreement may be executed in one or more counterparts. Any single counterpart or a set of counterparts executed, in either case, by all the Parties shall constitute a full, original and binding agreement for all purposes. Counterparts may be executed either in original or faxed form provided that any Party providing its signature in faxed form shall promptly forward to such Party an original signed copy of this Custody Agreement which was so faxed.

*[Signature pages follow]*

**IN WITNESS WHEREOF** the Parties have executed this Custody Agreement as of the date first above written.

**ONTARIO INFRASTRUCTURE PROJECTS CORPORATION**

Per: \_\_\_\_\_  
Name: **[REDACTED]**  
Title: Senior Vice President, Infrastructure Lending and CFO

Per: \_\_\_\_\_  
Name: **[REDACTED]**  
Title: Senior Vice President, Project Delivery

I/We have authority to bind the corporation.

**INTEGRATED TEAM SOLUTIONS (JUSTICE INFRASTRUCTURE) PARTNERSHIP, [REDACTED]**

Per: \_\_\_\_\_  
Name:  
Title:

Per: \_\_\_\_\_  
Name:  
Title:

I/We have authority to bind the corporation.

**[REDACTED]**

Per: \_\_\_\_\_  
Name:  
Title:

Per: \_\_\_\_\_  
Name:  
Title:

I/We have authority to bind the corporation.

**BNY TRUST COMPANY OF CANADA**

Per: \_\_\_\_\_  
Name:  
Title:

Per: \_\_\_\_\_  
Name:  
Title:

I/We have authority to bind the corporation.



**COMPUTERSHARE TRUST COMPANY OF CANADA**, in its capacity as security agent for and on behalf of the Lenders under the Lending Agreements

Per: \_\_\_\_\_

Name:

Title:

Per: \_\_\_\_\_

Name:

Title:

I/We have authority to bind the corporation.

12341087.1

**SCHEDULE 33**

**ELECTRONIC SECURITY SYSTEM INTEGRATION QUALITY PLAN**

**[REDACTED]**

## SCHEDULE 34

## TORONTO INTERMITTENT CENTRE

**1. Definitions**

- 1.1 “**Anticipated TIC Completion Date**” has the meaning given in Section 7.4 of this Schedule 34.
- 1.2 “**IO TIC Commissioning**” means the commissioning activities in respect of the TIC to be carried out by IO in accordance with the TIC Commissioning Program.
- 1.3 “**IO TIC Commissioning Period**” means the period during which IO is performing the IO TIC Commissioning.
- 1.4 “**IO TIC Commissioning Tests**” means all commissioning tests in respect of the TIC required to be performed by IO pursuant to the TIC Commissioning Program.
- 1.5 “**Project Co TIC Commissioning**” means the commissioning activities in respect of the TIC to be carried out by Project Co prior to the issuance of the TIC Completion Certificate in accordance with the TIC Commissioning Program.
- 1.6 “**Project Co TIC Commissioning Tests**” means all commissioning tests in respect of the TIC required to be performed by Project Co pursuant to the TIC Commissioning Program.
- 1.7 “**Project Co TIC Services**” is defined in Section 10 of Part B of Schedule 12 - Output Specifications.
- 1.8 “**TIC**” means that portion of the Facility identified in the Output Specifications as “the Toronto Intermittent Centre” or “TIC”.
- 1.9 “**TIC Commissioning Program**” means the commissioning program described in Section 5.2 of this Schedule 34.
- 1.10 “**TIC Completion**” means the point at which the TIC Work has been completed in accordance with the Project Agreement, the TIC Occupancy Permit has been issued, and all requirements for TIC Completion described in the Outline Commissioning Program, other than in respect of TIC Minor Deficiencies, have been satisfied.
- 1.11 “**TIC Completion Certificate**” means the certificate to be issued by the Independent Certifier in accordance with Section 6 of this Schedule 34.
- 1.12 “**TIC Completion Date**” means the date on which TIC Completion is achieved as evidenced by the TIC Completion Certificate.

