



REQUEST FOR PROPOSALS
PRIMARY HEALTH CARE ACCESS CENTRES
DEVELOPMENT OPPORTUNITY

January 30, 2006

TABLE OF CONTENTS

1. INTRODUCTION.....	1
1.1 Overview	1
1.2 Purpose of this Request for Proposals	2
1.3 Closing	2
1.4 Background	2
1.5 Access Centres	3
1.6 Access Centre Programs	3
2. INTERPRETATION.....	4
2.1 Definitions.....	4
3. SUMMARY OF COMMERCIAL OPPORTUNITY	5
3.1 Overall Commercial Opportunity	5
3.2 Initial Opportunity	5
3.3 Future Access Centres and Other Potential Developments	5
3.4 Location of Facilities	6
3.5 Size of Facilities	6
3.6 Renovated or New Space	6
3.7 Design Specification	6
3.8 Ancillary Commercial Development.....	7
3.9 Development and Leasing Agreements	7
4. STRATEGIC PARTNERING AGREEMENT	7
4.1 Long-Term Development Relationship	7
5. INSTRUCTIONS FOR DELIVERY OF SUBMISSIONS.....	8
5.1 Deadline and Address for Submissions.....	8
5.2 Number of Copies	8
5.3 Amendments to Submissions	8
5.4 Enquiries	8
5.5 Addenda	9
5.6 Intended RFP Schedule	9
6. SUBMISSION CONTENTS.....	9
6.1 Organization of Submission.....	9
6.2 Submission Length	9
6.3 Corporate Description	10
6.4 Experience and Expertise	10
6.5 Financial	11
6.6 Consortium Information	12
6.7 Approach	12
6.8 Respondent's Commercial Requirements	12

7.	EVALUATION AND SELECTION PROCESS	12
7.1	Evaluation Committee	12
7.2	Evaluation Criteria – Initial Evaluation to Identify Short-List	13
7.3	Additional Information, Interview and Discussions	13
7.4	Short-listed Respondents	14
7.5	Selection of Two Finalist Respondents	14
7.6	Selection of Preferred Respondent	14
7.7	Amendment of Procurement Process.....	14
8.	GENERAL CONDITIONS	15
8.1	No Contract	15
8.2	Respondent’s Costs and Expenses	15
8.3	No Claims.....	15
8.4	No Lobbying	15
8.5	Conflict of Interest	15
8.6	Changes to Short-listed Respondent	16
8.7	Confidentiality.....	16
8.8	Termination of Process	16

APPENDIX A INTERNAL RATE OF RETURN

PRIMARY HEALTH CARE ACCESS CENTRES

DEVELOPMENT OPPORTUNITY

REQUEST FOR PROPOSALS

1. INTRODUCTION

1.1 Overview

Partnerships British Columbia (**“Partnerships BC”**), on behalf of Vancouver Coastal Health Authority (**“VCHA”**), is issuing this Request for Proposals (**“RFP”**) to attract and identify potential private sector partners who are interested in entering into a long term strategic partnership with VCHA for the development and supply of building space required by VCHA.

VCHA currently owns or leases a diverse portfolio of buildings within which it delivers health care services. VCHA’s long term planning has identified a need for a variety of additional spaces, particularly leased space. VCHA is seeking a partner who can provide reliable, flexible and cost effective delivery of additional space at the most economical lease rates, in either renovated existing buildings or new buildings, which VCHA will then lease on a long term basis.

VCHA's initial requirement will be for four “primary care access centres” (individually an **“Access Centre”**) which collectively VCHA has estimated will encompass approximately 145,000 to 200,000 square feet.

Following these four Initial Access Centres, there is the potential for additional Access Centres of varying size that will be required by VCHA and that VCHA would like to develop through the strategic partnership over a longer term basis. Beyond the Access Centres there is the possibility that the strategic partnering relationship would be used by VCHA to acquire/provide space for other VCHA needs and purposes.

VCHA is looking for an experienced and knowledgeable long term partner that owns facility assets and/or has the ability to acquire and manage such assets, who will understand and leverage VCHA’s ongoing need for space at reasonable lease rates. VCHA anticipates that through a number of developments undertaken within the strategic partnership both VCHA and the strategic partner can identify ways to achieve greater efficiencies and optimizations for the benefit of both parties over the longer term.

