

DESIGN-BUILD AGREEMENT

Vernon Jubilee Hospital Inpatient Beds Project

INTERIOR HEALTH AUTHORITY

and

Stuart Olson Dominion Construction Ltd.

Dated: March 20, 2014

TABLE OF CONTENTS

PART A – DEFINITIONS AND INTERPRETATION 1
1. DEFINITIONS AND INTERPRETATION 1
PART B – PRICE, TIME, TERM 10
2. CONTRACT PRICE 10
3. CONTRACT TIME 10
4. TERM 11
5. REPRESENTATIVES, KEY PERSONNEL AND OWNER’S CONSULTANT 11
PART C - THE WORK 12
6. GENERAL 12
7. TIME SCHEDULE 13
8. CONTROL AND SUPERVISION OF THE WORK 13
9. QUALITY MANAGEMENT 14
10. LEED GOLD CERTIFICATION 16
11. NOT USED 16
12. PROJECT CREDITS 16
13. NOT USED 17
14. EQUIPMENT AND FURNISHINGS 17
15. REVIEW PROCEDURE 17
16. GENERAL DESIGN REQUIREMENTS 17
17. DESIGN PROCESS 19
18. OWNERSHIP OF DOCUMENTS 20
19. ERRORS IN DESIGN 21
20. LABOUR AND PRODUCTS 21
21. SUBCONTRACTS 21
22. OTHER CONTRACTORS 22
23. ACCESS TO AND USE OF SITE 23
24. PHASED CONSTRUCTION 23
25. CONNECTIONS AND INTEGRATION TO HOSPITAL 25
26. SIGNAGE 25
27. USE OF SITE 25
28. CONDITIONS AT SITE/DISCLOSED DATA 27
29. NOT USED 27
30. CONTAMINANTS AND ENVIRONMENTAL MANAGEMENT 27
31. SITE SAFETY 28
32. INFECTION CONTROL, DUST, NOISE AND VIBRATION 28
33. TESTING AND COMMISSIONING 29
34. DOCUMENTS AT THE SITE AND ELECTRONIC DOCUMENTS 29
35. CLEANUP AND FINAL CLEANING OF WORK 30
36. REMEDIAL WORK 30
37. REJECTED WORK 31
38. WARRANTY 31
39. TITLE AND RISK 32
PART D - PAYMENT AND COMPLETION 32
40. APPLICATIONS FOR PAYMENT 32
41. TAXES AND DUTIES 35
42. LIEN HOLDBACK 35
43. PERFORMANCE HOLDBACKS 36
44. SUBSTANTIAL COMPLETION AND TOTAL COMPLETION 37
45. PROJECT BINDER AND RECORD DRAWINGS 41
46. CASH ALLOWANCES 41
PART E – CHANGES 42

47.	CHANGES.....	42
48.	VALUATION AND CERTIFICATION OF CHANGES.....	42
49.	DETERMINATION OF COST.....	43
50.	CHANGE DIRECTIVE.....	44
	PART F – DELAYS.....	44
51.	DELAYS.....	44
	PART G – SUSPENSION AND TERMINATION.....	45
52.	NON-DEFAULT SUSPENSION/TERMINATION.....	45
53.	DEFAULT AND TERMINATION OF AGREEMENT.....	47
54.	TERMINATION BY THE DESIGN-BUILDER.....	48
	PART H – REPRESENTATIONS AND WARRANTIES.....	49
55.	REPRESENTATIONS AND WARRANTIES.....	49
	PART I – PROTECTION AND INDEMNITY.....	51
56.	PROTECTION OF WORK AND PROPERTY.....	51
57.	EXCLUSIONS OF LIABILITY.....	51
58.	INDEMNIFICATION.....	52
59.	DESIGN-BUILDER’S DISCHARGE OF LIABILITY.....	52
	PART J - SECURITY, RECORDS, REPORTS AND AUDIT.....	53
60.	PERFORMANCE SECURITY.....	53
61.	INSURANCE.....	54
62.	RECORDS AND AUDIT.....	54
	PART K - DISPUTE RESOLUTION.....	54
63.	DISPUTE RESOLUTION.....	54
	PART L - GENERAL PROVISIONS.....	56
64.	LAWS, NOTICE, PERMITS AND FEES.....	56
65.	INTELLECTUAL PROPERTY FEES.....	56
66.	CONFIDENTIALITY AND COMMUNICATIONS.....	56
67.	NOTICE.....	57
68.	LEGAL RELATIONSHIP.....	59
69.	ASSIGNMENT.....	59
70.	INTEREST.....	59
71.	WAIVER.....	59
72.	ASSUMPTION OF RISK.....	60
73.	GENERAL DUTY TO MITIGATE.....	60
74.	OTHER PROVISIONS.....	60

- SCHEDULE 1 – Statement of Requirements
- SCHEDULE 2 – Review Procedure
- SCHEDULE 3 – Insurance Conditions
- SCHEDULE 4 – Communication Roles
- SCHEDULE 5 – Key Individuals
- SCHEDULE 6 – Schedule of Prices
- SCHEDULE 7 – Proposal Extracts
- SCHEDULE 8 – Parent Guarantee

DESIGN-BUILD AGREEMENT

THIS AGREEMENT dated for reference as of March 20, 2014 (the “Effective Date”) is entered into:

BETWEEN:

INTERIOR HEALTH AUTHORITY

(the “Owner”)

AND:

STUART OLSON DOMINION CONSTRUCTION LTD.

(the “Design-Builder”)

WHEREAS:

- A. The Owner has selected the Design-Builder to perform all Work for the Project referred to as the “Vernon Jubilee Hospital Inpatient Beds Project”, as further described in this Agreement; and
- B. The parties wish to enter into this Agreement to set out their respective rights and obligations.

NOW THEREFORE in consideration of the premises and the mutual obligations contained in this Agreement, the parties agree as follows:

PART A – DEFINITIONS AND INTERPRETATION

1. DEFINITIONS AND INTERPRETATION

1.1 In this Agreement, the following words and expressions have the following meanings:

“Agreement” means this agreement, including the documents referred to in Section 1.2;

“Architect” means a professional architect registered and in good standing under the *Architects Act* (British Columbia);

“Bonds” has the meaning set out in Section 60.1;

“Business Day” means a day other than a Saturday, Sunday or statutory holiday in British Columbia;

“CaGBC” means the Canada Green Building Council;

“Change” means a change in the Work, including any addition, deletion, alteration, revision or substitution;

“Change Directive” means a written instruction referenced as a “Change Directive” executed by the Owner and directing the Design-Builder to proceed with a Change;

“Change Order” means a written document referenced as a “Change Order” executed by the Owner and the Design-Builder and setting out a Change and the value or method of valuation of a Change and any adjustments to the Contract Price and Contract Time;

“Commissioning Plan” has the meaning set out in Section 33.1;

“Confidential Information” means information of a party that the party has designated as confidential at the time of disclosure and which is supplied, or to which access is granted, to or on behalf of the other party (whether before or after the Effective Date), either in writing, or in any other form, directly or indirectly pursuant to discussions with the other party and includes all analyses, compilations, studies and other documents whether prepared by or on behalf of a party which contain or otherwise reflect or are derived from such designated information;

“Construction” means all things, other than Design, necessary to complete the Work;

“Contaminants” means any materials, substances or hazardous wastes, the storage, manufacture, disposal, treatment, generation, use, transport, remediation or release into the environment of which is now or hereafter prohibited, controlled or regulated under the *Environmental Management Act* (British Columbia) and regulations;

“Contract Price” means the price set out in Section 2.1;

“Contract Time” means the time within which the Design-Builder will achieve Substantial Completion as set out in Section 3.1;

“Credit Provider” has the meaning set out in Section 12.2;

“Design” means the design for the Project;

“Design-Builder” has the meaning set out on the first page of this Agreement;

“Design-Builder’s Consultant” means Parkin Architects Western Limited as the principal Architect and coordinating professional and any other architectural or engineering firm or person, including any Architect or Professional Engineer, engaged by the Design-Builder to prepare the Drawings and Specifications, or to otherwise consult to the Design-Builder on the Project;

“Design-Builder’s Representative” has the meaning set out in Section 5.2;

“Disclosed Data” means any information, data and documents (including in PLS-CADD or any other electronic format) made available or issued to the Design-Builder or any Subcontractor or other person on behalf of the Design-Builder or any Subcontractor in connection with the Project by or on behalf of the Owner, including any information relating to the Land or the requirements of any governmental authority, whether before or after the Effective Date;

“Dispute” means any disagreement, failure to agree or other dispute between the Owner and the Design-Builder arising out of or in connection with this Agreement, including in respect of the interpretation, breach, performance, validity or termination of this Agreement, whether in the law of contract or any other area of law;

“Drawings” means all drawings for the Project that are prepared by or for the Design-Builder and submitted to the Owner under the Review Procedure and that the Design-Builder is entitled to proceed with under the Review Procedure;

“Effective Date” has the meaning set out on the first page of this Agreement;

“End Date” means the date described in Section 4.1;

“Facility” means all improvements related to the fit-out of the sixth and seventh floors of the Polson Tower of the Hospital, including utility connections, building systems and equipment and other improvements to be constructed by the Design-Builder pursuant to this Agreement;

“Facility Users” means the Owner and the Owner’s directors, officers, employees, contractors, subcontractors or agents, representatives and advisors of the Owner, lessees, tenants, physicians, patients, visitors, students and volunteers using or present at the Facility and other part of the Hospital;

“FIPPA” means the *Freedom of Information and Protection of Privacy Act* (British Columbia);

“Force Majeure” means labour disputes, strikes, lock-outs, fire, unusual delay by common carriers or unavoidable casualties or, without limiting any of the foregoing, by a cause beyond the Design-Builder’s reasonable control, but excludes:

- (i) any event that is the result of breach of this Agreement or Law;
- (ii) economic hardship or lack of financing;
- (iii) equipment failure;
- (iv) unavailability of personnel, labour or Subcontractors;
- (v) unavailability of materials;
- (vi) labour disputes, strikes or lock-outs of the personnel of the Design-Builder or the Subcontractors;
- (vii) delays resulting from adverse weather conditions; and
- (viii) unsuitable or unanticipated Site conditions, including subsurface conditions;

“GST” means the goods and services tax imposed pursuant to Section IX of the *Excise Tax Act* (Canada);

“Health and Safety Plan” has the meaning set out in Section 31.5;

“Hospital” means the Vernon Jubilee Hospital, including all buildings, related structures, utilities, roads, landscaping and other permanent fixtures;

“Indemnified Parties” has the meaning set out in Section 58.1;

“Insurance Conditions” means the terms and conditions set out in Schedule 3 – Insurance Conditions;

“Key Individuals” means the persons identified in Schedule 5 – Key Individuals;

“Land” means the lands located at Vernon Jubilee Hospital, 2101 - 32nd Street, Vernon, BC -V1T 5L2;

“Laws” means the common law and any and all laws, statutes, enactments, by-laws, regulations, rules, orders, directives, policies, permits, licences, codes and rulings of any government, and any ministries, agencies, board, commission or tribunal of any government;

“LD Holdback” has the meaning set out in Section 43.1.

“LEED” means CaGBC’s Leadership in Energy & Environmental Design.

“Lien Holdback” means the 10% holdback required under the *Builders Lien Act* (British Columbia);

“Other Contractor” means any person employed by or having a separate contract directly or indirectly with the Owner for work related to the Project, other than the Work;

“Owner” has the meaning set out on the first page of this Agreement;

“Owner’s Consultant” means, unless replaced in accordance with Section 5.6, Spiegel Skillen + Associates Ltd. for purposes of 5.5(a) and 5.5(b) and any other purposes specified by the Authority under the Agreement and Cannon Design for all other purposes;

“Owner’s Representative” has the meaning set out in Section 5.1;

“Parent Guarantee” means the parent guarantee from The Churchill Corporation in the form provided in Schedule 8 - Parent Guarantee;

“Performance Holdbacks” has the meaning set out in Section 43.1;

“Phasing Plan” has the meaning set out in Section 24.1;

“Professional Engineer” means a professional engineer registered and in good standing under the *Engineers and Geoscientists Act* (British Columbia);

“Project” means the design, construction, testing and commissioning of the Facility and all other works in accordance with this Agreement;

“Project Binder” has the meaning set out in Section 45.1;

“Project Credits” means any incentive, income, credit, rebate, right, benefit or advantage provided by a governmental authority or industry group relating to energy, design, materials or environmental matters, including means of production of energy, input sources, use of products or materials, efficiencies, type and level of emissions, and compliance with any energy or environmental laws, regulations, rules or orders;

“Project Management Plan” means the management plan that (i) sets out a high level workplan to describe the manner in which the Design-Builder will manage the Project, including to address related matters such as traffic management and communications, and (ii) is prepared by or for the Design-Builder and submitted to the Owner;

“Proposal Extracts” means Schedule 7 – Proposal Extracts

“PST” means the tax under the *Provincial Sales Tax Act* (British Columbia) and any regulation thereunder, including any transition provisions;

“Quality Management Plan” means the plan for quality management including quality control and quality assurance with respect to the Work, a draft of which is included in the Proposal Extracts, together with such changes to the plan that are prepared by the Design-Builder and submitted to the Owner under the Review Procedure and that the Design-Builder is entitled to proceed with under the Review Procedure;

“Record Drawings” means the as-built Drawings and Specifications that record the completed Facility;

“Review Procedure” means Schedule 2 – Review Procedure;

“Schedule of Values” means the schedule to be provided by the Design-Builder pursuant to Section 40.4 and reviewed by the Owner under the Review Procedure that allocates the Contract Price set out in Schedule 6 – Schedule of Prices over the course of the Project and that is the basis for monthly payments by the Owner for Work properly performed pursuant to this Agreement;

“Site” means the place where the Work is to be performed on the Land and aligns with (i) the area indicated on the Site Plan and (ii) such other areas approved by the Owner pursuant to Section 24.2(c);

“Site Occupation Date” means the date that is the third Business Day after the Effective Date unless otherwise agreed by the Owner and the Design-Builder;

“Site Plan” means the plan of the Site attached as Appendix 1L to the Statement of Requirements;

“Specifications” means all construction and other specifications for the Project prepared by or for the Design-Builder and submitted to the Owner under the Review Procedure and that the Design-Builder is entitled to proceed with under the Review Procedure;

“Standards” means any and all Laws, professional standards and specifications applicable to the Work, or to work such as the Project, as they are in force from time to time in the latest current version thereof;

“Statement of Requirements” means Schedule 1 – Statement of Requirements;

“Subcontract” means a contract with a Subcontractor;

“Subcontractor” means a person or entity, including the Design-Builder’s Consultant, having a contract with the Design-Builder or with a subcontractor of any tier to perform a part or parts of the Work or to supply products or materials for the Work;

“Submittal” means any and all items, documents and anything else required or specified by this Agreement (including by Section 17), and any and all subsequent revisions, amendments and changes thereto, in respect of the Design and the Construction to be submitted to, reviewed, accepted or otherwise processed or considered by the Owner;

“Submittal Schedule” has the meaning set out in Section 1.1 of Schedule 2 – Review Procedure;

“Substantial Completion” has the meaning set out in Section 44.2;

“Substantial Completion Certificate” means the certificate issued to the Design-Builder by the Owner’s Consultant upon the achievement of Substantial Completion, as described in this Agreement;

“Substantial Completion Date” means the date that Substantial Completion has been achieved by the Design-Builder, as set out in the Substantial Completion Certificate;

“Target Substantial Completion Date” has the meaning set out in Section 3.1;

“Term” means the period commencing on the Effective Date and ending on the End Date;

“Time Schedule” means the general schedule for timing of the Work as set out in the Proposal Extracts and as updated pursuant to Section 7;

“Total Completion” has the meaning set out in Section 44.11;

“Total Completion Certificate” means the certificate issued to the Design-Builder by the Owner’s Consultant upon the achievement of Total Completion;

“Total Completion Date” means the date that Total Completion has been achieved, as set out in the Total Completion Certificate;

“User Consultation Group” means representatives of the Facility Users, as established by the Owner under Section 3 of Schedule 2 - Review Procedure;

“Warranty Holdback” has the meaning set out in Section 43.1;

“Warranty Period” means the period defined in Section 38.1 during which the Design-Builder is required to repair any deficiencies or defects that arise in the Work;

“Work” means everything to be undertaken by the Design-Builder under this Agreement;

“Work Plan” has the meaning set out in Section 25.2; and

“Workers’ Compensation Board” or “WorkSafe BC” means the board constituted pursuant to the *Workers Compensation Act* (British Columbia).