- 1.13 **“TIC Completion Notice”** has the meaning given in Section 6.6 of this Schedule 34.
- 1.14 **“TIC Completion Payment”** means an amount equal to the amount of the TIC Price.
- 1.15 **“TIC Completion Payment Date”** means the date that is two Business Days following the TIC Completion Date.
- 1.16 **“TIC Construction Quality Plan”** means such document included in Schedule 9 – Design Quality Plan and Construction Quality Plan.
- 1.17 **“TIC Countdown Notice”** has the meaning given in Section 7.4 of this Schedule 34.
- 1.18 **“TIC Design Quality Plan”** means such document included in Schedule 9 – Design Quality Plan and Construction Quality Plan.
- 1.19 **“TIC Equipment”** means the Project Co Equipment designated as “TIC Equipment” in Schedule 14 – Equipment.
- 1.20 **“TIC Equipment Invoice”** has the meaning given in Section 4.2 of this Schedule 34.
- 1.21 **“TIC Equipment Procurement Fee”** means [REDACTED].
- 1.22 **“TIC Final Completion”** means the completion of the TIC Work in accordance with the Project Agreement, including completion of all TIC Minor Deficiencies.
- 1.23 **“TIC Final Completion Certificate”** means the certificate to be issued by the Independent Certifier in accordance with Section 8 of this Schedule 34.
- 1.24 **“TIC Final Completion Date”** means the completion of the TIC Work in accordance with the Project Agreement, including completion of all TIC Minor Deficiencies.
- 1.25 **“TIC Final Completion Notice”** has the meaning given in Section 8.2 of this Schedule 34.
- 1.26 **“TIC Interim Period”** means the period from the TIC Completion Date to the Substantial Completion Date.
- 1.27 **“TIC Interim Period Coordination Plan”** has the meaning given in Section 9.6 of this Schedule 34.
- 1.28 **“TIC Longstop Date”** means 365 days after the TIC Scheduled Completion Date.
- 1.29 **“TIC Minor Deficiencies”** means any defects, deficiencies and items of outstanding TIC Work (including in relation to seasonal work), which would not materially impair (i) IO’s use and enjoyment of the TIC, (ii) the performance of the MCSCS Services at the TIC, or (iii) the performance of the Project Co TIC Services by Project Co, taking into account the nature of the TIC. Any defects, deficiencies and items of outstanding works located

- inside the security parameters of the TIC that compromise safety, security or emergency response capability shall be deemed not to be TIC Minor Deficiencies.
- 1.30 “**TIC Minor Deficiencies List**” has the meaning given in Section 7.5 of this Schedule 34.
- 1.31 “**TIC Monthly Equipment Payment**” has the meaning given in Section 4.2 of this Schedule 34.
- 1.32 “**TIC Occupancy Permit**” means all Permits, Licences and Approvals required for the occupancy of the TIC in compliance with Applicable Law.
- 1.33 “**TIC Payment Commencement Date**” means the date that is two Business Days after the TIC Completion Date.
- 1.34 “**TIC Payment Period**” means the payment periods of one TIC Calendar Month established by IO for each TIC Calendar Year in accordance with Schedule 18 – Payment Mechanism.
- 1.35 “**TIC Payment Notice**” has the meaning given in Section 10.3 of this Schedule 34.
- 1.36 “**TIC Price**” means [REDACTED] which is the total cost of the TIC Work, including all financing costs, as identified in the Financial Model.
- 1.37 “**TIC Scheduled Completion Date**” means March 31, 2011, as such date may be extended pursuant to Section 11 of this Schedule 34 and Section 38 of the Project Agreement.
- 1.38 “**TIC Scheduled Final Completion Date**” means the last date for the completion of TIC Minor Deficiencies pursuant to the TIC Minor Deficiencies List.
- 1.39 “**TIC Security Clearance Check Date**” means
- (a) the date that is no later than 180 days prior to the TIC Scheduled Completion Date;
  - (b) the fifth anniversary of the date set out in paragraph (a) above; and
  - (c) every fifth anniversary of the date determined in accordance with paragraph (b) above.
- 1.40 “**TIC Transition**” has the meaning given in Section 8.8 of this Schedule 34.
- 1.41 “**TIC Transition Advisor**” has the meaning given in Section 8.8 of this Schedule 34.
- 1.42 “**TIC Work**” means the construction, installation, testing, Commissioning and completion of the TIC work in accordance with Appendix 2 to Part A of Schedule 12 –

Output Specifications, including rectification of any TIC Minor Deficiencies, and any other activities required pursuant to the Project Agreement.

**2. TIC**

2.1 Project Co shall design, construct, finance and maintain the TIC in accordance with the Project Agreement, including the specific terms and conditions relating to the TIC set out in this Schedule 34.

**3. Design of the TIC**

3.1 For greater clarity, Project Co shall, at its own cost, develop and complete the design of the TIC in accordance with the requirements of the Project Agreement, including Section 18.3 of the Project Agreement and Schedule 8 – Review Procedure.