VCHA is one of the largest health authorities in the Province of BC with over 20,000 employees and \$2 billion in annual revenue. It provides health prevention, promotion and treatment services across multiple programs and in hundreds of locations.

VCHA is seeking responses to this RFP from the market, and plans to tailor its approach to identifying a suitable strategic partner according to the nature and extent of the market interest.

VCHA is not committed to any one approach and is open to creative and innovative proposals as described in this RFP that would make the renovation or development and leasing of space required by VCHA economically feasible and attractive for the benefit of both VCHA and a private sector partner.

1.2 Purpose of this Request for Proposals

The purpose of this RFP is to identify and select a qualified private sector partner who will be invited to enter into negotiations with VCHA to finalize and sign a Strategic Partnering Agreement for the development of the proposed Access Centres, with the potential of additional Access Centres and other projects, as a new method to deliver healthcare facilities without using VCHA capital funding or VCHA owning the facilities.

VCHA is issuing this RFP to determine the nature and level of market interest in this commercial opportunity, and to invite responses from interested parties.

From the responses (the “**Submissions**”) received, VCHA intends to identify the Respondents, through the application of the evaluation criteria set out in Section 7.2, that VCHA judges offer the most potential of achieving an acceptable Strategic Partnering Agreement. Respondents will be invited to participate in a procurement process leading to the selection of the Preferred Respondent. VCHA intends that the procurement process will involve bi-lateral discussions with the Respondents as described in this RFP, with the two Finalist Respondents being invited to participate in simultaneous separate confidential commercial negotiations from which the Preferred Respondent will be selected. VCHA intends to evaluate the final two Finalist Respondents by application of the evaluation criteria set out in Section 7.2 to select the Preferred Respondent with whom to enter into a long term Strategic Partnering Agreement.

Only Respondents who deliver a Submission in accordance with this RFP will be considered to be invited to enter into negotiations for the Strategic Partnering Agreement.

1.3 Closing

Submissions must be received on or before:

**4:00 pm local time
Wednesday, March 1, 2006**

(the “**Closing Time**”).

Submissions received after the Closing Time will not be considered.

1.4 Background

VCHA has responsibility to develop and improve health care delivery, and to respond to changes in health care, for the benefit of the public and health care professionals within its region. In order to adapt to changing health care needs and to create a sustainable health care system VCHA wishes to enter into a partnership with a private sector partner (the “**Strategic**

Partner") to develop and refine health care Access Centres at strategic locations across its geographic region. The Access Centres will improve the interface between members of the public and the health care system.

The Access Centres are intended to become the "hub" for the VCHA primary health care delivery network of community clinics. Access Centre staff will work in a collaborative partnership with group physician practice clinics, satellite health centres, non-profit service agencies and others to serve the primary health needs of a specific geographically defined population.

1.5 Access Centres

The functions of an Access Centre may include:

- (a) facilitating access to a possible 24/7 source of health information as well as access to urgent care. If clients need a service that is not available in the Access Centre, they will be referred to the appropriate provider in Family Practice Networks or social service agencies. Urgent care access for the population will be ensured using nurse line, on-call, clinics with extended hours or support to the Emergency Room either in the Centre or in Family Practice Networks;
- (b) providing multidisciplinary primary health care to the most complex and hard-to-reach populations;
- (c) delivering and integrating VCHA community-based programs such as: health promotion, disease prevention and health protection, mental health and addictions services and home care;
- (d) conducting community needs analysis and performance monitoring and improvement;
- (e) providing services to augment or support services provided by Family Practice Networks such as outreach teams; practice guidelines, protocols and care maps; point of care testing e.g. diagnostics; specialty clinics that might otherwise be offered in the hospital; and
- (f) training and research in primary health care.

1.6 Access Centre Programs

VCHA has identified a range of programs and client services expected to be included in an Access Centre but not limited to:

- (a) Primary Health Care;
- (b) Urgent Care in selected sites;
- (c) Public Health/Prevention and Promotion for General Population;

- (d) Mental Health & Addictions for Target Population;
- (e) Home Care for Eligible Population;
- (f) Community Health Assessment; and
- (g) Referral & Health System Navigation.