1.2 This Agreement includes the following schedules and all sub-schedules, appendices and attachments to those schedules:

- (a) Schedule 1 – Statement of Requirements;
- (b) Schedule 2 – Review Procedure;
- (c) Schedule 3 – Insurance Conditions;
- (d) Schedule 4 – Communication Roles;
- (e) Schedule 5 – Key Individuals;
- (f) Schedule 6 – Schedule of Prices;
- (g) Schedule 7– Proposal Extracts; and
- (h) Schedule 8 - Form of Parent Guarantee.

1.3 This Agreement will be interpreted according to the following provisions, except to the extent the context or the express provisions of this Agreement otherwise require:

- (a) no rule of law will apply that would construe this Agreement or any part of it against the party who (or whose counsel) drafted, prepared or put forward the Agreement or any part of it;
- (b) the table of contents, headings and sub-headings, marginal notes and references to them in this Agreement are for convenience of reference only, do not constitute a part of this

Agreement and will not be taken into consideration in the interpretation or construction of, or affect the meaning of, this Agreement;

- (c) neither the organization of the Statement of Requirements, the Proposal Extracts or any other documents included in this Agreement into divisions, sections and parts, or the arrangement of drawings or specifications included in this Agreement will control the Design-Builder in dividing the Work among Subcontractors or in establishing the Work to be performed by a trade;
- (d) each reference to a Section or Schedule is a reference to a Section of or Schedule to this Agreement;
- (e) a Schedule includes all of the sub-schedules, appendices and other attachments attached to that Schedule;
- (f) each reference to an agreement, document, standard, principle or other instrument includes (subject to all relevant approvals and any other provisions of this Agreement expressly concerning such agreement, document, standard, principle or other instrument) a reference to that agreement, document, standard, principle or instrument as amended, supplemented, substituted, novated or assigned;
- (g) each reference to a statute or statutory provision (including any subordinate legislation) includes any statute or statutory provision which amends, extends, consolidates or replaces the statute or statutory provision or which has been amended, extended, consolidated or replaced by the statute or statutory provision and includes any orders, regulations, by-laws, ordinances, orders, codes of practice, instruments or other subordinate legislation made under the relevant statute;
- (h) each reference to time of day is a reference to Pacific Standard Time or Pacific Daylight Saving Time, as the case may be;
- (i) words importing the singular include the plural and vice versa;
- (j) words importing a particular gender include all genders;
- (k) each reference to a public organization is deemed to include a reference to any successor(s) to such public organization or any organization or entity or organizations or entities which has or have taken over the functions or responsibilities of such public organization;
- (l) unless the context otherwise requires, each reference to "parties" means the parties to this Agreement and each reference to a "party" means any one of the parties to this Agreement, provided however that a reference to a third party does not mean a party to this Agreement;
- (m) all monetary amounts are expressed in Canadian Dollars;
- (n) whenever this Agreement obliges a party (the "Payor") to pay any amount to the other party (the "Payee") in respect of any costs, expenses, fees, charges, liabilities, losses, claims or other sums incurred by the Payee:
 - (i) such obligation will be construed as applying only to so much of such sums as have been properly incurred on an arm's length commercial basis or, where not incurred on an arm's length commercial basis (including when the payment is

- made to an affiliate of the Payee), so much of them as are proper and reasonable; and
- (ii) the Payee will, when requested by the Payor, provide supporting evidence of such costs, expenses, fees, charges, liabilities, losses, claims or other sums;
 - (o) the Owner will not be imputed with knowledge of any fact, matter or thing unless that fact, matter or thing is within the actual knowledge of any of those of its employees or agents (including the Owner's Representative) who have responsibilities in connection with the conduct of the Work;
 - (p) without limiting the extent of its actual knowledge, the Design-Builder will for all purposes of this Agreement be deemed to have such knowledge in respect of the Work as is held (or ought reasonably to be held) by all persons involved in carrying out the Work including the Design-Builder and the Subcontractors (including the Design-Builder's Consultant) and the officers, agents, employees or workers of any of them;
 - (q) each requirement for a thing or action to be "in accordance with" or "in compliance with" any standard, code or specification or other requirement or stipulation means that such thing or action is to exceed or at least equal that standard, code, specification or other requirement or stipulation;
 - (r) the words "include", "includes" and "including" are to be construed as meaning "include without limitation", "includes without limitation" and "including without limitation", respectively;
 - (s) the terms "will", "shall" and "must" are synonymous and when used in relation to the Design-Builder they will be construed and interpreted as an obligation of the Design-Builder;
 - (t) the Statement of Requirements includes provisions written in the imperative, and all such provisions will be construed as obligations of the Design-Builder;
 - (u) when a party has "discretion", it means that party has the sole, absolute and unfettered discretion, with no requirement to act reasonably or provide reasons unless specifically required under the provisions of this Agreement;
 - (v) any consent contemplated to be given under this Agreement must be in writing;
 - (w) general words are not given a restrictive meaning:
 - (i) if they are introduced by the word "other", by reason of the fact that they are preceded by words indicating a particular class of act, matter or thing; or
 - (ii) by reason of the fact that they are followed by particular examples intended to be embraced by those general words;
 - (x) words or abbreviations which have well-known technical or trade meanings are used in accordance with those meanings;
 - (y) the expression "all reasonable efforts" and expressions of like import, when used in connection with an obligation of the Design-Builder, means taking in good faith and with due diligence all commercially reasonable steps to achieve the objective and to perform the obligation, including doing all that can reasonably be done in the circumstances taking into account each party's obligations hereunder to mitigate delays and additional

costs to the other party, and in any event taking no less steps and efforts than those that would be taken by a commercially reasonable and prudent person in comparable circumstances but where the whole of the benefit of the obligation and where all the results of taking such steps and efforts accrued solely to that person's own benefit, provided that the foregoing will not require the Owner to:

- (i) take any action which is contrary to the public interest, as determined by the Owner in its discretion; or
 - (ii) undertake any mitigation measure that might be available arising out of its status as a public body that would not normally be available to a private commercial party;
- (z) the expressions "by the Design-Builder" and "by or through the Design-Builder" and expressions of like import are synonymous and mean by the Design-Builder or by anyone employed by or through the Design-Builder, including the Design-Builder and all Subcontractors and their respective officers, agents, employees and workers;
- (aa) all accounting and financial terms used herein are, unless otherwise indicated, to be interpreted and applied in accordance with GAAP, consistently applied;
- (bb) if the time for doing an act falls or expires on a day that is not a Business Day, the time for doing such act will be extended to the next Business Day;
- (cc) each provision of this Agreement will be valid and enforceable to the fullest extent permitted by law. If any provision of this Agreement is held to be invalid, unenforceable or illegal to any extent, such provision may be severed and such invalidity, unenforceability or illegality will not prejudice or affect the validity, enforceability and legality of the remaining provisions of this Agreement. If any such provision of this Agreement is held to be invalid, unenforceable or illegal, the parties will promptly endeavour in good faith to negotiate new provisions to eliminate such invalidity, unenforceability or illegality and to restore this Agreement as nearly as possible to its original intent and effect; and
- (dd) each release, waiver of liability and indemnity in this Agreement expressed to be given in favour of a party is and will be interpreted as having been given in favour of and may be enforced by that party and, in the case of the Owner, by the Indemnified Parties.
- 1.4 All documents forming this Agreement are complementary, and what is required by any one will be as binding as if required by all.
- 1.5 If there is a conflict within the documents forming this Agreement:
- (a) the provisions establishing the higher quality, manner or method of performing the Work, using the more stringent standards, will prevail, with the intent that the provisions which produce the higher quality with the higher levels of safety, reliability, durability, performance and service will prevail;
 - (b) the order of priority of documents from highest to lowest will be:
 - (i) the part of this Agreement from the first page to the page with the signatures of the persons executing this Agreement;

- (ii) the schedules (including appendices, sub-schedules and attachments to the schedules), except Schedule 7 – Proposal Extracts, in the order in which they are listed in Section 1.2;
- (iii) Schedule 7 - Proposal Extracts;
- (c) specifications will govern over drawings;
- (d) drawings of a large scale will govern over those of a smaller scale of the same date;
- (e) dimensions shown in drawings will govern over dimensions scaled from drawings; and
- (f) later dated documents will govern over earlier dated documents of the same type.

PART B – PRICE, TIME, TERM

2. CONTRACT PRICE

- 2.1 The Owner will pay the Contract Price of \$15,997,984.00 plus applicable GST to the Design-Builder for performance of the Work.
- 2.2 The Contract Price is the entire compensation to the Design-Builder for performance of the Work.
- 2.3 The Contract Price is subject to adjustments as provided in this Agreement.
- 2.4 The Owner will pay the Contract Price to the Design-Builder as provided in this Agreement.

3. CONTRACT TIME

- 3.1 The Design-Builder will commence the Work within 7 days after the Effective Date and will thereafter diligently perform the Work in accordance with this Agreement and achieve Substantial Completion on or before **October 16, 2015** (the “Target Substantial Completion Date”) and Total Completion on or before the date that is 60 days after Substantial Completion.
- 3.2 The Design-Builder will perform the Work in compliance with the Time Schedule, as may be modified in accordance with the terms of this Agreement.
- 3.3 If the Design-Builder fails to achieve Substantial Completion on or before the Target Substantial Completion Date and the Owner has not extended the Time Schedule in accordance with this Agreement, the Design-Builder will pay to the Owner by way of liquidated damages and not as a penalty the sum of \$1,000 per day for each and every day after the Target Substantial Completion Date that Substantial Completion is not achieved (or if the Owner has extended the Time Schedule in accordance with this Agreement, such other date established for the Target Substantial Completion Date). The maximum aggregate amount of such liquidated damages will be of the Contract Price. If this Agreement is terminated, the reference in this Section 3.3 to the “Contract Price” will be deemed only for purposes of this Section 3.3 to be the amount to which the Design-Builder would have been entitled if the Design-Builder had properly performed and completed the Work and this Agreement had not been terminated. The liquidated damages will be the Owner’s sole claim for damages against the Design-Builder for failure to achieve Substantial Completion by the Target Substantial Completion Date. The liquidated damages will not relieve the Design-Builder from its obligation to complete the Work or from any other duties, obligations or responsibilities of the Design-Builder under this Agreement, and will not limit the

Owner's rights to terminate this Agreement for default of the Design-Builder under this Agreement.

- 3.4 The Owner and the Design-Builder agree that the amount in Section 3.3 represents a genuine pre-estimate of the damages and expenses that the Owner is likely to incur for such failure to meet the Target Substantial Completion Date for the Work and both parties expressly agree that such amount is not a penalty. The Owner may, in its discretion, either deduct the daily sums in respect of liquidated damages from the Performance Holdback or any amounts payable to the Design-Builder under this Agreement or may require payment thereof by the Design-Builder on demand.

4. TERM

- 4.1 With the exception of provisions that are expressly stated to survive the expiry of the Term, this Agreement is effective for the period commencing on the Effective Date and ending on the date (the "End Date") that (i) this Agreement is terminated in accordance with its terms or (ii) all of the following conditions are fulfilled:

- (a) the Design-Builder and the Owner have performed all obligations required under this Agreement;
- (b) the Total Completion Certificate has been issued in accordance with Section 44.12; and
- (c) the Design-Builder has fulfilled all of its obligations pursuant to Section 38.

5. REPRESENTATIVES, KEY PERSONNEL AND OWNER'S CONSULTANT

- 5.1 Within 7 days after the Effective Date, the Owner will give written notice to the Design-Builder designating its representative for the purposes of this Agreement (the "Owner's Representative"). The Owner will give written notice to the Design-Builder of any change of the Owner's Representative. The Owner or the Owner Representative may by written notice delegate any or all of the functions of the Owner's Representative to any other person, including for a specified period of time in the absence of the Owner's Representative.

- 5.2 The representative of the Design-Builder for the purposes of this Agreement (the "Design-Builder's Representative") will be the person designated as such in Schedule 5 – Key Individuals, unless otherwise agreed by the Owner. The Design-Builder's Representative may by written notice delegate any or all of the functions of the Design-Builder's Representative to any other person, including for a specified period of time in the absence of the Design-Builder's Representative.

- 5.3 The Design-Builder's Representative will represent the Design-Builder at the Site and written instructions given to the Design-Builder's Representative by the Owner will be deemed to have been given to the Design-Builder.

- 5.4 With respect to each of the Key Individuals, including the Design-Builder's Representative:

- (a) the Design-Builder will use all reasonable efforts to retain the Key Individuals to perform the role described in Schedule 5 – Key Individuals; and
- (b) if for any reason any Key Individuals resigns or is otherwise unavailable to perform the role described in Schedule 5 – Key Individuals then the Design-Builder will use all reasonable efforts to retain a replacement with similar expertise and experience to the unavailable Key Individuals, satisfactory to the Owner acting reasonably, and the Design-

Builder will not replace such Key Individuals without the Owner's consent, acting reasonably.

- 5.5 The Owner will engage the Owner's Consultant to provide, without limitation, the following services, duties and responsibilities:
- (a) determining of amounts owing to the Design-Builder based on the Owner's Consultant's observations and evaluations of the Design-Builder's applications for payment;
 - (b) issuing of certificates of payment;
 - (c) interpreting, in the first instance, of the requirements of this Agreement and the making of findings as to the performance hereunder by both the Owner and the Design-Builder without showing partiality to either the Owner or the Design-Builder, and in no event incurring liability for the result of such interpretations or findings rendered in good faith in such capacity;
 - (d) interpreting and finding, in the first instance, of Disputes;
 - (e) assisting the Owner with compliance team services, including assisting with review of the Design;
 - (f) rejecting Work which does not conform to the requirements of this Agreement;
 - (g) testing and inspection of the Construction by the Owner's Consultant, whether or not such Construction has been fabricated, installed, or completed;
 - (h) determining the dates of substantial performance under the *Builders Lien Act* (British Columbia), Substantial Completion and Total Completion and the issuing of certificates for same;
 - (i) verification of the Design-Builder's applications for release of the Performance Holdbacks;
 - (j) reviewing any defects or deficiencies in the Work at Substantial Completion and during the Warranty Period and the issuance of appropriate instructions for the correction of same; and
 - (k) such other work that may be required by the Owner from time to time and that is acceptable to the Owner's Consultant.
- 5.6 If the Owner's Consultant's engagement is terminated, the Owner will engage a new Owner's Consultant to provide the Owner's Consultant's services. The Owner will notify the Design-Builder in writing before appointing a new Owner's Consultant and the Owner will not appoint any person to be the new Owner's Consultant to whom the Design-Builder may reasonably object.