**4. Equipment**

4.1 Project Co will act as purchasing and procurement manager and payment agent for the TIC Equipment and in so doing, shall, manage the procurement of TIC Equipment so as to bundle the purchase of all TIC Equipment to minimize the number of Equipment RFPs issued, to minimize the number of TIC Monthly Equipment Payments, and to ensure that there are no financing costs associated with the procurement of TIC Equipment. Project Co shall, at its sole cost, install or cause an equipment vendor to install, the TIC Equipment and such installation costs shall not be included in the TIC Monthly Equipment Payment.

4.2 Beginning 180 days following formation of the Equipment Steering Committee, Project Co shall deliver to IO an invoice (a “**TIC Equipment Invoice**”), no later than 5 days after the end of each month in which Project Co has received an invoice from an Equipment vendor, for the total cost of purchasing all TIC Equipment in respect of the immediately previous month (the “**TIC Monthly Equipment Payment**”). Project Co shall concurrently deliver a copy of the TIC Equipment Invoice to the Equipment Steering Committee. For clarity, the TIC Equipment Invoice shall not include the TIC Equipment Procurement Fee or any financing or installation costs in respect of the TIC Equipment. Project Co shall concurrently deliver any documentation requested by IO, acting reasonably, detailing the costs of the TIC Equipment. Project Co shall, 90 days after the formation of the Equipment Steering Committee, deliver a list of the estimated amount of each TIC Monthly Equipment Payment and a schedule detailing the approximate timing of all TIC Monthly Equipment Payments to the Equipment Steering Committee in the Monthly Equipment Payment Estimate delivered in accordance with Section 21.3(h) of the Project Agreement.

4.3 If IO or the Equipment Steering Committee disputes all or any part of a TIC Equipment Invoice, IO shall notify Project Co in writing of that part of the amounts which IO or the Equipment Steering Committee disputes and submit to Project Co such supporting documentation as is reasonably required to substantiate and confirm such claim. The Parties shall use commercially reasonable efforts to resolve the Dispute relating to the

TIC Equipment Invoice within ten Business Days of the delivery of the notice of the Dispute to Project Co. If IO and Project Co fail to so resolve the Dispute within such period, the Dispute may be referred for resolution in accordance with Schedule 24 – Dispute Resolution Procedure. Following resolution of the Dispute, any amount which has been paid by IO that is determined not to have been payable shall be paid forthwith by Project Co to IO, together with interest on such amount calculated in accordance with Section 32.12 of the Project Agreement on the basis that the due date was the date of the overpayment by IO and any amount which has been withheld by IO that is determined to have been payable shall be paid forthwith by IO to Project Co, together with interest on such amount calculated in accordance with Section 32.12 of the Project Agreement on the basis that the due date was the date upon which such amount became payable to Project Co.

- 4.4 Project Co shall ensure that the TIC Monthly Equipment Payment does not include any financing costs. Project Co shall be solely responsible for any financing costs relating to the TIC Equipment and shall promptly reimburse IO for any amounts of financing that IO determines have been included in the TIC Monthly Equipment Payment. Project Co represents and warrants that no financing costs relating to the procurement of TIC Equipment have been included in the Financial Model.
- 4.5 Whether or not TIC Completion has been achieved, until such time as Project Co has completed the procurement, installation and commissioning of all TIC Equipment in accordance with Section 21 of the Project Agreement and this Schedule 34, IO may withhold from an outstanding TIC Monthly Equipment Payment, or if the outstanding TIC Monthly Equipment Payment is insufficient, from the TIC Completion Payment, a holdback amount equal to the greater of [REDACTED].
- 4.6 Project Co shall enter into all purchase orders and other contracts (as purchaser) with respect to the TIC Equipment on behalf of MCSCS. For greater certainty, Project Co shall be liable as “purchaser” to the vendor under every purchase order, contract and manufacturer’s installation invoice related to the TIC Equipment, provided that all purchase orders, contracts and manufacturer’s installation invoices specify that MCSCS is the end user of the TIC Equipment and the beneficiary of any warranties related thereto.
- 4.7 Project Co shall ensure that the benefit of all manufacturers’ warranties with respect to all TIC Equipment are freely assignable to IO on the earlier of TIC Completion or the termination of the Project Agreement. Project Co shall not enter into any purchase order or contract with respect to any TIC Equipment where the benefit of such warranties are not assignable in accordance with this Section 4.7 without IO’s prior consent, which consent may be withheld in IO’s sole discretion.

**5. Commissioning of the TIC**

- 5.1 Project Co shall perform all Project Co TIC Commissioning and shall facilitate the performance of all IO TIC Commissioning, pursuant to the TIC Commissioning Program.