Each Access Centre will have additional specialized programs/services that are developed to meet the specific needs of the community which they serve. These services may include:

- (h) Specialty Ambulatory Care;
- (i) Diagnostics/Lab Services; and
- (j) Training & Research.

The service mix in each Access Centre will be determined during functional programming activities as each Access Centre project is initiated.

2. INTERPRETATION

2.1 Definitions

In this RFP the following definitions will apply:

“**Access Centre**” has the meaning set out in Section 1.1;

“**Addendum**” means a written addenda to this RFP as described in Section 5.5;

“**Agreement to Lease and Build to Suit Agreement**” has the meaning set out in Section 3.9;

“**Closing Time**” has the meaning set out in Section 1.3;

“**Contact Person**” means the person identified in Section 5.4;

“**Finalist Respondents**” has the meaning set out in Section 7.5;

“**Indicative Return**” has the meaning set out in Section 1 of Appendix A:

“**Preferred Respondent**” means the successful Respondent invited to enter into the Strategic Partnering Agreement;

“**Respondent**” means a party that delivers a Submission in response to this RFP;

“**RFP**” means this Request for Proposals, including all Appendices;

“**Short-listed Respondents**” has the meaning set out in Section 7.1;

“**Strategic Partner**” has the meaning set out in Section 1.4

“**Strategic Partnering Agreement**” means the Agreement referred to in Section 4;

“**Submissions**” has the meaning set out in Section 1.2;

“**VCHA**” means the Vancouver Coastal Health Authority;

“**VCHA Lease**” has the meaning set out in Section 3.9; and

“**VCHA Leased Space**” has the meaning set out in Section 3 of Appendix A.

3. SUMMARY OF COMMERCIAL OPPORTUNITY

3.1 Overall Commercial Opportunity

VCHA anticipates that there will be a number of additional Access Centres of varying size developed within the geographical area of VCHA's jurisdiction over the longer term. The Access Centres should be easily accessible, preferably on or in close proximity to public transportation routes, and must be located within geographical boundaries established by VCHA. VCHA would also support the inclusion in Access Centre buildings of other health related services, such as laboratory, pharmacy, and other such services that could provide synergies with the Access Centres.

3.2 Initial Opportunity

VCHA has identified the following four health areas in which it intends initially to develop an Access Centre:

- (a) Vancouver - Broadway/Commercial street area;
- (b) Vancouver South;
- (c) North Vancouver; and
- (d) Richmond.

At any time prior to the award of the Strategic Partnering Agreement VCHA may, as it decides it requires, substitute different health areas for any or all of the above health areas.

3.3 Future Access Centres and Other Potential Developments

VCHA anticipates that additional Access Centres will be required in addition to the four Access Centres noted in this RFP. VCHA anticipates that if the strategic partnering relationship with the Strategic Partner is a strong relationship then it may be in VCHA's best interest to also make additional Access Centres or other future developments that VCHA may require available to be undertaken by the Strategic Partner pursuant to the Strategic Partnering Agreement.

The final Strategic Partnering Agreement will define the manner by which additional opportunities may be brought under the Strategic Partnering Agreement.

3.4 Location of Facilities

While VCHA is open to finding the best location and building solution (i.e., renovations or new builds) for all Access Centres, VCHA has identified potential locations for two Access Centres which VCHA may make available as follows:

- (a) VCHA has acquired a potential site for the Vancouver - Broadway/Commercial Access Centre and is in the initial stages of reviewing development opportunities for that site with the City of Vancouver. Depending on an assessment of other opportunities that may emerge, VCHA may consider selling these lands to the Strategic Partner for the purpose of that Access Centre; and
- (b) VCHA is considering locating the North Vancouver Access Centre on VCHA owned lands which are located within the Lions Gate Hospital precinct, and could make these lands available to the Strategic Partner by way of ground lease.

The specific locations for the other Access Centres have not been identified, and VCHA does not anticipate using any of its existing lands for those Access Centres. VCHA intends to provide criteria to be applied to locate acceptable locations for the Access Centres, and these locations will be finally confirmed in consultations between VCHA and the Strategic Partner pursuant to the Strategic Partnering Agreement.