PART C - THE WORK

6. GENERAL

- 6.1 The Design-Builder will perform the Work in accordance with the requirements of this Agreement, including Schedule 1 – Statement of Requirements.
- 6.2 The Design-Builder will perform and provide all professional design services, construction administration and construction work and all labour, services, products, materials, tools, water,

heat, light, power, transportation, equipment, machinery and other facilities and services and everything else necessary for the performance of the Work.

7. TIME SCHEDULE

- 7.1 The Design-Builder will submit for review by the Owner, by no later than 14 days after the Effective Date and, in any event, before the Owner is required to make the first payment, a Time Schedule consistent with the form of Time Schedule included in the Proposal Extracts.
- 7.2 The Design-Builder will ensure that the Time Schedule will be consistent with and meet all applicable requirements of this Agreement, including the Target Substantial Completion Date and the date required for Total Completion.
- 7.3 The Design-Builder will submit for review by the Owner an updated Time Schedule at intervals of 1 month, reflecting progress to date and including a comparison to the previously submitted Time Schedule, the reasons for any changes from the previous Time Schedule and a forecast to achieving Substantial Completion and Total Completion.
- 7.4 If at any time the actual progress of the Work does not materially conform with the Time Schedule, the Design-Builder will:
- (a) submit to the Owner a report identifying the reasons for such non-conformity; and
 - (b) submit to the Owner a revised Time Schedule that meet all applicable requirements of this Agreement and provides for the Work to be pursued diligently to Substantial Completion and Total Completion.

8. CONTROL AND SUPERVISION OF THE WORK

- 8.1 The Design-Builder will effectively direct and supervise the Work using its best skill and attention. The Design-Builder will be solely liable and responsible for:
- (a) all design and all construction means, methods, techniques, sequences and procedures with respect to the Work; and
 - (b) coordinating all parts of the Work under this Agreement and for coordinating the Work with work of Subcontractors and, in accordance with Section 22.2, with work of Other Contractors,

in accordance with generally accepted management and supervisory practices in British Columbia.
- 8.2 The Design-Builder will have the sole responsibility for the design, erection, operation, maintenance and removal of temporary structures and other temporary facilities and the design and execution of construction methods required in their use. The Design-Builder will engage and pay for Professional Engineers and Architects to perform these functions where required by Law, and in all cases where such temporary facilities and their method of construction are of such a nature that the education, training and qualifications of the Architect or Professional Engineer are required to produce safe and satisfactory results.
- 8.3 The Design-Builder will execute the Work in a continuous and diligent manner, and perform all its obligations in conformance with this Agreement, including the Project Management Plan and the Time Schedule.

- 8.4 Unless otherwise stated in this Agreement, the Design-Builder will perform the Work at the times, in the order of procedure and in the manner and method that the Design-Builder considers appropriate provided such Work is in conformance with this Agreement, including the Project Management Plan, Phasing Plan, Work Plan, Site Plan and the Time Schedule.
- 8.5 The Design-Builder will employ a competent superintendent, and necessary assistants, at the Site at all times during the progress of the Work.
- 8.6 The Design-Builder will employ or cause the Subcontractors to employ a sufficient number of sufficiently skilled workers to perform the Construction in compliance with this Agreement.
- 8.7 The Design-Builder will at all times maintain good order and discipline among its employees engaged on the Work.
- 8.8 Before commencing the Work, the Design-Builder will:
- (a) purchase and deliver the Bonds as set out in Section 60 to the Owner;
 - (b) deliver to the Owner the Parent Guarantee, the certificate and the legal opinion as described in Section 60; and
 - (c) file with the Owner certificates of all insurance policies and necessary endorsements to comply with the Insurance Conditions.
- 8.9 The Design-Builder will not perform any Construction on the Site prior to the Site Occupation Date and will not commence any Construction until the Design-Builder has submitted a Design for that portion of the Work to be constructed that is in conformance with this Agreement, submitted to the Owner under the Review Procedure and that the Design-Builder is entitled to proceed with under the Review Procedure.
- 8.10 If agreed to in writing by the Owner, the Design-Builder may perform necessary limited investigative and preparatory activities on the Site prior to the Site Occupation Date.

9. QUALITY MANAGEMENT

- 9.1 The Design-Builder is solely responsible for the quality of the Work and will diligently implement its Quality Management Plan.
- 9.2 The Design-Builder will establish, implement and submit for the review by the Owner, by no later than 30 days after the Effective Date, a Quality Management Plan consistent with the form of Quality Management Plan included in the Proposal Extracts and the requirements of this Section 9. The Design-Builder will perform the Work in accordance with, and meet the requirements of, the Quality Management Plan.
- 9.3 The Quality Management Plan will:
- (a) meet all applicable requirements of this Agreement;
 - (b) outline the procedures to be implemented to ensure robust and thorough quality control and quality assurance by the Design-Builder and its Subcontractors;
 - (c) clearly indicate the processes, testing, certification and auditing that will be performed to verify all parts of the Work comply with this Agreement;

- (d) clearly indicate the timing of the elements of the Quality Management Plan and the documentation to demonstrate compliance that will be obtained by the Design-Builder and its Subcontractors and provided to the Owner;
 - (e) include all processes, testing, certification, auditing and documentation reasonably required by the Owner's Consultant; and
 - (f) ensure that the Work will meet the requirements of this Agreement.
- 9.4 The Design-Builder will not commence any Construction until:
- (a) the quality control and quality assurance procedures applicable to that part of the Work have been developed and included in the Quality Management Plan and the Design-Builder is entitled to proceed with the Quality Management Plan in accordance with the Review Procedure; and
 - (b) such quality control and quality assurance procedures are fully implemented by the Design-Builder.
- 9.5 The Owner may at any time audit the Quality Management Plan and its implementation and may, at the Owner's expense, carry out independent quality control testing at any time.
- 9.6 Nothing in this Section 9 and no review, audit, inspection, acceptance, comment, approval, action or inaction by the Owner, the Owner's Representative, the Owner's Consultant or any person on behalf of the Owner or by or on behalf of any governmental authority will derogate from or relieve the Design-Builder from its obligations under this Agreement including sole responsibility for the quality of the Work, the Quality Management Plan and implementation of the Quality Management Plan.
- 9.7 The Owner, the Owner's Representative, the Owner's Consultant and other persons designated by the Owner will, subject to the terms of this Agreement relating to health and safety, have access to the Work at all times at the Site and wherever the Work is in preparation or progress and the Design-Builder will provide reasonable facilities for such access.
- 9.8 If any of the Work requires tests, inspections or approvals by this Agreement, or by the written instructions of the Owner or the Owner's Consultant, or by applicable Laws, the Design-Builder will give the Owner reasonable notice of when such Work is ready for review and inspection. The Design-Builder will arrange for and will give the Owner reasonable notice of the date and time of inspections by any governmental authorities.
- 9.9 The Design-Builder will furnish promptly to the Owner, on request, a copy of certificates and inspection reports relating to the Work.
- 9.10 If the Design-Builder covers, or permits to be covered, Work that has been designated for tests, inspections or approvals before such tests, inspections or approvals are made, given or completed, the Design-Builder will, if so directed, uncover such Work, have the inspections or tests satisfactorily completed, and make good the covering work at the Design-Builder's expense.
- 9.11 Subject to Section 9.10, the Owner may order any portion or portions of the Construction to be examined to confirm that such Construction is in accordance with the requirements of this Agreement. If the Construction is not in accordance with the requirements of this Agreement, the Design-Builder will correct the Construction and pay the cost of examination and correction. If the Construction is in accordance with the requirements of this Agreement, the Owner will pay all costs incurred by the Design-Builder and may acting reasonably provide an extension to the Contract Time as a result of such examination and the restoration of the Construction.

- 9.12 If the results of any testing or other aspect of the Quality Management Plan or implementation of the Quality Management Plan disclose that any part of the Work is incomplete or defective in any way, the Design-Builder will immediately complete that part of the Work or correct the defect at its own expense.
- 9.13 If the Owner's Consultant or other representatives of the Owner makes more than one review of any aspect of the Work as a result of such Work being incomplete or defective or reviews more than one test, inspection or approval in respect of any aspect of the Work as a result of such Work being incomplete or defective, the Design-Builder will bear the costs and expenses of the Owner, the Owner's consultant and other representative.
- 9.14 Prior to Total Completion, the Design-Builder will deliver to the Owner all tests and results taken and generated by the implementation of the Quality Management Plan.
- 9.15 The Design-Builder will permit access to the Site and to the Design and the Construction to persons designated by the Owner including persons representing other governmental authorities.

10. LEED GOLD CERTIFICATION

- 10.1 The Design-Builder acknowledges that the Hospital has obtained LEED gold certification from CaGBC.
- 10.2 The Design-Builder will meet the requirements of the LEED credits that have been obtained for the Hospital, following leased tenant space guidance in the Application Guide for Core and Shell Buildings and Leased Tenant Space in LEED Canada - NC.
- 10.3 As a condition of Substantial Completion, the Design-Builder will deliver to the Owner:
- (a) a written confirmation that, in the Design-Builder's judgment, the Design-Builder has complied with the requirements of Section 10.2; and
 - (b) a written opinion from a LEED accredited professional supporting the confirmation described in Section 10.3(a) above.

11. NOT USED

12. PROJECT CREDITS

- 12.1 The Owner will be entitled to any and all Project Credits related to the Work, the Facility and its operation.
- 12.2 The Design-Builder will, on behalf of the Owner, apply to any other applicable incentive programs ("Credit Provider") and take all reasonable steps to obtain for the Owner the maximum benefits (funding, rebates, incentives and cost savings) offered by each Credit Provider under such program(s).
- 12.3 Without limitation, the Design-Builder will:
- (a) meet with Credit Providers at an early stage of the design of the Project;
 - (b) carry out any required studies;
 - (c) collaborate with each Credit Provider to identify potential improvements to the Facility design and methods of performing the Work that may achieve greater Project Credits; and

- (d) use all commercially reasonable efforts to maximize available Project Credits through the design and construction of the Facility (to the extent possible while maintaining consistency with the Statement of Requirements).

13. NOT USED

14. EQUIPMENT AND FURNISHINGS

- 14.1 Without limiting the requirements of the Statement of Requirements in respect of equipment and furnishings, the Design-Builder will complete the Design and Construction to integrate and accommodate all equipment and furnishings in the Facility, including all required electrical and plumbing connections, structural support, seismic restraints and space for efficient access, all to the tolerances and specifications as may be specified and required by the manufacturers or vendors of the equipment (which may be of a higher standard than specified in this Agreement). The Design-Builder will include equipment and furnishings as part of the development of Design under this Agreement.

15. REVIEW PROCEDURE

- 15.1 The Review Procedure will apply to all Submittals and the parties will comply with the requirements of that Schedule.

16. GENERAL DESIGN REQUIREMENTS

- 16.1 The Design-Builder is responsible for the means, methods, techniques, sequences and procedures necessary to properly complete the Design in conformance with this Agreement, including the Project Management Plan and the Time Schedule.

- 16.2 The Design-Builder will:

- (a) ensure that the Work, including the Design, is fully compliant with all requirements of this Agreement and all applicable Laws; and
- (b) perform and complete the Design and the Work so as to provide the completed Project that is fit for the intended uses as described in the Statement of Requirements.

- 16.3 The Design-Builder will:

- (a) cause all portions and aspects of the Drawings and Specifications to be prepared under the direction of, and to be sealed under the professional seal of, the Design-Builder's Consultant;
- (b) cause the Design-Builder's Consultant to confirm to the Owner, under his or her professional seal (if applicable), that in the opinion of the Design-Builder's Consultant:
 - (i) the Drawings and Specifications implement and otherwise conform to the Statement of Requirements;
 - (ii) the Drawings and Specifications implement and otherwise conform to the Proposal Extracts;
 - (iii) the Drawings and Specifications have been prepared in accordance with, and substantially comply with, all Standards; and

- (iv) the Design-Builder's Consultant has carried out the general reviews of the progress of the Construction, to the extent necessary, in order to determine to the Design-Builder's Consultant's satisfaction that the Construction is performed in general conformity with the requirements of the Agreement, the Drawings and Specifications and applicable Laws; and
 - (c) provide the Owner and all applicable governmental authorities with all letters of professional assurance as required pursuant to applicable Laws.
- 16.4 The Design-Builder will not construct any part of the Work that is not based on the most recent Drawings and Specifications or that does not meet the Statement of Requirements and other requirements of this Agreement. To the extent that the Drawings and Specifications conflict with, modify or deviate from the Statement of Requirements and other requirements of this Agreement, the Design-Builder will revise the Drawings and Specifications and submit them to the Owner under the Review Procedure.
- 16.5 The Design-Builder will make, or cause the Design-Builder's Consultant to make, any revisions to the Drawings or Specifications as are necessary from time to time due to Changes and, for clarity, the Design-Builder will comply with Section 16.3 with respect to any such revisions.
- 16.6 Nothing in this Section 16, or otherwise in or under this Agreement, makes the Owner, the Owner's Representative, the Owner's Consultant or any other person on behalf of the Owner responsible for the Design of the Project, including compliance of the Drawings and Specifications with the Statement of Requirements and all Standards, and the Design-Builder will, notwithstanding any review or acceptance under the Review Procedure or this Section 16 or other act of the Owner, remain solely liable and responsible for compliance of the Drawings and Specifications with the Statement of Requirements and all Standards.
- 16.7 Without limiting any of the obligations of the Design-Builder under this Agreement, the duties and responsibilities of the Design-Builder with respect to the Design include:
 - (a) review of the documents, reports, drawings, Statement of Requirements and other information provided by the Owner and reporting promptly to the Owner any error, inconsistency or omission the Design-Builder may discover;
 - (b) preparation of a Design that meets the Statement of Requirements, all Standards, all applicable Laws and all terms of this Agreement;
 - (c) the coordination required to integrate all parts of the Design in the Work;
 - (d) preparation of all reports, documents, information, schemes and presentation materials as required by this Agreement;
 - (e) inspecting the progress of the Construction in order to determine that the Work is in compliance with the requirements of the Design, Specifications, all Standards and all terms of this Agreement;
 - (f) liaising with the Owner and local authorities having jurisdiction as required during the Design and Construction and providing copies of all correspondence with such local authorities to the Owner; and
 - (g) providing all required assurances to local authorities having jurisdiction respecting substantial conformance of the Design with all Standards and as may be required for the issuance of or compliance with any permits, licenses or approvals.

16.8 The Design-Builder will ensure that the Design-Builder's Consultant and all other architects, engineers and other professionals performing professional services related to the Design fulfill their duties and responsibilities to the standard of diligence, skill and care that such persons would customarily provide in accordance with their professional and legal obligations in similar circumstances and in the same general geographic location as the Site. Any failure by any of the Design-Builder's Consultants or other architects, engineers or professionals performing professional services in relation to the Design will not relieve the Design-Builder of any responsibility for ensuring that the Work is carried out in conformance with this Agreement including the Statement of Requirements, the Design and all Standards.