- 5.2 The TIC Commissioning Program shall,
- (a) describe the requirements, and the timing and sequence of such requirements, necessary in order that the Project Co Commissioning shall be completed to achieve:
    - (i) TIC Completion on or before the TIC Scheduled Completion Date; and
    - (ii) TIC Final Completion on or before the TIC Scheduled Final Completion Date;
  - (b) describe the requirements, and the timing and sequence of such requirements, of the IO TIC Commissioning activities;
  - (c) comply with all requirements of the Outline Commissioning Program related to the TIC and include all details, including for all appendices, related to the TIC and required to be completed in the Outline Commissioning Program;
  - (d) be consistent with the Outline Commissioning Program related to the TIC and impose no greater or more onerous obligations on IO than those set out in the Outline Commissioning Program related to the TIC, unless otherwise agreed to by IO;
  - (e) include the names of the individuals or companies proposed to perform all Project Co TIC Commissioning;
  - (f) include a schedule of each of the Project Co TIC Commissioning Tests and the IO TIC Commissioning Tests proposed to be performed and the timeframe for completion, with start and end dates;
  - (g) include a schedule of meetings to be held between the Parties to coordinate the performance of the Project Co TIC Commissioning and the IO TIC Commissioning;
  - (h) provide for the re-verification of systems following the IO TIC Commissioning; and
  - (i) list the approvals required from any Governmental Authority, manufacturer or other person that are necessary to meet the requirements of the TIC Commissioning Program or Applicable Law.
- 5.3 IO shall provide Project Co with comments on the draft TIC Commissioning Program in accordance with Schedule 8 - Review Procedure, and Project Co shall revise the draft TIC Commissioning Program to the extent required by Schedule 8 - Review Procedure within 30 days of receipt of any comments from IO.



**6. TIC Completion**

- 6.1 Unless Project Co obtains the prior written consent of IO, in IO's sole discretion, Project Co shall not be entitled to the TIC Completion Certificate prior to, and the TIC Completion Date shall not be earlier than, the TIC Scheduled Completion Date.
- 6.2 If Project Co advises IO that Project Co expects to be able to achieve TIC Completion prior to the TIC Scheduled Completion Date, the IO Representative shall be entitled to require Project Co to produce and submit to the IO Representative a revised Works Schedule showing the manner and the periods in which the Works shall be performed and what the revised date for TIC Completion would be so as to enable IO to consider at its sole discretion:
- (a) whether to agree to an earlier TIC Scheduled Completion Date; and
  - (b) what modifications, if any, shall be required to the Project Agreement in order to accommodate such earlier TIC Scheduled Completion Date.
- 6.3 Project Co shall give 30 days written notice to the Independent Certifier, the IO Commissioning Agent and the IO Representative of the proposed commencement of the Project Co TIC Commissioning.
- 6.4 Project Co shall give at least five Business Days' notice to, and shall invite, the Independent Certifier, the IO Commissioning Agent and the IO Representative to witness, and to comment on, each aspect of the Project Co TIC Commissioning. Project Co shall, together with such notice, provide all information that the Independent Certifier, the IO Commissioning Agent and the IO Representative may reasonably require in relation thereto, including:
- (i) tests proposed;
  - (ii) test methodology; and
  - (iii) expected test results.
- 6.5 Project Co shall give the Independent Certifier and the IO Representative at least 10 Business Days' notice prior to the date upon which Project Co anticipates all requirements for TIC Completion shall be satisfied.
- 6.6 Project Co shall give the Independent Certifier and the IO Representative notice (the "**TIC Completion Notice**") upon the satisfaction of all requirements for TIC Completion, which TIC Completion Notice shall describe, in reasonable detail, the satisfaction of the requirements for TIC Completion, together with Project Co's opinion as to whether the conditions for issuance of the TIC Completion Certificate have been satisfied.
- 6.7 IO shall, within five Business Days after receipt of the TIC Completion Notice, provide the Independent Certifier and Project Co with IO's opinion as to whether the conditions

for issuance of the TIC Completion Certificate have been satisfied and, if applicable, any reasons as to why it considers that the TIC Completion Certificate should not be issued.

6.8 Within five Business Days after Project Co's receipt of IO's opinion pursuant to Section 6.7 of this Schedule 34, the Parties shall cause the Independent Certifier to determine whether the conditions for issuance of the TIC Completion Certificate have been satisfied, having regard for the opinions of both Project Co and IO, and to issue to IO and to Project Co either:

- (a) the TIC Completion Certificate, setting out in such certificate the TIC Completion Date; or
- (b) a report detailing the matters that the Independent Certifier considers are required to be performed by Project Co to satisfy the conditions for issuance of the TIC Completion Certificate.