3.5 Size of Facilities

The size of each Access Centre facility will vary, depending on the size and composition of the population in the applicable catchment area, expected changes in population, volumes and types of services required and the number and size of family practice networks in the area. Initial functional programming indicates that a "prototypical" Access Centre will require approximately 50,000 square feet of space but this may vary depending on population, catchment area and program scope.

3.6 Renovated or New Space

VCHA anticipates Access Centres could be accommodated in renovated existing buildings and that this procurement method will produce the most economical lease rates. However, if no acceptable existing buildings are available, newly constructed buildings may be considered.

3.7 Design Specification

VCHA intends to provide required performance specifications for the Access Centres, to which the Strategic Partner will be required to conform in the building renovation or development of an Access Centre. VCHA does not anticipate that the specifications will exceed to a material extent the requirements of a standard office/retail use building but they will have the features of a medical clinic/office. The final detailed design will be the responsibility of the Strategic Partner, who will be invited to consider efficiencies learned by undertaking a series of Access Centres, but who will also retain the opportunity to take into consideration the future economic use of the building after the end of the VCHA Lease.

3.8 Ancillary Commercial Development

VCHA is not opposed in principle to a development that houses the Access Centre facilities together with other compatible uses such as residential, office and retail. Accordingly, the total development size of any one Access Centre development may vary depending on factors such as anticipated ancillary development.

3.9 Development and Leasing Agreements

VCHA intends that for each Access Centre, VCHA and the Partner will enter into:

- (a) an agreement (the “**Agreement to Lease and Build to Suit Agreement**”) setting out the parameters for the design and development of the given Access Centre; and
- (b) a lease (the “**VCHA Lease**”) by which VCHA would agree to lease the Access Centre facilities for the agreed-to term, approximately 20 years. Under the Lease:
 - (1) the Strategic Partner/landlord will be “customer focused” with defined key service level commitments (e.g. 24 hour turnaround for minor repairs);
 - (2) appropriate tenant inducements will be permitted in the form of free rent and/or contributions to premises fit out;
 - (3) tenants sharing the developed project will need to be approved by VCHA (i.e. both initially and ongoing); and
 - (4) a VCHA covenant will be provided.

4. STRATEGIC PARTNERING AGREEMENT

4.1 Long-Term Development Relationship

Accompanying this RFP is a draft of the agreement (the “**Strategic Partnering Agreement**”) to be entered into between VCHA and the Strategic Partner, including drafts of the Schedules to the Strategic Partnering Agreement. Schedule C to the Strategic Partnering Agreement is the form of the Agreement to Lease and Build to Suit Agreement to be entered into between VCHA and the Strategic Partner for each Access Centre. Schedule F to the Agreement to Lease and Build to Suit Agreement is the form of the Lease that will ultimately be entered into for each Access Centre. Basically, the Strategic Partnering Agreement contains the process for the parties to get to an Agreement to Lease and Build to Suit Agreement for an Access Centre, and the Agreement to Lease and Build to Suit Agreement will ultimately lead to the entering into of a Lease for that Access Centre.

VCHA is inviting interested parties to review and provide comment on these documents, as part of a Submission, as described below.

5. INSTRUCTIONS FOR DELIVERY OF SUBMISSIONS

5.1 Deadline and Address for Submissions

- (a) Submissions must be received on or before the **Closing Time** as set out in Section 1.3.
- (b) Submissions must be delivered to:

Partnerships British Columbia
1250 – 999 West Hastings Street
Vancouver BC V6C 2W2

Attention: Tom Simpson

5.2 Number of Copies

Respondents should submit 10 hard copies of their Submissions.

5.3 Amendments to Submissions

Submissions may be amended by Respondents only in writing. All amendments must be received at the place for delivery of Submissions set out in Section 5.1 prior to the Closing Time.

5.4 Enquiries

All enquiries related to this RFP should be directed in writing (e-mail acceptable) to the following person (the “**Contact Person**”):

Tom Simpson,
Partnerships British Columbia

primaryaccess@partnershipsbcc.ca

Enquiries and responses will be recorded and may be distributed to all Respondents at VCHA’s discretion. For certainty, VCHA may respect the proprietary or confidential nature of any enquiry and not distribute the answer to other Respondents if distribution of the answer to all Respondents, in the judgement of VCHA:

- (a) is not necessary to maintain even treatment and fairness between Respondents;
and
- (b) would unfairly result in the loss of competitive advantage of the Respondent making the enquiry.