16.9 If the Design-Builder's Consultant's engagement is terminated, the Design-Builder will engage a new Design-Builder's Consultant to provide the Design. The Design-Builder will notify the Owner in writing before appointing or re-appointing the Design-Builder's Consultant, and the Design-Builder will not appoint any Design-Builder's Consultant to whom the Owner may reasonably object.

17. DESIGN PROCESS

17.1 Unless otherwise agreed by the Owner, the Design-Builder will submit Drawings and Specifications and supporting information to the Owner for review under the Review Procedure at the following Design stages:

- (a) schematic design;
- (b) design development;
- (c) pre-tender Drawings and Specifications; and
- (d) 100% "issued for construction" Drawings and Specifications.

17.2 Within 30 days after the Effective Date, the Design-Builder will deliver to the Owner the schematic design Drawings and Specifications for the Project.

17.3 After review of the Submittals at the pre-tender Drawings and Specifications stage by the Owner, the Design-Builder will finalize and complete the "issued for construction" Drawings and Specifications. The Design-Builder will provide 5 copies of the final "issued for construction" Drawings and Specifications, and any revisions, to the Owner together with a certificate from the Design-Builder's Consultant that the "issued for construction" Drawings and Specifications conform to the requirements of this Agreement and Submittals from the pre-tender Drawings and Specifications stage (including to address comments received from the Owner). The Design-Builder will provide the Drawings and Specifications in AutoCAD DXF, AutoCAD DWG and Adobe PDF format acceptable to the Owner, acting reasonably.

17.4 Without limiting the generality of Section 17.1, each of the Submittals in this Section 17 must be formatted in a manner and contain detail that is satisfactory to the Owner. The Submittals must have clearly identified sections for:

- (a) architectural design;
- (b) structural design;
- (c) mechanical design;
- (d) electrical design; and

- (e) sustainable design.
- 17.5 Each of the Submittals in this Section 17 must contain:
- (a) 5 sets of Drawings at 50% scale and 1 set of Drawings at full scale;
 - (b) 5 sets of Specifications;
 - (c) 5 sets of supporting material (such as: code analysis, energy cost models, acoustic design reports, correspondence, etc.);
 - (d) relevant design calculations and material specifications;
 - (e) reports showing the Design decision process, criteria and assumptions used to develop the Design;
 - (f) at the schematic design stage, exterior perspectives;
 - (g) at the design development stage, interior perspectives;
 - (h) at the design development stage, all development and building permit drawings and design;
 - (i) any other information the Design-Builder determines will assist the Owner (such as: models or three-dimensional renderings);
 - (j) a certificate from the Design-Builder's Consultant that the Drawings and Specifications conform to the requirements of this Agreement; and
 - (k) any other information that the Owner may reasonably request.
- 17.6 The Design-Builder will also comply with any requirements set out in the Statement of Requirements in relation to the stages and process for Design, including with respect to meetings, presentations, mock-ups and User Consultation Groups.

18. OWNERSHIP OF DOCUMENTS

- 18.1 The Design-Builder acknowledges and agrees that this Agreement contains intellectual property that is protected by copyright and that this intellectual property is intended to be used solely for the purposes of the Project. The Design-Builder will obtain prior written permission and will require the Design-Builder's Consultant and any other Subcontractors to obtain prior written permission for any other use.
- 18.2 Copyright for the Design and Drawings belongs to the Design-Builder, the Design-Builder's Consultant or other consultants who prepared them.
- 18.3 Plans, sketches, Drawings, graphic representations and Specifications, including computer generated designs, when prepared by the Design-Builder's Consultant or other consultants are instruments of their service and will remain their property whether the construction for which they are made is executed or not.
- 18.4 Submission or distribution of the Design-Builder's Consultants' or other consultants' plans, sketches, Drawings, graphic representations and Specifications to meet official regulatory requirements or for other purposes in connection with the Work is not to be construed as publication in derogation of their reserved rights.

18.5 The Owner may retain copies, including reproducible copies, of all plans, sketches, Drawings, graphic representations and Specifications and other material including the Record Drawings. The Design-Builder hereby grants to the Owner an irrevocable licence to use the Design and any and all such material for any purpose related to the use and ownership of the Facility (including any renovations, additions or alterations to the Facility), for completion of any Work in the event of termination of this Agreement and for reference purposes in connection with other operations, projects and facilities of the Owner. Such licence may be sublicensed, assigned, at the discretion of the Owner, to any third party who has or may acquire an interest or obligation related to the Facility, including for any facilities maintenance, life cycle repair/replacement or other services to the Owner or others in relation to the Facility. The Design-Builder at the Owner's request, and prior to any payment after such request is made, will deliver to the Owner a consent and acknowledgement signed by the Design-Builder's Consultant confirming such licence.

18.6 Models and renderings furnished by the Design-Builder are the property of the Owner.

19. ERRORS IN DESIGN

19.1 The Design-Builder is responsible for the Design, including all errors, omissions or deficiencies in the Design.

19.2 The Design-Builder will give written notice to the Owner immediately upon becoming aware of any error, omission or deficiency in the Design.

19.3 The Design-Builder will remedy at its own cost any error, omission or deficiency identified in the Design, including any resulting error, omission or deficiency in the Design that results in defects or deficiencies in any part of the Construction that has been commenced or completed. The Design-Builder will ensure that such remediation will conform to the requirements of this Agreement.

20. LABOUR AND PRODUCTS

20.1 Unless otherwise expressly provided in this Agreement, the Design-Builder will provide and pay for all labour, products, materials, tools, equipment, machinery, water, heat, light, power, transportation and all other facilities, things and services (including services for Design) necessary for the performance of the Work in accordance with this Agreement.

20.2 All products, materials, equipment and machinery provided will be new unless otherwise expressly specified in this Agreement.

21. SUBCONTRACTS

21.1 The Design-Builder will preserve and protect the rights of the Owner under this Agreement with respect to any Work to be performed by a Subcontractor, so that the subcontracting does not prejudice the Owner's rights under this Agreement.

21.2 The Design-Builder will be responsible to the Owner for the performance of all Subcontractors and will require the Subcontractors to perform their work in accordance with the terms and conditions of this Agreement.

21.3 The Design-Builder will be as fully responsible to the Owner for acts and omissions of Subcontractors and of persons directly or indirectly employed by them as for the acts and omissions of persons directly employed by the Design-Builder.

21.4 Nothing contained in this Agreement will create any contractual relationship between the Owner and any Subcontractors or their officers, agents, employees or workers.

- 21.5 The Design-Builder will require every Subcontractor to observe the terms of this Agreement so far as they apply to that portion of the Work to be performed directly or indirectly by that Subcontractor. The Design-Builder will require that the terms of this Agreement that are applicable to the portion of the Work to be performed by a Subcontractor will form part of that Subcontract.
- 21.6 The Design-Builder will require that every Subcontract for designers and Subcontractors require such designers and Subcontractors, where requested by either the Owner or the Design-Builder, to attend any Dispute resolution process including discussions, negotiations, mediation or arbitration between the Design-Builder and the Owner; provide frank, candid and timely disclosure of relevant information and documentation; and, bona fide negotiations to resolve such Disputes.

22. OTHER CONTRACTORS

- 22.1 The Owner reserves the right to enter into separate contracts with Other Contractors in relation to the Project or to perform work itself. The Design-Builder will cooperate with and coordinate the Work with all concurrent construction activities by the Owner or Other Contractors on the Site or adjacent to the Site.
- 22.2 The Design-Builder will:
- (a) coordinate the Work with that of Other Contractors and connect the Work with the work of Other Contractors as applicable; and
 - (b) ensure that performance of the Work is carried out in accordance with the Time Schedule so that Other Contractors are not delayed in their work.
- 22.3 The Design-Builder will promptly report to the Owner any apparent deficiencies in Other Contractors' work that could affect the Work as soon as they come to the Design-Builder's attention, and will confirm such report in writing promptly.
- 22.4 Where a Change is required as a result of the coordination and connection of the work of Other Contractors or the Owner with the Work, the Changes will only be made as provided in Section 47.
- 22.5 The Owner will require Other Contractors to coordinate and schedule their construction activities at the Site in accordance with the reasonable instructions of the Design-Builder acting as prime contractor that are applicable to health and construction safety at the Site and that are in accordance with the *Workers Compensation Act* (British Columbia).
- 22.6 The Design-Builder acknowledges that other persons working at the Site may be union or non-union. The Design-Builder will comply with all requirements of the Owner in respect of labour relations and the Design-Builder will take all reasonable precautions to avoid labour disruptions caused or contributed to by the Design-Builder, its Subcontractors or any persons performing the Work.
- 22.7 The Owner will assure, where possible, that Other Contractors are bound to equivalent terms as those found in this Section 22.
- 22.8 Claims, disputes, and other matters in question between the Design-Builder and Other Contractors will be dealt with as provided in Section 63 provided the Other Contractors have reciprocal obligations. The Design-Builder will be deemed to have consented to arbitration of any dispute with any Other Contractor whose contract with the Owner contains a similar requirement to Section 63.

23. ACCESS TO AND USE OF SITE

- 23.1 Subject to the Site Plan, Phasing Plan, Work Plan and any limitations in this Agreement, the Owner grants to the Design-Builder a licence to enter and be upon the Site from the Site Occupation Date until Substantial Completion, to perform the Work that is required to be performed on the Site.
- 23.2 After Substantial Completion, the Owner will provide access to the Facility as reasonably required for completion of the Work, taking into account the Owner's use and occupancy of the Facility.
- 23.3 After Substantial Completion, the Owner will provide access to the areas of the Site as reasonably required for completion of the Work, taking into account the Owner's use and occupancy of the Site.
- 23.4 The Design-Builder will:
- (a) limit its activities to the areas within the Site which are identified in the Site Plan, Phasing Plan and Work Plan as required to perform the particular aspect of Work, unless the Design-Builder obtains permission to occupy or use other lands;
 - (b) not access any areas of the Site or adjacent properties, including airspace, which it is not permitted to access under the Site Plan, Phasing Plan or Work Plan, without the prior written permission of the Owner; and
 - (c) obtain any construction easements and permits that may be required for construction of the Project. When requested to do so by the Design-Builder, the Owner may at its discretion provide reasonable assistance to the Design-Builder in obtaining such construction easements and permits required for the construction of the Project but, in no circumstance will the Owner be required to incur any costs or make any payments.
- 23.5 The Design-Builder will:
- (a) not remove or disturb trees or other vegetation for purposes of the Work, including for the purpose of providing a lay down area unless the trees and other vegetation are restored with trees and other vegetation of similar size and kind and in accordance with any applicable Laws and the Statement of Requirements. The Design-Builder will obtain any required tree cutting permits; and
 - (b) rehabilitate all construction lay down areas to a standard not less than that observed for pre-existing conditions before Site Occupation Date and recorded in the Pre Construction Survey.
- 23.6 The Design-Builder acknowledges that no parking is available at the Site and agrees that the Design-Builder, the Subcontractors and their respective workers will not park on public streets within a 1km radius of the Site. The Design-Builder will use reasonable efforts to provide temporary parking or other alternate transportation solutions for workers.

24. PHASED CONSTRUCTION

- 24.1 The Design-Builder will carry out the Construction in accordance with a phasing plan (the "Phasing Plan") that includes the details for the Design-Builder's phasing of all parts of the Construction, including:
- (a) all Site preparation;

- (b) Construction of the Facility, including the requirements and timing for construction and commissioning (including all systems and equipment);
- (c) restricting Construction to the Facility until it is completed by the Design-Builder and made available to the Owner for occupancy;
- (d) parking, access and traffic flows, including maintaining adequate vehicle, delivery and pedestrian access; and
- (e) compliance with all requirements of this Agreement,

and the Design-Builder will submit the Phasing Plan to the Owner not less than 30 days after the Effective Date and will not proceed until the Phasing Plan has received the notation "Reviewed" under Schedule 2 - Review Procedure. If the Design-Builder proposes revisions to the Phasing Plan, the Design-Builder will submit the proposed revised Phasing Plan to the Owner and will not proceed with revised Phasing Plan until it has received the notation "Reviewed" under Schedule 2 - Review Procedure.

24.2 The Design-Builder will:

- (a) comply with the reviewed Phasing Plan;
- (b) construct the Facility within the area of the Site;
- (c) perform all Construction activities within the areas of the Site provided in the Site Plan and Phasing Plan, except as approved by the Owner for any work required in other areas of the Site or the Hospital;
- (d) perform all Construction activities without blocking or disrupting vehicle, delivery or pedestrian access, except as may be permitted pursuant to a Phasing Plan;
- (e) cause the Design-Builder's personnel, Construction workers, Subcontractors and suppliers to enter or exit the Site only at the access routes indicated on the Site Plan and Phasing Plan, unless otherwise approved by the Owner;
- (f) take reasonable steps to ensure that Construction workers or suppliers do not smoke on any portion of the Site or the Hospital other than designated smoking areas;
- (g) provide a 24-hour hotline (and post the phone number in a prominent location on the Site) for:
 - (i) Owner staff to notify the Design-Builder of any Construction related emergencies; and
 - (ii) neighbours and passers-by to contact the Design-Builder,

and the Design-Builder will respond to any phone calls made on the hotline within 1 hour of receipt;

- (h) provide a communications officer to provide a single point of contact regarding construction and development issues; and
- (i) before commencing the Construction, prepare and implement in co-operation with the Owner a construction fire safety plan for the Project, which plan will describe emergency access routes to and from the Facility and the Site during an emergency.

24.3 If the Design-Builder performs any Construction outside of the area designated at the Site, the Design-Builder will comply with all policies and other requirements of the Owner.

25. CONNECTIONS AND INTEGRATION TO HOSPITAL

25.1 The Hospital must remain fully operational at all times during Construction.

25.2 The Design-Builder will:

- (a) co-operate with the Owner to co-ordinate any work required to connect to the Hospital to minimize the interference to the on-going operation of the Hospital, including the delivery of quality patient care;
- (b) adhere to all Owner policies and procedures relating to the Hospital established from time to time, provided that if the Owner changes any such policies or procedures; and
- (c) at least seven days before proceeding with any proposed shutdown of Hospital services, deliver to the Owner and obtain the Owner's approval of a work plan (the "Work Plan") clearly identifying:
 - (i) the activity that may interfere with the operation of the Hospital, including a description of the nature, timing and extent of interference;
 - (ii) the steps the Design-Builder intends to take to minimize the extent of such interference;
 - (iii) the temporary measures that the Owner will be required to take to accommodate the interference; and
 - (iv) any specific reporting relationships between the Design-Builder and the staff desirable or required to coordinate the interference,

unless the Owner, at its discretion, notifies the Design-Builder in writing that a Work Plan will not be required for particular work or a particular shutdown.

25.3 Prior to delivering a Work Plan, the Design-Builder will consult with the Owner and, upon reasonable request, the Owner will make appropriate staff available for such consultation to determine the Work Plan that minimizes interference to the Hospital. The Design-Builder will not proceed with any work in the Hospital or any proposed shutdown of Hospital services without:

- (a) the Owner's prior written approval of a Work Plan under this Section 25, such approval not to be unreasonably withheld or delayed; or
- (b) advance written notice from the Owner confirming that a Work Plan is not required.

26. SIGNAGE

26.1 The Design-Builder may erect signage at the Site during Construction to identify the Design-Builder and Subcontractors provided such signage is acceptable to the Owner, acting reasonably. The Design-Builder will also erect the Owner's signage as required by the Owner.