6.9 Where the Independent Certifier has issued a report in accordance with Section 6.8(b) of this Schedule 34 and Project Co has not referred a Dispute in relation thereto for resolution in accordance with Schedule 24 - Dispute Resolution Procedure, Project Co shall, within five Business Days after receipt of such report, provide the Independent Certifier and the IO Representative with:

- (i) a detailed list indicating the rectification actions proposed for all matters raised in such report;
- (ii) the schedule for completion of all such rectification actions; and
- (iii) any additional Project Co TIC Commissioning that needs to be undertaken as a result of the rectification actions,

and Project Co shall perform all such additional rectification actions and Project Co Commissioning in a timely manner. Upon completion thereof, Project Co may give a further TIC Completion Notice and Sections 6.7 to 6.9 of this Schedule 34, inclusive, shall be repeated until the TIC Completion Certificate has been issued.

6.10 The Independent Certifier's decision to issue or not to issue the TIC Completion Certificate shall be final and binding on the Parties solely in respect of determining the TIC Payment Commencement Date, and a Dispute in relation to the TIC Payment Commencement Date shall not be subject to resolution pursuant to the Dispute Resolution Procedure, provided, however, that any other Dispute in relation to the Independent Certifier's decision to issue or not to issue the TIC Completion Certificate may be referred for resolution pursuant to the Dispute Resolution Procedure.

6.11 For clarity, no certificate of substantial performance of the Work shall be published pursuant to Section 32(1) of the CLA until Substantial Completion of the Work has been achieved in accordance with Section 24 of the Project Agreement.

6.12 Prior to issuance of the TIC Completion Certificate, Project Co shall create and commission the Plant Services Information Management System and, throughout the TIC Interim Period, shall maintain same as provided in the Output Specifications.

**7. IO TIC Commissioning**

7.1 The Parties acknowledge that the IO TIC Commissioning shall be performed both before and after the TIC Completion Date. Prior to TIC Completion, Project Co shall give IO full access to the Site, the TIC and all relevant parts thereof at such times as may be set out in the Final Commissioning Program to enable IO to undertake the IO TIC Commissioning in accordance with the Final Commissioning Program. IO shall comply, and shall ensure that all IO Parties comply, with the directions, procedures and safety guidelines established by Project Co for the Site and shall use commercially reasonable efforts to minimize disruption to the Project Operations in performing the IO TIC Commissioning.

7.2 IO acknowledges that, during the IO TIC Commissioning Period, Project Co and its Subcontractors will be active in the TIC in both the rectification of TIC Minor Deficiencies and the completion of Project Co Commissioning, and IO shall take commercially reasonable steps to allow such activities to proceed in accordance with the Final Commissioning Program.

7.3 Project Co acknowledges that, prior to and during the IO TIC Commissioning Period, Project Co and its Subcontractors shall cooperate with IO and all IO Parties and use commercially reasonable efforts to ensure that all requirements, and the timing and sequence of such requirements, of the IO TIC Commissioning activities are able to be completed in the timeframe for completion set out in the Final Commissioning Program.

7.4 Project Co shall deliver a notice (the "**TIC Countdown Notice**") to IO specifying the date (which, for greater certainty, will be on or before the TIC Scheduled Completion Date) on which Project Co anticipates that TIC Completion will be achieved (the "**Anticipated TIC Completion Date**").

(a) The TIC Countdown Notice shall be delivered not less than 90 days prior to the Anticipated TIC Completion Date. If Project Co fails to deliver the TIC Countdown Notice not less than 90 days prior to the TIC Scheduled Completion Date, the Anticipated TIC Completion Date shall be deemed to be the same date as the TIC Scheduled Completion Date.

(b) Project Co acknowledges and agrees that IO requires a minimum of 90 days notice prior to the Anticipated TIC Completion Date to prepare for the IO TIC Commissioning.

(c) In accordance with Section 6.1 of this Schedule 34, the Anticipated TIC Completion Date shall not be earlier than the TIC Scheduled Completion Date without the prior written consent of IO, in its sole discretion.