5.5 Addenda

If VCHA determines that an amendment to this RFP is required, VCHA will issue a written addendum (an “**Addendum**”) that will form part of this RFP. No amendment of this RFP is effective unless contained in a formal written Addendum.

This RFP will be issued and made available on the websites for BC Bid and Partnerships BC (www.partnershipsbc.ca), and VCHA will publish any Addenda at the same location. It will be the responsibility of a Respondent to consult with such location to be sure it has received all Addenda. By submitting a Submission, a Respondent will be deemed to have received and taken account of all such issued and published Addenda in the preparation of its Submission.

5.6 Intended RFP Schedule

The following is the intended schedule for the procurement process:

Issue RFP	January 30, 2006
RFP Closing	March 1, 2006
Select Short-listed Respondents	Early March, 2006
Select two Finalist Respondents	Late March, 2006
Award Strategic Partnering Agreement	April - May, 2006

6. SUBMISSION CONTENTS

6.1 Organization of Submission

Submissions should be divided into parts as follows:

- (a) Cover Page;
- (b) Table of Contents; and
- (c) A separate section covering each of the topics described in Sections 6.3 through 6.8 of this RFP, using the numbering and titles of these sections, for ease of reference and comparison.

Submissions should be assembled in the order described above.

6.2 Submission Length

Submissions should be no longer than 20 pages, not including appendices and supporting reference material.

6.3 Corporate Description

A Submission should include a statement describing the Respondent, including all the major members of the Respondent's team as follows:

- (a) the full legal name and incorporation/registered number (if applicable);
- (b) the registered office address;
- (c) a list of current directors;
- (d) the name, address, telephone number, email address and fax number for a contact person (provided that if the Respondent is a consortium, then the foregoing information should be provided for one contact person on behalf of all members of the consortium); and
- (e) a description of the area of expertise and proposed scope of authority and responsibility of each team member.

6.4 Experience and Expertise

A Submission should include the Respondent's experience as follows:

- (a) experience with agreements similar to the Strategic Partnering Agreement, including projects undertaken and completed, Respondent's role under such agreements, and experience in identifying and allocating risks;
- (b) a brief description of projects similar to the Access Centres in which the Respondent has been involved in the renovation of existing facilities or planning, designing and construction of new facilities, similar to the Access Centres, including specifics of the responsibility and risk taken by the Respondent and compliance with project schedule requirements, and including:
 - (1) experience in identifying and securing appropriate development sites/existing facilities for the purpose of the Access Centres;
 - (2) approach to obtaining required development and building permits and other required regulatory approvals,
 - (3) experience in design, renovation and construction;
 - (4) experience in site supervision, inspection and quality management;
 - (5) experience and ability as a landlord, in particular to operate, manage and maintain facilities of the scope and magnitude envisioned for the Access Centres and to provide quality building management services, including:
 - (A) the depth and quality of experience in the operation and maintenance of similar facilities;

- (B) the depth of experience in integrating operating and maintenance requirements with the design/build stages;
 - (C) assessing and mitigating risks during a project's lifecycle; and
 - (D) the expertise and experience in managing space leased to, ideally, health related, institutional or similar tenants; and
- (6) names of references for each major member of the Respondent's team, giving names and contact information and description of projects or work for which the reference can provide information.

6.5 Financial

A Submission should include a financial description of the Respondent as follows:

- (a) a brief description of the financial strength of the Respondent, together with a description of the anticipated source and nature of funding the Respondent anticipates it would use if awarded the Strategic Partnering Agreement, including:
 - (1) demonstrated ability and experience to arrange reasonably priced financing covering all of the anticipated project costs for the Access Centres;
 - (2) any innovation with respect to the financing of the Access Centres;
 - (3) demonstrated ability to offer attractive lease terms for VCHA and to offer a range of potential options to meet the space requirements for Access Centres;
 - (4) financial strength to commit equity and to manage/absorb risk; and
 - (5) willingness to assume land acquisition and development approval risk.
- (b) in addition to the financial information requested as described in (a), the Short-listed Respondents and the Finalist Respondents will, as part of the discussions described in Section 7, be invited to provide the information described in Appendix A to this RFP. A Respondent may, at its election, provide some or all of such information as part of its Submission, **but the inclusion of such information is, as of the Closing Date, completely discretionary to a Respondent.** (VCHA intends to consult with the Short-listed and Finalist Respondents before formally inviting such information, to consider refinements of Appendix A, and prior to the selection of the Short-listed Respondents VCHA will not invite questions or enquiries with respect to Appendix A, and does not intend to provide any additional information relating to Appendix A.)

6.6 Consortium Information

If a Respondent is a consortium, a Submission should include:

- (a) the information requested in Sections 6.4, 6.5 and 6.5 should be supplied, as appropriate, in respect of the individual members of the consortium whose experience, expertise, strength or ability is being relied upon;
- (b) a description of the relationship between consortium members of the Respondent, including the intended economic interest of each consortium member in the Respondent (e.g. size of initial investment and likely share of ownership) together with an illustration showing the Respondent's anticipated consortium structure and major sub-contracts; and
- (c) a brief description of any projects on which any two or more members of the consortium have worked together in the last five years.

6.7 Approach

A Submission should include a brief description of the general approach the Respondent anticipates it will take if selected as a Finalist Respondent in formalizing its team, responding to Appendix A, finalizing the Strategic Partnering Agreement, and preparing a "Preliminary Project Proposal" as defined in the draft Strategic Partnering Agreement, with particular reference to the Initial Access Centres.

6.8 Respondent's Commercial Requirements

A Submission should include a summary of any material amendments to the draft Strategic Partnering Agreement, the draft Agreement to Lease and Build to Suit Agreement, and the draft Lease that the Respondent anticipates it will require as a condition of entering into the Strategic Partnering Agreement. (As of the Closing Date such review does not need to include a detailed legal review.)

7. EVALUATION AND SELECTION PROCESS

7.1 Evaluation Committee

The Evaluation of Submissions will be undertaken on behalf of VCHA by an Evaluation Committee appointed by the Project Director of VCHA . The Evaluation Committee may consult with, and consider recommendations from, such technical, financial, legal and other advisors as the Evaluation Committee may in its discretion decide it requires. The Evaluation Committee will give a written recommendation to VCHA for:

- (a) the number and selection of a short list of Respondents (the "**Short-listed Respondents**")
- (b) the selection of the Finalist Respondents; and

- (c) the selection of the Preferred Respondent.

7.2 Evaluation Criteria – Initial Evaluation to Identify Short-List

The Evaluation Committee will compare and evaluate all Submissions, based on the following criteria, in order to identify the most advantageous Submissions and identify the Short-listed Respondents:

- (a) depth of related experience and expertise as requested in Section 6.4;
- (b) the Respondent's demonstrated financial strength and ability to undertake the development and to undertake the long term operation of the commercial opportunities as requested in Section 6.5;
- (c) if the Respondent is a consortium, the consortium's strengths as requested in Section 6.6;
- (d) the Respondent's "approach" as requested in Section 6.7;
- (e) the Respondent's response to the commercial requirements as requested in Section 6.8; and
- (f) the Respondent's understanding of VCHA's objectives in entering into the Strategic Partnering Agreement and the Respondent's demonstrated ability and willingness to participate in the Strategic Partnering Agreement for the benefit of VCHA.

The Evaluation Committee will not be limited to the above listed criteria, and the Evaluation Committee may consider other criteria that the Evaluation Committee identifies as relevant during the evaluation process. However, any criteria considered will be applied evenly and fairly to all Submissions.

7.3 Additional Information, Interview and Discussions

VCHA intends that the evaluation and selection process will invite Respondents to spend an increased amount of time and effort if they are successful at the various evaluation stages, with the most effort reserved for the two Finalist Respondents. For this purpose, the Evaluation Committee may, at its discretion, request a Respondent to clarify its Submission, or to provide additional information to supplement or amend a Submission, as part of the evaluation process, and the Evaluation Committee may make different requests to different Respondents, and may make such requests only to selected Respondents. Such clarifications or information may be in written or oral form as the Evaluation Committee may decide. The Evaluation Committee may, at its discretion, invite some or all of the Respondents to appear before the Evaluation Committee to provide such clarifications or information. The Evaluation Committee may consider such clarification or additional information in evaluating the Submissions.