27. USE OF SITE

27.1 The Design-Builder will confine its construction machinery and equipment, tools, storage of materials and products, and the operations of workers to the Site, Phasing Plan or Work Plan or

- by or under all applicable Laws, and will not unreasonably encumber the Site or other activities on the Site.
- 27.2 The Design-Builder will comply with the Owner's policies, procedures and instructions, including regarding parking, safety, harassment, fires, smoking, signs and advertisements.
- 27.3 The Design-Builder will not load or permit to be loaded any part of the Construction with a weight or force that endangers the safety of the Project.
- 27.4 The Design-Builder will ensure that the Work does not adversely impact the ongoing operations of the Owner, or any person on behalf of the Owner, near or adjacent to the Site, including the operation of the Hospital.
- 27.5 The Design-Builder will confirm the location of all utilities and ensure that all of its labour force, employees, Subcontractors and any other workers at the Site:
- (a) are made aware of the location of all utilities in connection with the Project and the importance of avoiding damage to those underground utilities;
 - (b) observe any instructions in connection with those utilities issued by the Owner on behalf of any applicable utility owners; and
 - (c) protect all such utilities;
- 27.6 The Design-Builder acknowledges and agrees that:
- (a) with regard to Public Elevator #10 of the Hospital:
 - (i) the Owner is causing the installation of such elevator;
 - (ii) the estimated completion date for such installation is on or before April 30, 2014;
 - (iii) the Owner does not guarantee such completion date and the date is subject to change;
 - (iv) such elevator will be dedicated for the Design-Builder's use after such completion date until Substantial Completion;
 - (v) the Design-Builder may utilize such elevator for transportation of workers to and from the Site, and for no other use unless agreed in advance by the Owner; and
 - (vi) access to such elevator will be made through the main entrance at Level 2; and
 - (b) with regard to Service Elevator #13 of the Hospital:
 - (i) the Design-Builder may utilize Service Elevator #13 for transportation of supplies and materials to and from the Site during the hours of 18:00 and 22:00 daily, and for no other use unless agreed in advance by the Owner;
 - (ii) priority calls for service elevators within the Hospital, including Code Blue calls and emergency patient transports, may limit access to such elevator at any time; and
 - (iii) access to such elevator will be made through the loading dock and service corridors at Level 0 (basement); and

- (c) without limiting the foregoing, the Design-Builder will comply with procedures for access and use of the elevators established by the Owner from time to time.

28. CONDITIONS AT SITE/DISCLOSED DATA

28.1 The Design-Builder acknowledges and agrees that:

- (a) it has had the opportunity to undertake examinations and investigations of the Site in order to satisfy itself as to Site conditions and the impact they could have on any or all of the Work (including Design and Construction), Contract Time and Contract Price; and
- (b) subject to Section 30, the Design-Builder is not entitled to any adjustment in the Contract Time or Contract Price, or to any other remuneration, compensation or damages whatsoever, in any way connected with Site conditions.

28.2 It is the Design-Builder's responsibility to have conducted its own analysis and review of the Project and, before the execution of this Agreement, to have taken all steps it considers necessary to satisfy itself as to the accuracy, completeness and applicability of any Disclosed Data upon which it places reliance and to assess all risks related to the Project. The Design-Builder will not be entitled to and will not make (and will ensure that no Subcontractor makes) any claim against the Owner or any Indemnified Party, whether in contract, tort or otherwise including any claim in damages for extensions of time or for additional payments under this Agreement on the grounds:

- (a) of any misunderstanding or misapprehension in respect of the Disclosed Data;
- (b) that the Disclosed Data was incorrect or insufficient; or
- (c) that incorrect or insufficient information relating to the Disclosed Data was given to it by any person other than the Owner,

nor will the Design-Builder be relieved from any obligation imposed on or undertaken by it under this Agreement on any such ground.

29. NOT USED

30. CONTAMINANTS AND ENVIRONMENTAL MANAGEMENT

30.1 The Design-Builder acknowledges and agrees it has had the opportunity to undertake examinations and investigations of the Site, including existing buildings and facilities, in order to satisfy itself as to Site conditions and the impact they could have on any or all of the Work (including Design and Construction), Contract Time, and Contract Price.

30.2 The Design-Builder acknowledges that the Owner has made no representation or warranty as to the absence or presence on, in or under the Site of any Contaminant. If the Design-Builder, after commencing the Work, encounters or has reason to believe in the existence of any Contaminant on, in or under the Site, the Design-Builder will at once take all reasonable steps, including suspension of the Work, as necessary to ensure that no person or property suffers injury, sickness, death, damage or destruction as a result of exposure to, or the presence of, any Contaminant, and the Design-Builder will immediately report such Contaminant to the relevant governmental authorities and to the Owner.

30.3 If the Design-Builder is delayed in performing the Work due to discovery of Contaminants by taking steps required under Section 30.2, the Design-Builder's entitlement to an extension of the Contract Time and reimbursement of costs will be determined in accordance with Section 51. If

the Design-Builder is not delayed in performing the Work but incurs additional costs due to discovery of such Contaminants, adjustment in the Contract Time or the Contract Price will be agreed upon or determined in accordance with Section 48 (Valuation and Certification of Changes).

31. SITE SAFETY

- 31.1 The Design-Builder agrees to be the “prime contractor” for the purposes of all applicable occupational health and safety Laws, including the *Workers Compensation Act* (British Columbia), and the Design-Builder is responsible for filing any documents necessary to comply with the *Workers Compensation Act* (British Columbia), including a notice of project. The Design-Builder will comply with all requirements of the *Workers Compensation Act* (British Columbia) and any other occupational health and safety Laws, applicable to the Project, the Work or to the Site.
- 31.2 Prior to commencing the Work and as a condition of receiving payment on Substantial Completion and on Total Completion, the Design-Builder will provide the Owner with satisfactory written evidence of compliance by the Design-Builder with all requirements under the *Workers Compensation Act* (British Columbia), including payments of assessments due under it to the Workers’ Compensation Board. Without limiting the foregoing, the Owner may at any time require the Design-Builder to provide evidence of compliance with all requirements under the *Workers Compensation Act* (British Columbia), or payment of assessments due under it to the Workers’ Compensation Board, or both.
- 31.3 When required to do so by the Owner, the Design-Builder will provide the Owner with evidence of its compliance and compliance of any or all of its Subcontractors under Section 31.2.
- 31.4 Following the Site Occupation Date until the transfer of care, custody and control of each of the Work and the Site pursuant to Section 39.2 and Section 39.3 respectively, the Design-Builder will coordinate health and safety for the Site for all activities performed by its workers as well as those of Subcontractors, utilities, inspectors, the Owner, Other Contractors and any others performing any activities at the Site.
- 31.5 The Design-Builder will establish, implement and provide for the review by the Owner, by no later than 30 days after the Effective Date, a plan (the “Health and Safety Plan”) that meets all applicable requirements of this Agreement with respect to health and safety at the Site and that addresses the safety of the Owner, patients and others who may be on the Site or property in the vicinity of the Site. The Design-Builder will provide safety fencing and hoarding as necessary to limit access to the Site in accordance with the Health and Safety Plan.
- 31.6 The Design-Builder will ensure that its Health and Safety Plan is consistent with, and accommodates any requirements of, the Owner’s policies regarding safety and that it specifically addresses the safety of the Owner, patients and others who may be on the Site or property in the vicinity of the Site.
- 31.7 The Design-Builder will maintain and comply with the Health and Safety Plan in all material respects during execution of the Work.
- 31.8 Prior to any person accessing the Site pursuant to this Agreement, the Design-Builder will provide health and safety orientation and information to such person in accordance with its Health and Safety Plan.

32. INFECTION CONTROL, DUST, NOISE AND VIBRATION

- 32.1 The Design-Builder will carry out its Construction to minimize dust and noise and vibration and to mitigate any adverse effects on the Hospital.

- 32.2 The Design-Builder will comply with CSA Z317.13 (Infection Control during Construction, Renovation or Maintenance of Health Care Facilities), including "Preventative Measure IV", at all times and monitor compliance with CSA Z317.13 on a daily basis and deliver to the Owner no later than the 5th day of each month, a performance report for the previous month that:
- (a) describes the steps taken by the Design-Builder to comply with CSA Z317.13; and
 - (b) confirms that the Design-Builder complied with CSA Z317.13 or identifies any failure by the Design-Builder to comply.
- 32.3 Without limiting Section 32.1, the Design-Builder will discuss with the Owner any expected vibration from the Construction activities, will plan operations to minimize disruption to Hospital activities, and will carry out its Construction activities, so that dust, noise and vibration transfer does not unreasonably and adversely affect Hospital activities or use of properties in the vicinity of the Site, and in accordance with the Statement of Requirements.

33. TESTING AND COMMISSIONING

- 33.1 The Design-Builder will prepare and deliver to the Owner, not less than 180 days before the Target Substantial Completion Date, for review under the Review Procedure, a detailed testing and commissioning plan (the "Commissioning Plan") setting out the commissioning activities the Design-Builder intends to carry out to commission the Facility a schedule, related to the Time Schedule, showing the timing of all testing and commissioning supporting documentation, including as appropriate design calculations and/or assumptions and manufacturer's specifications. The Design-Builder will retain a qualified independent commissioning agent (acceptable to the Owner, acting reasonably), to test and commission all equipment and systems in the Facility to demonstrate to the Owner that the Facility equipment and systems, including all major systems, are fully operational and so that the Owner may occupy the Facility for its intended uses. The commissioning agent will prepare a written report to confirm the foregoing and completion of the commissioning activities before Substantial Completion. Testing and commissioning will include the following:
- (a) a complete and successful demonstration in real time under full stress conditions for all equipment and systems that require or are provided with redundancy or spare capacity;
 - (b) end to end testing and commissioning of key equipment and systems including but not limited to all medical equipment, communication systems (nurse call, vocera, intercom, overhead paging, telephones) and door controls; and
 - (c) testing and commissioning will have clinical validation of proper function of equipment and systems and all points of integration between equipment and systems.

34. DOCUMENTS AT THE SITE AND ELECTRONIC DOCUMENTS

- 34.1 The Design-Builder will keep at least 1 copy of the following documents at the Site in good order and available to the Owner:
- (a) a copy of this Agreement;
 - (b) a copy of all development, building, electrical and plumbing permits and inspection reports;
 - (c) all Drawings and Specifications, including any shop drawings prepared or obtained in respect of the Work;

- (d) a current and up-to-date set of Record Drawings;
- (e) the Project Management Plan;
- (f) the Time Schedule;
- (g) the Quality Management Plan;
- (h) the Phasing Plan;
- (i) the Work Plan; and
- (j) the Health and Safety Plan.

34.2 Unless otherwise specified by the Owner, the Design-Builder will post an electronic copy (in a format acceptable to the Owner) of each document set out in Section 34.1, Section 17.3 and Section 45.4, Submittals and all other correspondence and other documentation to be made available by the Design-Builder to the Owner on an Aconex or other an internet-based system that is established by the Owner for the Project and accessible to the Owner and Design-Builder staff.

35. CLEANUP AND FINAL CLEANING OF WORK

35.1 The Design-Builder will maintain the Work in a tidy condition and free from the accumulation of waste products and debris, other than that caused by the Owner, Other Contractors or their employees.

35.2 The Design-Builder will promptly remove all surplus products, tools, construction machinery and equipment, and any waste and debris.

35.3 The Design-Builder will leave the Facility clean and suitable for occupancy and use by the Owner by the Substantial Completion Date.

35.4 The Design-Builder will leave the Site clean and suitable for occupancy and use by the Owner by the Substantial Completion Date.

35.5 In connection with any Work after the Substantial Completion Date, the Design-Builder will at all times leave the Work and Site clean and suitable for occupancy and use by the Owner but is not required to remove waste caused by the Owner.

35.6 The Design-Builder will maintain access routes to elevators and elevator cabs, if used, in a clean condition and free from the accumulation of waste products, debris, dirt, and dust, and will be responsible for all damage to elevators and elevator cabs, other than that caused by the Owner or Other Contractors.

36. REMEDIAL WORK

36.1 The Design-Builder will do all remedial work that may be required to make the several parts of the Work comply with the Statement of Requirements.

36.2 The Design-Builder will coordinate the Time Schedule for the Work to ensure that the requirement under Section 36.1 is kept to a minimum.

36.3 Remedial work will be performed by specialists familiar with the materials affected and will be performed in a manner to neither damage nor endanger any Work.

37. REJECTED WORK

- 37.1 Defective Work, whether the result of poor design, poor workmanship, use of defective equipment or materials, or damage through carelessness, default or other acts of the Design-Builder or any Subcontractor, and whether incorporated in the Work or not, which has been rejected by the Owner as failing to conform to any of the Statement of Requirements, the Design or the Standards, will be removed promptly by the Design-Builder and replaced and re-executed promptly and properly at the Design-Builder's expense.
- 37.2 If the Design-Builder does not remove such defective Work within the time fixed by written notice by the Owner, the Owner may remove them and store any materials at the expense of the Design-Builder.
- 37.3 Other Contractor's work destroyed or damaged by such removals or replacements will be made good by the Design-Builder promptly at the Design-Builder's expense.

38. WARRANTY

- 38.1 The Design-Builder will promptly correct, at its own expense, any Work that is not in accordance with this Agreement and any defects or deficiencies in the Work that appear during the period of 24 months after the Substantial Completion Date (the "Warranty Period").
- 38.2 The Design-Builder will correct defects or deficiencies at times and in a manner which causes as little inconvenience to the occupants of the Facility and the Owner's operations on and adjacent to the Site as is reasonably possible.
- 38.3 The Owner may carry out, or have others carry out, rectification work at the Design-Builder's cost if:
- (a) the Owner gives notice to the Design-Builder of a defect or deficiency and the Design-Builder does not correct the defect or deficiency within a reasonable time, not to exceed 14 days, unless the nature of the defect or deficiency is such that it cannot be corrected within such time and the Owner, acting reasonably, agrees to an extension of such time; or
 - (b) the nature of the defect is such that it creates a risk to the health or safety of any occupant or user of the Facility, or risk of damage to the Facility, the environment or any property and the Owner gives notice to the Design-Builder within a reasonable time after the commencement or completion of the rectification work.
- 38.4 If the Owner carries out or has others carry out the rectification work pursuant to Section 38.3 the Design-Builder remains responsible for the Work (including the rectification work).
- 38.5 The Design-Builder will provide to the Owner extended warranties from Subcontractors where required by the Proposal Extracts or other provisions of this Agreement and any other extended warranties provided by Subcontractors.
- 38.6 The Design-Builder will correct, at its own cost, or pay the Owner for any damage resulting from the defects or deficiencies and the corrections required under Section 38.1.
- 38.7 Issuance of the Substantial Completion Certificate and the Total Completion Certificate, and final payment to the Design-Builder, do not relieve the Design-Builder from its responsibility under this Section 38.

39. TITLE AND RISK

- 39.1 Title to the Work will vest only in the Owner. Without prejudice to any of the rights of the Owner under this Agreement, title to the Work or any part of the Work will vest in the Owner at the earliest of:
- (a) the time that the Work or part of it is at the Site;
 - (b) the time that the Owner has paid for the Work or part of the Work; and
 - (c) the time of installation or construction of the Work or part of the Work.
- 39.2 The Work will remain under the care, custody and control of the Design-Builder and at the risk of the Design-Builder until Substantial Completion or until such earlier date determined by the Owner, and notified in writing to the Design-Builder, for occupancy and use by the Owner. The Design-Builder will exercise all reasonable care to avoid loss of, or damage to, the Work.
- 39.3 The Design-Builder represents and warrants that title to the Work and any part of the Work will pass to the Owner free and clear of all liens, charges and encumbrances.