- 7.5 In the event that TIC Minor Deficiencies exist when Project Co applies for the TIC Completion Certificate, the Independent Certifier, in consultation with Project Co and IO, shall, within 15 Business Days of Project Co's application, prepare a list of all TIC Minor Deficiencies (the "**TIC Minor Deficiencies List**") identified at that time and an estimate of the cost and the time for rectifying such TIC Minor Deficiencies.
- (a) The TIC Minor Deficiencies List will contain the schedule for the completion and rectification of the TIC Minor Deficiencies. In determining the relevant time for rectifying TIC Minor Deficiencies, Project Co shall schedule the completion and rectification of TIC Minor Deficiencies so as to minimize, to the greatest extent reasonably possible, any impairment of IO's use and enjoyment of the TIC, disruption of the Project Operations or the performance of the MCSCS Services.
  - (b) The Independent Certifier must prepare the TIC Minor Deficiencies List before the TIC Completion Certificate is issued, but shall not withhold the TIC Completion Certificate by reason solely that there are TIC Minor Deficiencies.
  - (c) IO may, in its sole discretion, waive any requirement for TIC Completion, including with respect to Project Co Equipment, and the failure to meet any such requirement shall constitute a TIC Minor Deficiency.
- 7.6 Project Co shall, in consultation with the IO Representative and so as to minimize, to the greatest extent reasonably possible, any disruption of the Project Operations or the performance of the MCSCS Services, complete and rectify all TIC Minor Deficiencies within 45 days of the issuance of the TIC Minor Deficiencies List or such other period as the Independent Certifier may specify in the TIC Minor Deficiencies List. Project Co acknowledges and agrees that the completion and rectification of TIC Minor Deficiencies may require work outside of normal working hours in order to accommodate the efficient operation of the TIC.
- 7.7 If, within 30 days after the time specified in the TIC Minor Deficiencies List, Project Co has failed to complete and rectify the TIC Minor Deficiencies specified in the TIC Minor Deficiencies List:
- (a) IO may withhold from the TIC Completion Payment a holdback amount that is 200% of the amount estimated by the Independent Certifier for IO to complete and rectify the TIC Minor Deficiencies (to the extent then outstanding), which holdback shall be held in an interest bearing account; and
  - (b) IO may engage others to perform the work necessary to complete and rectify the TIC Minor Deficiencies, at the risk and cost of Project Co, and IO may deduct such cost from the holdback amount and interest earned thereon.
- 7.8 Upon completion and rectification of each TIC Minor Deficiency, IO shall release to Project Co the amount of the holdback related to such TIC Minor Deficiency. Upon completion and rectification of all TIC Minor Deficiencies, IO shall release to Project Co the then remaining amount of the holdback, together with all interest accrued thereon. If

the cost of such completion and rectification exceeds the amount of such holdback and interest, then Project Co shall reimburse IO for all such excess cost.

**8. TIC Final Completion**

8.1 Project Co shall give the Independent Certifier and the IO Representative at least ten Business Days' notice prior to the date upon which Project Co anticipates all requirements for TIC Final Completion shall be satisfied.

8.2 Project Co shall give the Independent Certifier and the IO Representative notice (the "**TIC Final Completion Notice**") upon the satisfaction of all requirements for TIC Final Completion, which TIC Final Completion Notice shall describe, in reasonable detail, the satisfaction of the requirements for TIC Final Completion, including the completion and rectification of all TIC Minor Deficiencies, together with Project Co's opinion as to whether the conditions for issuance of the TIC Final Completion Certificate have been satisfied.

8.3 IO shall, within five Business Days after receipt of the TIC Final Completion Notice, provide the Independent Certifier and Project Co with IO's opinion as to whether the conditions for issuance of the TIC Final Completion Certificate have been satisfied and, if applicable, any reasons as to why it considers that the TIC Final Completion Certificate should not be issued.

8.4 Within five Business Days after Project Co's receipt of IO's opinion pursuant to Section 8.3 of this Schedule 34, the Parties shall cause the Independent Certifier to determine whether the conditions for issuance of the TIC Final Completion Certificate have been satisfied, having regard for the opinions of both Project Co and IO, and to issue to IO and to Project Co either:

(a) the TIC Final Completion Certificate, setting out in such certificate the TIC Final Completion Date; or

(b) a report detailing the matters that the Independent Certifier considers are required to be performed by Project Co to satisfy the conditions for issuance of the TIC Final Completion Certificate.

8.5 Where the Independent Certifier has issued a report in accordance with Section 8.4(b) and Project Co has not referred a Dispute in relation thereto for resolution in accordance with Schedule 24 - Dispute Resolution Procedure, Project Co shall, within five Business Days after receipt of such report, provide the Independent Certifier and the IO Representative with:

(a) a detailed list indicating the rectification actions proposed for all matters raised in such report;

(b) the schedule for completion of all such rectification actions; and

- (c) any additional Project Co Commissioning that needs to be undertaken as a result of the rectification actions,

and Project Co shall perform all such additional rectification actions and Project Co TIC Commissioning in a timely manner. Upon completion thereof, Project Co may give a further TIC Final Completion Notice and Sections 8.3 to 8.5 of this Schedule 34, inclusive, shall be repeated until the TIC Final Completion Certificate has been issued.