7.4 Short-listed Respondents

The first stage of evaluation will be for VCHA to select a number of Respondents as the Short-listed Respondents, and following such selection may invite the Short-listed Respondents to provide further information, and to appear before the Evaluation Committee for further discussions, as described in Section 7.3, for the purpose of permitting the Short-listed Respondents to refine and develop their Submissions.

7.5 Selection of Two Finalist Respondents

Following selection of the Short-listed Respondents, and the steps as may be undertaken as described in Section 7.4, the Evaluation Committee will identify two finalists (the “**Finalist Respondents**”) as follows:

- (a) the Short-listed Respondents will be invited to participate in confidential discussions and negotiations to identify key and material issues to finalize a draft Strategic Partnering Agreement;
- (b) after a round of such negotiations and discussions each of the Short-listed Respondents will be invited to re-submit its Submission, amended to reflect any agreements reached, or proposals the Short-listed Respondent wishes to offer, including amendments to the Strategic Partnering Agreement; and
- (c) the Evaluation Committee will evaluate the modified Submissions applying the evaluation criteria as outlined in Section 7.2 of this RFP and recommend the two Finalist Respondents to VCHA.

7.6 Selection of Preferred Respondent

The Evaluation Committee will invite the two Finalist Respondents to enter into further simultaneous confidential negotiations and discussions based on their respective amended Submissions, submitted as provided by Section 7.5(b), to reach further agreements and finalize a draft Strategic Partnering Agreement with each of the Finalist Respondents, acceptable to VCHA and the respective Finalist Respondent, and based on such discussions and negotiations the Evaluation Committee will recommend a Preferred Respondent to VCHA.

7.7 Amendment of Procurement Process

The procurement process outlined in this RFP describes the process VCHA intends to follow to select the Short-listed Respondents, the Finalist Respondents and the Preferred Respondent, but VCHA reserves the complete right to amend and alter the procurement and selection process as outlined in this RFP either in response to requests and suggestions from any Respondent, or as VCHA determines it requires having regard for VCHA’s judgment of its best interests.

8. GENERAL CONDITIONS

8.1 No Contract

By submitting a Submission and participating in the process as outlined in this RFP, Respondents expressly agree that no contract of any kind is formed under, or arises from, this RFP, and that no legal obligations will arise prior to the signing of a Strategic Partnering Agreement.

8.2 Respondent's Costs and Expenses

Respondents are solely responsible for their own costs and expenses in preparing and submitting a Submission, and participating in this RFP, including the provision of any additional information or attendance at meetings.

8.3 No Claims

VCHA, the Province of British Columbia and their respective representatives, agents, consultants and advisors will not be liable to any Respondent, or any firm, corporation or individual member of a Respondent, for any claims, whether for costs, expenses, losses or damages, or loss of anticipated profits, or for any other matter whatsoever, suffered or incurred by the Respondent, or any firm, corporation or individual member of a Respondent, in preparing and submitting a Submission, or participating in the RFP process or negotiations for the Development Agreement, or any other activity related to or arising out of this RFP.

8.4 No Lobbying

No representative of a Respondent should attempt to communicate directly or indirectly with any representative of VCHA, the Evaluation Committee, or any representative of the Province of British Columbia, at any stage of this RFP process, including during the evaluation process, except as expressly permitted under this RFP. VCHA reserves the right to reject a Submission from any Respondent that contravenes this Section.

8.5 Conflict of Interest

Respondents, including all firm, corporation or individual members of a Respondent, will promptly disclose to the Contact Person any potential conflict of interest and existing business relationships they may have with the Province of British Columbia, VCHA, the City of Vancouver, City of North Vancouver, City of Richmond, advisors to VCHA, or the Evaluation Committee.

Bull, Houser & Tupper LLP, Deloitte & Touche LLP, Brook Development Planning Inc. and Davidson Yuen Simpson Architects have provided advice or services to VCHA related to this RFP and are therefore unavailable to provide services to any Respondent in the preparation of a Submission or any subsequent steps under this RFP.