PART D - PAYMENT AND COMPLETION

40. APPLICATIONS FOR PAYMENT

- 40.1 The Design-Builder will make applications for payment in accordance with this Section 40.
- 40.2 Applications for payment will be:
- (a) submitted to the Owner's Consultant;
 - (b) dated the last day of the monthly period;
 - (c) for the value, proportionate to the amount of the Contract Price, of Work performed and material delivered to the Site to and at the date of submission; and
 - (d) submitted no more than once per month during the performance of the Work.
- 40.3 Pending determination of the final result of any Change, the undisputed value of the Work performed as a result of a Change is eligible to be included with payment applications.
- 40.4 The Design-Builder will submit to the Owner's Consultant for review, at least 14 days before the first application for payment, a Schedule of Values of the various parts of the Work, aggregating to the total amount of the Contract Price and divided so as to facilitate evaluation of applications for payment. The Schedule of Values will be consistent with the information set out in the breakdown of the Contract Price set out in Schedule 6 – Schedule of Prices and made out in such form and supported by such evidence as to its correctness as the Owner may reasonably require. The Owner's Consultant will provide comments to the Design-Builder on the Schedule of Values, the Design-Builder will revise the Schedule of Values to address the comments, and so on, until such time as the Owner's Consultant is satisfied with the Schedule of Values. The Schedule of Values will be used as the basis for all applications for payment, unless it is found at any time to be in error, in which case it will be corrected in accordance with the Owner's directions. If the Schedule of Values is not finalized prior to an application for payment, the Owner's Consultant may consider the applications for payment on the basis of the Schedule of Values under review and the Owner's Consultant's comments on such Schedule of Values or such other basis as determined by the Owner's Consultant.

- 40.5 When making applications for payment, the Design-Builder will submit a statement based upon the Schedule of Values. Claims for material delivered to the Site but not yet incorporated into the Work will be supported by such evidence as the Owner may reasonably require to establish the value and their delivery.
- 40.6 Subject to any further information that may be required by the Owner, the application for payment will include:
- (a) the amount applied for in the application;
 - (b) the value of Work performed and material delivered to the Site;
 - (c) payment amounts in respect of any Changes to which the Design-Builder is entitled under this Agreement, including under Section 40.3;
 - (d) any adjustments to the Contract Price under this Agreement;
 - (e) the balance of the Contract Price to complete the Work;
 - (f) the amount of Lien Holdback;
 - (g) the amount of Performance Holdbacks;
 - (h) the amount of any withholding or amount to be released under Section 40.8;
 - (i) certification by the Design-Builder that the Project Binder includes documentation current to within at least 30 days prior to the application, including all inspection reports;
 - (j) a statutory declaration of an officer or senior management employee of the Design-Builder stating that all accounts for labour, subcontracts, materials, construction machinery and equipment and other indebtedness which may have been incurred by the Design-Builder in performing the Work and for which the Owner might in any way be held responsible have been paid in full, except for amounts properly retained as a holdback or as an identified amount in dispute; and
 - (k) a clearance letter from the Workers' Compensation Board indicating that all current assessments due from the Design-Builder and all Subcontractors with subcontracts larger than \$50,000 in value have been paid.
- 40.7 Applications for release of the Lien Holdback will be made under Section 42 (Lien Holdback) and applications for any payment at Substantial Completion or Total Completion will be made under Section 44 (Substantial Completion and Total Completion).
- 40.8 It is a condition of payment that the following, and all documentation, certification and requirements of the following, are complete and up to date as of the date of each application for payment:
- (a) Health and Safety Plan;
 - (b) Project Management Plan;
 - (c) Time Schedule;
 - (d) Quality Management Plan;

- (e) Project Binder updated as described in Section 45.3;
- (f) issued for construction Drawings and Specifications, commencing with the first application for payment 180 days prior to the Target Substantial Completion Date; and
- (g) Commissioning Plan commencing with the first application for payment 180 days prior to the Target Substantial Completion Date.

The Design-Builder will not be required to re-submit documentation previously provided. The Design-Builder will identify any changes to previously submitted documentation and at the Owner's request submit revised documentation.

The Owner acknowledges that the requirement in Section 40.8(f) for issued for construction Drawings and Specifications does not require the Design-Builder to provide such Drawings and Specifications prior to the date such Drawings and Specifications are required to perform the Work and in accordance with the other provisions of this Agreement.

If any of the foregoing listed items, including the required certification, documentation and certification for each listed item, is not complete and up to date, then the Owner may for each listed item that is not complete and up to date withhold from payment the amount of 3% of the total application for payment. This withholding will apply to each month for which such item or items is not complete and up to date. The applicable withholding will be released with the next monthly payment when such item is completed and up to date. In addition, in relation to the Quality Management Plan the Owner's Consultant may consider that the Design-Builder has not demonstrated that the Work to which the Quality Management Plan relates has not been satisfactorily performed and in accordance with Section 40.10 may adjust the amount of the payment by reducing the payment by the amount of such Work and by the cost of the required processes, testing, certification, auditing and documentation required to ensure compliance with the Quality Management Plan.

40.9 Notwithstanding the actual progress, the following will apply:

- (a) payment of the cost of the Bonds, the cost (if any) of the Parent Guarantee and cost of insurance will be made to the Design-Builder upon presentation of all bonding, Parent Guarantee, insurance and all related documentation required by this Agreement and upon presentation of satisfactory proof of payment of related fees or premiums; and
- (b) payment for mobilization identified in the Schedule of Values will be a maximum of 3% of the Contract Price and payment will be made in two parts: 25% when the Design-Builder occupies the Site, and 75% when the Design-Builder has established a fully functional site office, construction equipment is on site and construction has commenced.

40.10 The Owner's Consultant, will, within 10 days of receipt of the Design-Builder's application for payment, either:

- (a) accept the amount set out in the application for payment; or
- (b) adjust the amount of any payment to reflect the Owner's estimate of Work satisfactorily performed as of the date of the application for payment.

If the Owner's Consultant amends the application for payment, the Owner's Consultant will promptly notify the Design-Builder in writing and give reasons for the amendment.

40.11 Provided the Design-Builder is not in material default of any provision in this Agreement, the Owner will pay the Design-Builder within 15 days of the Owner's Consultant approving or

adjusting the Design-Builder's application for payment in accordance with Section 40.10 and the Schedule of Values.

- 40.12 Whenever any sum of money is recoverable from or payable by the Design-Builder pursuant to this Agreement or is an amount for which the Owner may be liable on account of a default by the Design-Builder, the Owner may deduct such sum from, or may reduce, any amounts then due or that may thereafter become due to the Design-Builder under this Agreement. Without limiting the generality of the foregoing, the Owner may set-off any amounts for liquidated damages set out in this Agreement.

41. TAXES AND DUTIES

- 41.1 The Contract Price is inclusive of all applicable customs duties and taxes (including PST), other than GST, in effect at the Effective Date.
- 41.2 The Design-Builder will remit all customs duties and taxes to the applicable governmental authority as and when required by the relevant Law and will without limiting Section 58 (Indemnification), indemnify and hold the Indemnified Parties harmless from and against any customs duties and taxes that the Design-Builder fails to remit as and when due, and from and against any costs and penalties and interest that may be levied against the Indemnified Parties.
- 41.3 Any increase or decrease in costs to the Design-Builder due to changes in taxes or duties that are in effect at the Effective Date of this Agreement will increase or decrease the Contract Price accordingly.
- 41.4 Where an exemption or refund of taxes, customs duties or excise taxes is applicable to this Agreement by way of the Design-Builder filing claims for, or cooperating fully with the Owner and the proper authorities in seeking to obtain such exemption or refund, the Design-Builder will make such applications and provide such cooperation.
- 41.5 Refunds that are properly due to the Owner and have been recovered by the Design-Builder will be promptly refunded to the Owner.

42. LIEN HOLDBACK

- 42.1 The Owner will retain and release the Lien Holdback in accordance with the provisions of the *Builders Lien Act* (British Columbia).
- 42.2 For purposes of the *Builders Lien Act* (British Columbia), the Owner's Consultant will be the payment certifier for this Agreement.
- 42.3 For purposes of progressive release of portions of the Lien Holdback in respect of Subcontracts, the Owner's Consultant will be the payment certifier under the *Builders Lien Act* (British Columbia).
- 42.4 The Design-Builder will make application to the Owner's Consultant for certification under the *Builders Lien Act* (British Columbia). As a condition of making any application and as a condition of any certification, the Design-Builder will provide the Owner's Consultant with all information required by the Owner's Consultant.
- 42.5 Without limiting Section 58, the Design-Builder will, at its sole risk and expense, do everything necessary, including through the institution, prosecution or defence of legal proceedings, to promptly discharge from title to the Site any claims of builder's lien, builder's liens or certificates of pending litigation by any Subcontractor or other person claiming under or through the Design-Builder or Subcontractor. If the Owner becomes aware that a claim of builder's lien, builder's

liens or certificate of pending litigation is threatened or has been registered against title to the Site, the Owner may, withhold out of the Lien Holdback or any other monies payable to the Design-Builder such amounts as the Owner reasonably considers necessary in order to secure the discharge of the claim of builder's lien, builder's liens or certificate of pending litigation. The Owner will cooperate with the Design-Builder in securing the discharge of any of the foregoing, subject to such arrangements being made as the Owner reasonably considers necessary before any such additional holdback monies are paid to any person or into court.

43. PERFORMANCE HOLDBACKS

- 43.1 In addition to the Lien Holdback and any amount retained under this Agreement (including for deficiencies under Section 44.4), the Owner will retain:
- (a) a holdback of _____ of the Contract Price (the "LD Holdback"), if at any time after the date that is 6 months before the Target Substantial Completion Date (or if the Owner has extended the Time Schedule in accordance with this Agreement, such other date established for the Target Substantial Completion Date), the Owner's Consultant determines that the Substantial Completion Date is not reasonably likely to occur on or before the Target Substantial Completion Date (or if the Owner has extended the Time Schedule in accordance with this Agreement, such other date established for the Target Substantial Completion Date); and
 - (b) a holdback of _____ (the "Warranty Holdback")
- (collectively, the "Performance Holdbacks")
- 43.2 The Performance Holdbacks will be calculated as a percentage of the Contract Price and that percentage will be withheld from all payments due by the Owner. The percentage will be adjusted from time to time if the Contract Price is adjusted.
- 43.3 The Owner will release the LD Holdback, less liquidated damages payable by the Design-Builder under Section 3.3 upon the achievement of Substantial Completion.
- 43.4 The Owner will release the Warranty Holdback, less deductions for amounts owing to the Owner, upon the completion of the Warranty Period and all obligations of the Design-Builder under Section 38.
- 43.5 The Owner may apply the Performance Holdbacks against any amount owing by the Design-Builder to the Owner either prior to the Substantial Completion Date or during the Warranty Period, including under Section 10. If any amount is applied against the Performance Holdbacks, the Design-Builder will at the Owner's option, acting reasonably, either pay such amount to the Owner to replenish the Performance Holdbacks then required to be withheld, or the Owner may withhold such amount from the next payment or payments due to the Design-Builder.
- 43.6 The Design-Builder will apply for payment of the applicable Performance Holdback and payment will be made in accordance with Section 40.
- 43.7 The Performance Holdbacks are not held in trust for the Design-Builder, property of the Design-Builder, earned by the Design-Builder or due and payable by the Owner until the conditions for release of the Performance Holdbacks are satisfied.
- 43.8 The Design-Builder as an alternative to the retention of the Performance Holdbacks may propose to the Owner to provide either a clean irrevocable standby letter of credit from a financial institution in Canada acceptable to the Owner, or another form of performance security

acceptable to the Owner. If the Owner accepts the proposal, the Owner will upon receipt of the performance security release the Performance Holdbacks to the Design-Builder.

44. SUBSTANTIAL COMPLETION AND TOTAL COMPLETION

44.1 The Design-Builder may make application to the Owner for the Substantial Completion Certificate at any time after it has achieved Substantial Completion, as described in this Section 44.

44.2 “Substantial Completion” means that all of the following have been achieved:

- (a) the Owner's Consultant has certified that substantial performance of the Work under the Builders Lien Act (British Columbia) has been achieved;
- (b) the Work is ready for use by the Owner or is being used by the Owner for the purpose intended, and the following items have been submitted to the Owner or completed by the Design-Builder:
 - (i) all equipment and mechanical and other building systems (including medical gas systems) are in place, commissioned, received required certifications, and are fully operational;
 - (ii) a complete Project Binder, provided that:
 - (A) the commissioning reports may be preliminary; and
 - (B) the inspections, certificates, guarantees and warranties, and certifications may exclude only the items of Work that remain to be completed;
 - (iii) issued for construction Drawings and Specifications;
 - (iv) maintenance and operating tools, replacement parts or products as specified in the Statement of Requirements;
 - (v) a clearance letter from the Workers' Compensation Board indicating that all current assessments due from the Design-Builder and all Subcontractors have been paid;
 - (vi) a statement reconciling all Change Orders and claims under this Agreement with respect to the Work to the date of the application for Substantial Completion;
 - (vii) all approvals necessary for the Project from local authorities having jurisdiction;
 - (viii) an occupancy permit as required from local authorities having jurisdiction;
 - (ix) a statutory declaration of an officer or senior management employee of the Design-Builder stating that all accounts for labour, subcontracts, materials, construction machinery and equipment and other indebtedness which may have been incurred by the Design-Builder in performing the Work and for which the Owner might in any way be held responsible have been paid in full, except for amounts properly retained as a holdback or as an identified amount in dispute;
 - (x) demonstration and training to the Owner's satisfaction of all mechanical and electrically operated devices to the Owner's operating and maintenance staff;

- (xi) all training required by the Statement of Requirements;
 - (xii) the written opinion as required by and in accordance with Section 10.3;
 - (xiii) the requirements of Section 34.2 (Cleanup and Final Cleaning of Work) have been fulfilled to the extent required by the Substantial Completion Date; and
 - (xiv) any other conditions specified in this Agreement with respect to achieving Substantial Completion;
- (c) a comprehensive deficiency list, including an estimated value for each item, has been submitted to the Owner's Consultant by the Design-Builder and agreed to by the Owner's Consultant acting reasonably; and
- (d) a schedule for completion of all remaining Work has been submitted to the Owner by the Design-Builder.
- 44.3 The Owner's Consultant with input from the Design-Builder's Consultant will, not later than 10 days after the receipt of an application from the Design-Builder for the Substantial Completion Certificate, review and assess the Work to verify that the application and the Work conform to the requirements set out in Section 44.2. The Owner's Consultant will, not later than 7 days after the review, notify the Design-Builder of approval, or the reasons for disapproval, of the application. In the event of disapproval, the Design-Builder will rectify all matters that prevent the issuance of the Substantial Completion Certificate and the Owner's Consultant will within 7 days after notice from the Design-Builder of rectification, approve or disapprove of the application, and so on, until such time as the Owner's Consultant determines that Substantial Completion has been achieved. When the Owner's Consultant determines that Substantial Completion has been achieved, the Owner's Consultant will issue the Substantial Completion Certificate. Following the issuance of the Substantial Completion Certificate, the Owner's Consultant, with input from the Design-Builder, will establish a reasonable date for work still to be satisfactorily performed or replaced as specified in the list of deficiencies and for Total Completion.
- 44.4 The Owner may retain out of the amount due and owing to the Design-Builder upon Substantial Completion:
- (a) any sums required by law to satisfy any liens against the Work;
 - (b) an amount determined by the Owner's Consultant to be equal to 2 times the estimated value of the Work still to be satisfactorily performed or replaced to address the issues specified in the list of deficiencies; and
 - (c) any amount withheld pursuant to Section 42.5.
- 44.5 No payment will be made to the Design-Builder from amounts withheld under Section 44.4(b) until the completion or correction of all the deficiencies specified in the deficiency list.
- 44.6 The Design-Builder will perform the work specified in the list of deficiencies at times and in a manner which causes as little inconvenience to the occupants of the Facility and the Owner's operations on and adjacent to the Site as is reasonably possible.
- 44.7 The Owner may carry out, or have others carry out, the work specified in the list of deficiencies at the Design-Builder's cost if:
- (a) the Design-Builder does not complete the work by the date established by the Owner's Consultant in Section 44.3 and if the Owner gives notice to the Design-Builder and the