8.6 Any Dispute in relation to the Independent Certifier's decision to issue or not to issue the TIC Final Completion Certificate may be referred for resolution in accordance with Schedule 24 - Dispute Resolution Procedure.

8.7 The issuance of the TIC Completion Certificate and the TIC Final Completion Certificate, any taking over or use by IO of any part of the TIC under the terms of the Project Agreement, and any commencement of any MCSCS Services shall, in no way:

- (a) limit the obligations of Project Co under the Project Agreement including in respect of any defects, deficiencies or items of outstanding work existing or discovered prior to or after the date of any of such certificates or the date of the TIC Minor Deficiencies List; or
- (b) be construed as an approval by IO or any other Government Entity of the TIC Works or the way in which they have been carried out.

8.8 Project Co shall, in cooperation with the Transition Subcommittee, plan, coordinate and manage the physical transition from the Existing Facilities to the TIC (the "**TIC Transition**") in accordance with the TIC Commissioning Program. Project Co shall retain an experienced and reputable transition advisor, whose appointment shall be approved by IO, acting reasonably, with experience planning and executing no fewer than five relocation assignments of similar size, scope and complexity (the "**TIC Transition Advisor**").

8.9 The Transition Subcommittee shall assist the Parties by promoting cooperative and effective communication with respect to matters related to the TIC Transition, including issues related to decanting from the Existing Facilities to the TIC and the transfer of all existing equipment. The Transition Subcommittee shall oversee and coordinate the TIC Transition in a timely and efficient manner and in accordance with the Works Schedule and the TIC Commissioning Program. The Transition Subcommittee shall be responsible for receiving and reviewing all matters related to the TIC Transition and shall make recommendations to the Works Committee, which the Works Committee may accept or reject in its sole discretion.

## **9. Project Co TIC Services**

9.1 Project Co shall, following TIC Completion, perform the Project Co TIC Services so as to satisfy the Output Specifications and in accordance with all other terms of the Project Agreement.

- 9.2 Project Co shall commence the Project Co TIC Services on the day immediately after the TIC Completion Date and shall provide the Project Co TIC Services until the commencement of the Project Co Services in accordance with Section 25.2 of the Project Agreement, following which the Project Co Services shall include the Project Co TIC Services.
- 9.3 Notwithstanding Section 9.2 of this Schedule 34, Project Co shall monitor the performance of the Project Co TIC Services in accordance with the applicable provisions of the Project Agreement beginning on the day immediately after the TIC Completion Date and Failure Points may be awarded in respect of a Project Co TIC Service in accordance with the Payment Mechanism.
- 9.4 Project Co shall perform the Project Co TIC Services so as to coordinate with the operations of any Government Entity on the Site and in the TIC and shall minimize, and cause the Project Co Parties to minimize, any undue interference with the operations of MCSCS, including the performance of the MCSCS Services or the use of the Existing Facilities.
- 9.5 Project Co will procure, deliver, install, commission, maintain, repair, decommission, upgrade and replace any equipment required by Project Co to provide the Project Co TIC Services.
- 9.6 Project Co shall develop a plan for Site access, staging and Site coordination between the TIC and the Facility (excluding the TIC) during the TIC Interim Period (the “**TIC Interim Period Coordination Plan**”) so as to minimize the likelihood that a claim for relief in accordance with Section 38, 39, 40, 41 or 42 of the Project Agreement would affect both the Construction Contractor and the Service Provider.
- 9.7 The TIC Interim Period Coordination Plan shall be subject to review by IO pursuant to Schedule 8 – Review Procedure, and Project Co shall not be entitled to implement or cause implementation of the TIC Interim Period Coordination Plan until Project Co is entitled to proceed with such implementation pursuant to Schedule 8 – Review Procedure. Project Co shall implement the TIC Interim Period Coordination Plan following TIC Completion and shall,
- (a) cause the Construction Contractor to implement the TIC Interim Period Coordination Plan with respect to the construction of the Facility (excluding the TIC); and
  - (b) cause the Service Provider to implement the TIC Interim Period Coordination Plan with respect to the delivery of the Project Co TIC Services.

**10. TIC Completion Payment**

- 10.1 IO shall pay to Project Co the TIC Completion Payment on the TIC Payment Commencement Date.