VCHA reserves the right to disqualify any Respondent that in its opinion has a conflict of interest, whether such conflict exists now or is likely to arise in the future.

8.6 Changes to Short-listed Respondent

After the selection of the Short-listed Respondents, a Respondent may make a change to the makeup of the Respondent's membership only with the express written approval of VCHA. VCHA may refuse to permit changes of members who in the judgement of VCHA have qualifications that were unique and essential to the Respondent's selection as a Short-listed Respondent.

8.7 Confidentiality

The nature of the procurement process as outlined in this RFP is confidential and accordingly, subject to any requirements imposed by law:

- (a) VCHA will keep all Submissions, and all communications and discussions relating to the Submissions, received from a Respondent in response to this RFP confidential, and will not disclose any such information to any third parties without the prior written approval of the Respondent; and
- (b) all Respondents will keep confidential all communications and discussions relating to the Submissions received from VCHA confidential and will not disclose any such information to any third parties without the prior written approval of the VCHA.

8.8 Termination of Process

This RFP does not commit VCHA or the Province of B.C. to select the Short-listed Respondents, or to award the Strategic Partnering Agreement to any party. VCHA reserves the complete right at any time and for any reason to reject all Submissions, and to terminate this RFP process.

APPENDIX A INTERNAL RATE OF RETURN

Introduction

1. Short-listed and Finalist Respondents will be invited to provide an expected project return (the “**Indicative Return**”) expressed as an annualized percentage (i.e. an internal rate of return) on the VCHA Leased Space as defined below.
2. Short-listed and Finalist Respondents will also be invited to provide a proposal for a “cross subsidy” to VCHA which will result in lower lease rates payable by VCHA on account of other benefits of the Strategic Partnering Agreement, such as other development rights associated with a particular site.

Indicative Return

3. VCHA will invite Short-listed and Finalist Respondents to provide an Indicative Return for the initial tranche of four Access Centers. The portion of an Access Centre development leased to VCHA (the “**VCHA Leased Space**”) is defined as the minimum required space that VCHA requires in the locations identified in the RFP that VCHA will lease 100% for the duration of a 20 year lease term assuming the following hypothetical conditions (which will not necessarily be what actually happens):
 - (a) a hypothetical start date of the development phase of May 1, 2006;
 - (b) acquisition costs, project design and development costs (i.e. city permits and related costs of obtaining), and construction costs for the four initial Access Centres in total to be set at an estimated \$70 million for the VCHA Lease Space and:
 - (i) these costs will be incurred evenly over the two year pre-occupancy phase;
 - (ii) these costs do not include costs of financing, management fees and overheads, development profits or professional consulting fees (such as tax, accounting, legal, financing arranging fees) charged by the Strategic Partner;
 - (c) a hypothetical VCHA Lease term of 20 years beginning September 1, 2006 for renovated existing space and September 1, 2007 for new space.
4. For purposes of calculating the Indicative Return the Strategic Partner should specify:
 - (a) Residual / terminal value of the Access Centers at the end of the Lease term;
 - (b) Refinancing opportunities throughout the project term (i.e. 22 years); and
 - (c) Lease rate adjustments thought out the Lease term.

5. Cross subsidies should not be included in the Strategic Partner's Indicated Return. However Respondents are invited to consider their cross subsidy plan set out below and submit a second internal rate of return that includes the cross subsidy under assumptions specified and described by the Respondents.
6. The Respondent's financial model should be sufficiently robust to indicate and describe the following:
 - (a) the capital structure (i.e. equity/debt capital) anticipated by the Respondent and related expected costs for capital throughout the development of the Access Centres and the term of the Lease; and
 - (b) the fees related to the Access Centers that the Respondent anticipates will be received including all management, administrative, overheads, or profits.

Cross Subsidy Proposal

7. The Short-listed and Finalist Respondents will be invited to develop a plan for a potential cross subsidy arrangement with VCHA as a result of entering into the Strategic Partnering Agreement with VCHA (i.e. development of additional mixed use space on a particular site). The cross subsidy could take any form although VCHA would prefer lower lease costs.