Design-Builder does not correct the defect or deficiency within a reasonable time, not to exceed 14 days, unless the nature of the defect or deficiency is such that it cannot be corrected within such time and the Owner, acting reasonably, agrees to an extension of such time; or

- (b) the nature of the work is such that it creates a risk to the health or safety of any occupant or user of the Facility, or risk of damage to the Facility, the environment or any property and the Owner gives notice to the Design-Builder within a reasonable time after the commencement or completion of the rectification work.
- 44.8 If the Owner carries out or has others carry out the work pursuant to Section 44.7 the Design-Builder remains responsible for the work.
- 44.9 The Design-Builder will correct, at its own cost, or pay the Owner for any damage resulting from the work specified in the list of deficiencies.
- 44.10 The Design-Builder may make application to the Owner for the Total Completion Certificate at any time after it has achieved Total Completion.
- 44.11 "Total Completion" means that all of the following have been achieved:
- (a) the entire Work has been performed to the requirements of this Agreement other than work required to be performed under Section 38;
 - (b) all deficiencies specified in the deficiency list(s) have been rectified or completed to the Owner's satisfaction;
 - (c) the requirements of Section 35 have been fulfilled; and
 - (d) the following items have been submitted by the Design-Builder and are acceptable to the Owner:
 - (i) all Submittals, including certified Record Drawings in accordance with Section 45 (Project Binder and Record Drawings)
 - (ii) the final Project Binder, including final commissioning reports, final inspections (structural, environmental, etc.) and deficiency reports;
 - (iii) a statutory declaration of an officer or senior management employee of the Design-Builder stating that all accounts for labour, subcontracts, materials, construction machinery and equipment and other indebtedness which may have been incurred by the Design-Builder in performing the Work and for which the Owner might in any way be held responsible have been paid in full, except for amounts properly retained as a holdback or as an identified amount in dispute, dated at least 45 days after the date of substantial performance under the *Builders Lien Act* (British Columbia);
 - (iv) a written statement of the Design-Builder that all claims for payment for Work done under this Agreement as of the date of the Design-Builder's application for a Substantial Completion Certificate including claims and Change Orders have been presented to the Owner;
 - (v) a clearance letter from the Workers' Compensation Board indicating that all current assessments due from the Design-Builder and all Subcontractors have been paid; and

- (vi) certification, acceptable to the Owner, that all taxes, employment assistance payments, Canada Pension Plan contributions, duties, royalties and all other monies required to be paid by law or statute have been paid in full.

44.12 Upon receipt by the Owner of the Design-Builder's application for the Total Completion Certificate:

- (a) The Owner's Consultant will, subject to the conditions contained in Section 44.11 , and not later than 10 days after the receipt of an application from the Design-Builder for the Total Completion Certificate, review and assess the Work to verify that the application and the Work conform to the requirements set out in Section 44.11.
- (b) The Owner's Consultant will, and not later than 7 days after the review contemplated in Section 44.12(a), notify the Design-Builder of approval, or the reasons for disapproval, of the application. In the event of a disapproval, the Design-Builder will rectify all matters that prevent the issuance of the Total Completion Certificate and the Owner's Consultant will within 7 days after notice from the Design-Builder of rectification, review and assess the Work and approve or disapprove of the application, and so on, until such time as the Owner's Consultant determines that Total Completion has been achieved.
- (c) The Design-Builder will be responsible for all costs of additional reviews required for by Section 44.12(b), such costs to be deducted from the monies due to the Design-Builder, where any additional review undertaken by the Owner's Consultant pursuant to this Section reveals that previously identified deficiencies have not been corrected in a manner satisfactory to the Owner's Consultant.

When the Owner's Consultant determines that Total Completion has been achieved, the Owner's Consultant will issue the Total Completion Certificate and certify for payment the monies due to the Design-Builder under this Agreement, less any amount still retained for the Lien Holdback or the Performance Holdbacks, amounts withheld under Section 42.5 or any amount set-off in accordance with this Agreement. The date of Total Completion will be as stated in the Total Completion Certificate.

- 44.13 No payment made by the Owner under this Agreement, or partial or entire use or occupancy of the Work by the Owner, will constitute an acceptance of Work not in accordance with the requirements of this Agreement.
- 44.14 By issuing any certificate, the Owner and the Owner's Consultant do not guarantee, or otherwise become liable or responsible in any way for, the correctness or completeness of the Work, including the Design, and no certificate makes the Owner or Owner's Consultant in any way responsible or liable for adequacy of the Design or for the Work, all of which remain the responsibility of the Design-Builder.
- 44.15 As of the date of Total Completion, the Design-Builder expressly waives and releases the Owner from all claims against the Owner, including those that might arise from the negligence or breach of this Agreement by the Owner, except those made in writing prior to the Design-Builder's application for payment upon Total Completion and still unsettled and those arising in connection with the obligations of either party to be performed after Total Completion.
- 44.16 In the event of conflict between the provisions of this Section 44 and any other Section of this Agreement, the provisions of this Section 44 govern.
- 44.17 Without limiting any other withholding or set-off under this Agreement, the Owner may deduct from any payment to the Design-Builder under this Agreement the amount paid by the Owner to

put the Design-Builder into compliance with the Insurance Conditions if the Design-Builder has defaulted in complying with the Insurance Conditions.

45. PROJECT BINDER AND RECORD DRAWINGS

- 45.1 The Design-Builder will prepare and provide to the Owner a set of documentation that is bound in one or more binders (the "Project Binder").
- 45.2 The Project Binder will include the following:
- (a) commissioning reports satisfactory to the Owner;
 - (b) all inspections, certifications, guarantees and warranties;
 - (c) maintenance manuals and operating instructions;
 - (d) certification by all testing, cleaning or inspection authorities or associations;
 - (e) confirmation of the Design-Builder's Consultant in accordance with Section 16.3(b);
 - (f) copies of all warranties and guarantees from Subcontractors; and
 - (g) all other documentation that is reasonably required by the Owner or by any party on behalf of the Owner to operate and maintain the Facility.
- 45.3 The Project Binder will be updated on a monthly basis with all documentation to Work completed up to the date is updated. The Design-Builder will provide and update 5 copies of the Project Binder, and will include 1 electronic file on a flashdrive, unless directed to use a different format by the Owner, acting reasonably.
- 45.4 Within 60 days after achieving Substantial Completion, the Design-Builder will provide to the Owner the following:
- (a) 2 complete sets of paper print Record Drawings, signed and sealed by the Design-Builder's Consultant, showing the as-built Work and identified in bold letters with the words "CERTIFIED AS-BUILT"; and
 - (b) 2 complete copies of the Record Drawings in AutoCAD DXF, AutoCAD DWG and Adobe PDF format acceptable to the Owner, acting reasonably.

46. CASH ALLOWANCES

- 46.1 This Section 46 applies only if cash allowances are stated in this Agreement.
- 46.2 The Contract Price includes cash allowances stated in this Agreement. The allowances will be expended, if at all, only as the Owner authorizes. The scope of work or costs included in such cash allowances will be as described in this Agreement.
- 46.3 Cash allowances cover the net cost to the Design-Builder of services, materials, products, construction machinery and equipment, freight, unloading, handling, storage, installation and other expenditures authorized by the Owner that are incurred in performing the work stipulated under the cash allowances but do not include GST payable by the Owner to the Design-Builder.
- 46.4 The Contract Price, and not the cash allowances, includes the Design-Builder's overhead and profit in connection with such cash allowances.

- 46.5 Where the actual costs expended by the Design-Builder for work under a cash allowance exceed the amount of the cash allowance, the Design-Builder will be compensated for any excess incurred and substantiated plus an amount for overhead and profit as set out in Section 49.2(b). Where the actual costs expended by the Design-Builder for work under a cash allowance is less than the amount of the cash allowance, the Owner will be credited for the unexpended portion of the cash allowance, but not for the Design-Builder's overhead and profit on such amount. Multiple cash allowances will not be combined for the purpose of calculating the foregoing.
- 46.6 The Contract Price will be adjusted to provide for any difference between the amount of each cash allowance and the actual cost of the work under that cash allowance.
- 46.7 The value of the Work performed under a cash allowance is eligible to be included in the monthly applications for payment.
- 46.8 The Design-Builder and the Owner will jointly prepare a schedule that shows when the Owner, through the Owner, must authorize the ordering of items called for under cash allowances to avoid delaying the progress of the Work.

PART E – CHANGES

47. CHANGES

- 47.1 The Owner, without invalidating this Agreement, may require Changes, with the Contract Price and Contract Time adjusted in accordance with Section 48. The Owner may issue any Change Order or Change Directive, which can include a stop Work order or resume Work order, to the Design-Builder's Representative or to any other person authorized by the Design-Builder to receive a Change Order.
- 47.2 No Change will be made without a Change Order or Change Directive from the Owner.
- 47.3 The Design-Builder will not be entitled to a Change Order or Change Directive, or to any adjustments to the Contract Price or the Contract Time, for any Change for which the Design-Builder has not, prior to commencing the performance of a Change, obtained from the Owner a Change Order or Change Directive except where expressly allowed in this Agreement at Section 30.2.
- 47.4 The Owner may, at any time, require the Design-Builder to assess the impact of a proposed Change on the Contract Price and the Contract Time and the Design-Builder will provide the Owner with such assessment within 10 days after the Owner's request or such other time as may be agreed by the Owner, acting reasonably.

48. VALUATION AND CERTIFICATION OF CHANGES

- 48.1 The value of any Change will be determined by one or more of the following methods:
- (a) by estimate and acceptance of a lump sum; or
 - (b) by unit prices or fee rates agreed upon (and which may include a maximum upset price).
- 48.2 The following process will be followed for Changes:
- (a) Where a Change is proposed or required by the Owner, the Design-Builder will promptly, and in any case within 10 days after the Change is proposed or required by the Owner, present to the Owner its claims for any adjustment to the Contract Price or the Contract Time that arise from the Change.

- (b) Where the Design-Builder claims a Change in Contract Time, the Design-Builder will provide a full breakdown of labour, material and other cost information.
- (c) Where the Owner and Design-Builder agree to the Change, including adjustments in the Contract Price and Contract Time, or to the method to be used to determine the adjustments, such Change will be effective when recorded in a Change Order.
- (d) The value of the Work performed as the result of a Change Order will be included in payment applications.

48.3 In the case of Changes to be paid for under Section 48.2(c), the form of presentation of costs and methods of measurement will be agreed to by the Owner and the Design-Builder before proceeding with the Change. The Design-Builder will keep accurate records of quantities or costs as agreed upon and will present an account of the costs of the Change, together with vouchers where applicable, at least once each month during performance of the Change, and will present a final account upon completion of the Change.

48.4 If the methods of valuation, measurement and value of any Change or any adjustment to the Contract Time cannot be promptly agreed upon, and in any case within 7 days after the proposed Change, and the Change is directed by the Owner to be proceeded with by way of a Change Directive, then the Change will be performed by the Design-Builder and the value of the Change and adjustment to the Contract Time will be determined in accordance with the Dispute resolution process described in Section 63.

48.5 It is intended in all matters involving Changes that both the Owner and the Design-Builder will act promptly and in accordance with the times set out in this Section 48.

49. DETERMINATION OF COST

49.1 Subject to Section 49.2 whenever it is necessary for the purposes of this Agreement to determine the cost of a Change, the cost will be the amount agreed upon by the Design-Builder and the Owner from time to time within a reasonable time after the issue arises in any given instance.

49.2 If the Design-Builder and the Owner cannot agree as to the cost of the Change as contemplated in Section 49.1, the sole cost to which the Design-Builder will be entitled for the Change will be equal to the aggregate of:

- (a) all reasonable and proper amounts actually expended by or legally payable by the Design-Builder in respect of the labour, equipment or material (supported by invoices, purchase orders, timesheets and other customary industry documentation) that are directly attributable to the subject matter of the Change and that are within one of the classes of expenditures described in Section 49.3; plus
- (b) subject to Section 49.3(a), to cover other costs and profit, a markup of 10% on the amounts charged pursuant to Section 49.2(a).

49.3 Classes of expenditure that are allowable (all without additional markups except as otherwise noted in Section 49) for the purposes of Section 49.2 are:

- (a) payments to Subcontractors;
- (b) wages, salaries and traveling expenses of employees of the Design-Builder while they are actually and properly engaged on the Work, other than wages, salaries, bonuses, living and travelling expenses of personnel of the Design-Builder generally employed at

the head office, or at a general office, of the Design-Builder unless such personnel is engaged at the site of the Work, with the approval of the Owner;

- (c) payments for materials necessary for and incorporated in the Work or necessary for and consumed in the performance of the Work;
 - (d) payment for equipment necessary for and incorporated in the Work;
 - (e) payments for tools, other than tools customarily provided by tradespersons, necessary for and used in the performance of the Work;
 - (f) payments for preparation, inspection, delivery, installation, commissioning and removal of equipment and materials necessary for the performance of the Work;
 - (g) assessments payable under any statutory scheme relating to workers compensation, unemployment insurance or holidays with pay;
 - (h) payments for renting equipment (but not tools) and allowances for equipment (but not tools) owned by the Design-Builder, necessary for the performance of the Work, provided that such payments or allowances are reasonable or have been agreed to by the Design-Builder and the Owner; and
 - (i) other payments, made with the prior approval of the Owner, that are necessary for the performance of the Work, as determined by the Owner.
- 49.4 If the Design-Builder and the Owner cannot agree as to the cost of labour, equipment or material as contemplated in Section 49.1, and the Owner considers that a Change or series of related Changes may exceed \$100,000, the Owner may require the Design-Builder, and the Design-Builder will, obtain a minimum of 3 competitive quotations or tenders for all or any part of such Change or Changes as directed by the Owner.
- 49.5 The applicable markup set out in this Section 49 will apply to the credit of the Owner for reductions in the costs relating to a Change. Where both increases and reductions in costs relate to a Change, the applicable markup will apply to the net increase or reduction in costs.

50. CHANGE DIRECTIVE

- 50.1 The Owner may issue a Change Directive to the Design-Builder directing the Design-Builder to proceed with a Change. The Design-Builder will proceed with the Change and the valuation and adjustments to the Contract Price and the Contract Time will be made as soon as reasonably possible after the implementation of the Change in the same manner as a Change for which a Change Order would be issued under this Agreement.
- 50.2 The Owner may issue Change Directives at any time, including prior to commencing the process for a Change Order or if there is a Dispute in relation to a Change or Change Order (including a Dispute as to whether there is a Change).