**11. Supervening Events**

- 11.1 Project Co shall be eligible to make a claim for a Delay Event in accordance with Section 38 of the Project Agreement if a Delay Event causes a delay in achieving TIC Completion by the TIC Scheduled Completion Date. For clarity, Project Co shall not be eligible to make a claim for a Delay Event related to the TIC following TIC Completion.
- 11.2 Notwithstanding Section 11.1 of this Schedule 34, and notwithstanding that Project Co is successful in receiving an extension of time in accordance with Section 38.2(d) of the Project Agreement with respect to the TIC, Project Co shall only be entitled to relief pursuant to Section 38 of the Project Agreement with respect to the achievement of Substantial Completion by the Scheduled Substantial Completion Date to the extent that Project Co is able to separately establish in accordance with Section 38 of the Project Agreement that Project Co has met the requirements of Section 38 with respect to an extension of the Scheduled Substantial Completion Date. For clarity, to fulfill the requirements of this Section 11.2, it shall not be sufficient for Project Co establish that the events or circumstances cause a delay in the achievement of TIC Completion.
- 11.3 Notwithstanding Section 11.1 of this Schedule 34, and notwithstanding that Project Co is successful in receiving an extension of time in accordance with Section 38.2(d) of the Project Agreement with respect to the Facility, excluding the TIC, Project Co shall only be entitled to relief pursuant to Section 38 of the Project Agreement with respect to the achievement of TIC Completion by the TIC Scheduled Completion Date to the extent that Project Co is able to separately establish in accordance with Section 38 of the Project Agreement that Project Co has met the requirements of Section 38 with respect to an extension of the TIC Scheduled Completion Date. For clarity, to fulfill the requirements of this Section 11.3, it shall not be sufficient for Project Co to establish that the events or circumstances cause a delay in the achievement of Substantial Completion.
- 11.4 Project Co shall be eligible to make a claim for a Compensation Event in accordance with Section 39 of the Project Agreement if a Delay Event occurs in accordance with Section 11.1 of this Schedule 34. For clarity, Project Co shall not be eligible to make a claim for a Compensation Event related to the TIC following TIC Completion.
- 11.5 Project Co shall be eligible to make a claim for relief due to an Excusing Cause with respect to the Project Co TIC Services in accordance with Section 40 of the Project Agreement if any of the events or circumstances described in Section 40.1(a) of the Project Agreement occurs after the TIC Completion Date but prior to the Substantial Completion Date. For the purposes of the operation of Section 40 of the Project Agreement to Project Co TIC Services after the TIC Completion Date, but prior to the Substantial Completion Date, all references to “Project Co Services” shall be deemed to be “Project Co TIC Services”.
- 11.6 If, during the TIC Interim Period, an event gives rise to a Project Co claim for relief in accordance with Section 38, 39, 40, 41 or 42 of the Project Agreement and such event has affected both the Construction Contractor (in accordance with Section 38, 39, 41 or 42) and the Service Provider (in accordance with Section 40, 41 or 42), Project Co shall,



- (a) coordinate the required mitigation efforts of the Construction Contractor and the Service Provider; and
- (b) plan Site access, staging and Site coordination between the TIC and the Facility (excluding the TIC) during the TIC Interim Period so as to minimize the likelihood that a claim for relief in accordance with Section 38, 39, 40, 41 or 42 of the Project Agreement would affect both the Construction Contractor and the Service Provider.

If Project Co is entitled to any relief with respect to the TIC or with respect to the Facility, excluding the TIC, for the same event, any compensation for amounts claimed by the Construction Contractor and the Service Provider shall be without duplication.

- 11.7 For clarity, if, during the TIC Interim Period, a MCSCS Security Event occurs at the TIC that prohibits Project Co's access to all or substantially all of the Site or the Facility (excluding the TIC), Project Co's right to claim a Delay Event in accordance with Section 38 of the Project Agreement shall apply notwithstanding IO's rights pursuant to Section 14.3(b) of the Project Agreement.

12341091.1

**SCHEDULE 35**

**TERM SHEET FOR FUTURE PHASES**

**[REDACTED]**

**SCHEDULE 36**

**RENEWABLE ENERGY**

**1. Renewable Energy Structure**

- (a) Project Co shall construct the Renewable Energy Structure so as to satisfy the specifications set out in the attached Appendix A.
- (b) Renewable Energy shall be measured in accordance with the protocol set out in the attached Appendix B.
- (c) For clarity, all costs and expenses relating to the construction of the Renewable Energy Structure have been included in Project Co's Financial Model and Project Co acknowledges that it is not entitled to any additional compensation regarding the Renewable Energy Structure, except as may be agreed by IO in accordance with the Project Agreement.

**Appendix A**

**Renewable Energy Specifications**

**[REDACTED]**

**Appendix B**

**Measurement of Annual Renewable Energy Generation**

**[REDACTED]**

12341122.1