PART F – DELAYS

51. DELAYS

- 51.1 If the Design-Builder is delayed in performing the Work as a direct result of a failure of the Owner to provide access to the Site, or a material breach by the Owner of the terms of this Agreement or by an order issued by any court or public authority having jurisdiction (providing such order was

not issued as the result of any act or fault of the Design-Builder or a Subcontractor), or the events referred to in Section 30.3, then:

- (a) the Contract Time will be extended for such reasonable time, taking into account the critical path as agreed by the Owner and the Design-Builder, acting reasonably, and the Design-Builder will be reimbursed for any costs directly incurred by it as the result of such delay, determined in accordance with Section 49; or
- (b) if the Owner determines that the Target Substantial Completion Date can still be met and requests in writing that the Design-Builder accelerate the Work, the Design-Builder will accelerate its efforts to meet the Target Substantial Completion Date as directed by the Owner. The Design-Builder will be reimbursed for all reasonable and direct costs plus the markup set out in Section 49.2(b) incurred by it as a result of undertaking such acceleration efforts.

51.2 If the Design-Builder is delayed in performing the Work by an event of Force Majeure then:

- (a) the Contract Time will be extended for such reasonable time taking into account the critical path, as agreed by the Owner, and the Design-Builder acting reasonably; or
- (b) if the Owner determines that the Target Substantial Completion Date can still be met and requests in writing that the Design-Builder accelerate the Work, the Design-Builder will accelerate its efforts to meet the Target Substantial Completion Date as directed by the Owner. The Design-Builder will be reimbursed for all reasonable and direct costs plus the markup set out in Section 49.2(b) incurred by it as a result of undertaking such acceleration efforts.

Except as provided in Section 51.2(b) for acceleration of the Work required by the Owner, the Design-Builder will not be entitled to any costs incurred in relation to the Force Majeure or delays arising from the Force Majeure.

51.3 If the Design-Builder is delayed in the performance of the Work for any reason other than that for which an extension of time is permitted under this Section 51 or if the Design-Builder does not perform the Work substantially in accordance with the Time Schedule to meet the Target Substantial Completion Date, the Design-Builder will at its cost accelerate the Work to meet the Target Substantial Completion Date.

51.4 The Design-Builder is not entitled to any extension of time or any reimbursement of costs for delay under this Section 51 unless written notice is given to the Owner not later than 7 days after the date that the Design-Builder becomes aware of the event causing the delay. In the case of a continuing cause of delay only one notice is necessary.

51.5 In the case of any delay under Section 51.1 or Section 51.2 the Design-Builder will use all reasonable efforts to mitigate the costs and impacts of the delay including removing the cause of the delay as promptly as practicable such that the Time Schedule is maintained and that acceleration efforts, if requested by the Owner, are minimized.

PART G – SUSPENSION AND TERMINATION

52. NON-DEFAULT SUSPENSION/TERMINATION

52.1 Notwithstanding that the Design-Builder may not be in default of the terms of this Agreement, if conditions arise which in the Owner's reasonable opinion make it necessary, the Owner may suspend performance of the Work or terminate this Agreement by giving 5 days' written notice to

- that effect to the Design-Builder and the suspension or termination is effective in the manner specified in the notice.
- 52.2 Without limiting Section 52.1, the Owner may, if it determines that there is an emergency, by notice to the Design-Builder, do either or both of the following:
- (a) suspend the Work whenever in its opinion such suspension may be necessary to ensure the safety or life of others or of the Work or neighbouring property; or
 - (b) make Changes, and order, assess and award the cost of such Changes that are extra to the Contract Price in accordance with Section 48 and Section 49 as determined to be necessary.
- 52.3 The Owner will within 2 Business Days after a Change under Section 52.2(b) confirm in writing any Change instructions and if a Change has been performed by order of the Owner, the Design-Builder retains its right to claim the value of such Change.
- 52.4 The Design-Builder upon receiving notice of suspension or termination from the Owner will immediately suspend all operations except those, which, in the Design-Builder's reasonable opinion, are necessary to ensure the safety of personnel and the public or for the care and preservation of the Work and materials. Subject to any directions in the notice of suspension or termination, the Design-Builder will discontinue ordering materials, will not enter into any further Subcontracts (except such Subcontracts as are necessary for the safety of personnel or for the care and preservation of the Work) and will make every reasonable effort in the event of termination to cancel existing Subcontracts and orders on the best terms available.
- 52.5 During the period of suspension the Design-Builder will not remove from the Site any of the Work, or any material, without the prior written consent of the Owner.
- 52.6 If the period of suspension is 30 days or less, the Design-Builder, upon the expiration of the period of suspension, will resume the performance of the Work and will be paid for all costs reasonably incurred by the Design-Builder in complying with the suspension, determined in accordance with Section 49 and for costs reasonably incurred for acceleration of the Work so that Substantial Completion is achieved by the Target Substantial Completion Date where the Owner requires such acceleration by written notice to the Design-Builder. If the Owner does not require the acceleration of the Work, or if it is not possible for the Design-Builder, using all reasonable efforts, to achieve Substantial Completion by the Target Substantial Completion Date despite an intended acceleration of the Work, the Owner and the Design-Builder will, acting reasonably, agree on a new Target Substantial Completion Date.
- 52.7 If the period of suspension is greater than 30 days and, before 120 days after the date of the notice of suspension, the Owner and the Design-Builder agree to continue with and complete the Work, the Design-Builder will resume operations and complete the Work in accordance with any terms and conditions agreed upon by the Owner and the Design-Builder and the Design-Builder will be paid for all costs reasonably incurred by the Design-Builder in complying with the suspension, determined in accordance with Section 49.
- 52.8 If the period of suspension is greater than 30 days and the Owner and the Design-Builder do not agree to continue with and complete the Work, or they fail to agree on the terms and conditions upon which the Design-Builder is to resume operations and complete the Work, before 120 days after the date of the notice of suspension, this Agreement will be deemed to have been terminated.
- 52.9 If this Agreement is terminated pursuant to this Section 52:

- (a) the Owner will pay the Design-Builder:
 - (i) in accordance with this Agreement, for all Work performed and for all of the Design-Builder's obligations under Subcontracts that it was unable to cancel, or asked by the Owner not to cancel, less any payments made by the Owner prior to termination; and
 - (ii) all costs reasonably incurred by the Design-Builder in complying with the suspension or termination order, determined in accordance with Section 49, less any costs already paid to the Design-Builder pursuant to Section 52.6; and
- (b) the Owner will be entitled to:
 - (i) take possession of the Work or any part of the Work;
 - (ii) take possession of the Drawings and Specifications and make use of them in accordance with the rights granted under this Agreement; and
 - (iii) finish the Work or any part of the Work by whatever reasonable method the Owner may consider expedient.

52.10 The Design-Builder's obligations as to quality, correction and warranty of any Work performed continue in force after termination under this Section 52.

52.11 The Design-Builder, by giving written notice to the Owner, may suspend performance of the Work to the extent the Work is stopped for a period in excess of 30 days by an order of any court or public authority having jurisdiction through no act or fault of the Design-Builder or of anyone employed by it.

53. DEFAULT AND TERMINATION OF AGREEMENT

53.1 The Owner may give written notice to the Design-Builder of default under this Agreement if the Design-Builder:

- (a) is adjudged bankrupt, makes a general assignment for the benefit of creditors, or a receiver is appointed on account of its insolvency;
- (b) abandons the Work;
- (c) breaches a material term of this Agreement;
- (d) makes a material misrepresentation of a representation or warranty set out in this Agreement;
- (e) has delivered a statutory declaration in support of application for a payment under this Agreement that was false or materially inaccurate; or
- (f) has made an assignment of this Agreement without the required consent of the Owner.

53.2 If a default occurs, other than a default referred to in Section 53.1(a) or 53.1(b), the Owner may specify in writing a 7 day rectification period within which the Design-Builder will remedy the default. If the nature of such default is that it cannot be corrected within such 7 day period, the Design-Builder will within such period provide the Owner with a schedule acceptable to the Owner for rectification of the default and correct the default in accordance with that schedule.

- 53.3 If a default referred to in Section 53.1(a) or 53.1(b) occurs or if the Design-Builder does not rectify any other default within the rectification period described in Section 53.2 or in accordance with the schedule acceptable to the Owner, the Owner may without prejudice to any other right or remedy exercise any or all of the following:
- (a) suspend all or part of the Work;
 - (b) terminate the Design-Builder's right to continue with the Work in whole or in part;
 - (c) correct the default and deduct the cost thereof from any payment then or thereafter due to the Design-Builder; and
 - (d) terminate this Agreement.
- 53.4 If the Owner terminates the right to continue with all or part of the Work or terminates this Agreement pursuant to Section 53.3, the Owner will be entitled to:
- (a) take possession of the Work or any part of the Work;
 - (b) take possession of the Drawings and Specifications and make use of them in accordance with the rights granted under this Agreement;
 - (c) use construction machinery and equipment, subject to the rights of third parties;
 - (d) finish the Work or any part of the Work by whatever reasonable method the Owner may consider expedient;
 - (e) charge the Design-Builder the amount by which the full cost of finishing the Work and a reasonable allowance to cover the cost of corrections to Work performed by the Design-Builder that may be required under Section 38 exceeds the unpaid balance of the Contract Price; and
 - (f) on expiry of the Warranty Period, charge the Design-Builder the amount by which the cost of corrections to Work under Section 38 exceeds the allowance provided for such corrections.
- 53.5 The termination of the right to continue with part of the Work does not relieve or discharge the Design-Builder from any obligations under this Agreement, except the obligation to perform the part of the Work removed from the Design-Builder.
- 53.6 The rights, powers and remedies conferred on the Owner under this Agreement are not intended to be exclusive but are cumulative, are in addition to, do not limit and are not in substitution for any other right, power and remedy existing under this Agreement, under any other agreement, at law or in equity. The exercise by the Owner of any right, power or remedy does not preclude the simultaneous or later exercise by the Owner of any other right, power or remedy.

54. TERMINATION BY THE DESIGN-BUILDER

- 54.1 The Design-Builder may by giving written notice to the Owner declare the Owner in default of this Agreement for any of the following reasons:
- (a) the Owner has failed to pay the Design-Builder within 45 days of the date that any payment becomes due to the Design-Builder in accordance with the terms of this Agreement, unless the Owner is bona fide disputing liability to make such payment and

has provided notice to the Design-Builder of the basis for its dispute before the time provided in Section 40.10 for payment of invoices;

- (b) the Owner has failed to substantially supply the Site to the Design-Builder, subject to any property availability restrictions identified in this Agreement, within 180 days following the Site Occupation Date; or
- (c) substantially all of the Work is stopped by an order of any court or public authority having jurisdiction (providing that such order was not issued as the result of any act or fault of the Design-Builder or a Subcontractor) for a period of 90 days.

54.2 On the happening of a default by the Owner referred to in Section 54.1, the Design-Builder may specify in writing a 7 day rectification period within which the Owner will remedy the event of default.

54.3 If the Owner fails to remedy the default within the rectification period or any extension thereof established in accordance with Section 54.2, the Design-Builder may:

- (a) waive the default;
- (b) further extend the rectification period;
- (c) suspend the Work; or
- (d) terminate this Agreement.

54.4 If the Design-Builder terminates this Agreement in accordance with Section 54.3(d), the Design-Builder is entitled to be paid:

- (a) in accordance with the terms of this Agreement for all Work satisfactorily performed to the date of termination; and
- (b) expenses of the Design-Builder that are directly related to the termination and reasonable in the circumstances including the Design-Builder's obligations to other parties.

PART H – REPRESENTATIONS AND WARRANTIES

55. REPRESENTATIONS AND WARRANTIES

55.1 The Design-Builder represents and warrants to the Owner:

- (a) as of the Effective Date that:
 - (i) all necessary proceedings have been taken to authorize the Design-Builder to enter into this Agreement and to execute and deliver this Agreement;
 - (ii) this Agreement has been properly executed by an authorized signatory of the Design-Builder and is enforceable against the Design-Builder in accordance with its terms;
 - (iii) the Design-Builder has had sufficient time, opportunity and resources to investigate and has investigated and satisfied itself of every condition and risk relating to, affecting or that may affect the Project and the Work, or either of them, including the Site conditions, and the labour, equipment, material and other

resources that may be necessary for the performance of the Work in a manner that will meet or exceed all requirements of this Agreement;

- (iv) the Design-Builder's investigations and assessments described in Section 55.1(a)(iii), including of the Site conditions (such conditions including for greater certainty geotechnical conditions, subsurface conditions, bearing pressure, settlement characteristics and nature and consistency of soil), and any conclusions reached in such investigations and assessments, including any conclusions as to the effect, if any, on the Design, Construction, Substantial Completion Dates and Contract Price, (or any of them), except for objective geotechnical information that can be relied upon for accuracy but not interpretation, sufficiency or relevance, are based on the Design-Builder's own experience, examination, knowledge, information, interpretation, assessment, analysis and judgment and not upon any statement, representation or information, whether oral or written, made, produced or provided by, through or on behalf of the Owner or its advisors;
 - (v) the Design-Builder acknowledges that the investigations made by the Owner of the conditions of the Site are of a preliminary nature and are made for the purpose of study and preliminary design for the sole benefit of the Owner only except for objective geotechnical data that can be relied upon by the Design-Builder for accuracy but not interpretation, sufficiency or relevance;
 - (vi) the Design-Builder has no knowledge of any fact that materially adversely affects or, so far as it can foresee, might materially adversely affect either its financial condition or its ability to fulfill its obligations under this Agreement;
 - (vii) there is no bona fide proceeding pending or threatened against the Design-Builder, which would, if successful, materially adversely affect the ability of the Design-Builder to fulfill its obligations under this Agreement; and
 - (viii) the Design-Builder acknowledges that it has the responsibility for informing itself of all aspects of the Project and all information necessary to perform the Work; and
- (b) as of the Effective Date (to the extent applicable as of the Effective Date) and at all times throughout the Term that:
- (i) the Design-Builder has filed all tax, corporate information and other returns required to be filed by all applicable Laws, has complied with all workers' compensation legislation and other similar legislation to which it is subject, and has paid all taxes, fees and assessments due by the Design-Builder under those laws as of the Effective Date, except for Lien Holdback monies properly retained, payments deferred by agreement and accounts withheld by reason of legitimate dispute;
 - (ii) the Design-Builder holds all permits, licences, consents and authorities issued by any level of government, or any agency of any level of government, that are required by all applicable Laws to perform the Work;
 - (iii) the Design-Builder has paid, as they became due, all accounts, expenses, wages, salaries, taxes, rates, fees and assessments required to be paid by it in respect of the Work and fulfillment of its obligations under this Agreement;

- (iv) the Design-Builder is not in breach of any Law that is material to performance of the Design-Builder's obligations under this Agreement;
- (v) the Key Individuals or any substitute with equivalent qualifications proposed by the Design-Builder who have first been expressly accepted in writing by the Owner will be available and fully involved in the performance of the Work; and
- (vi) the Design-Builder is registered for the purposes of the GST.

55.2 The Owner represents and warrants to the Design-Builder as of the Effective Date that:

- (a) it has been properly constituted pursuant to applicable legislation;
- (b) it has been properly authorized to fulfill the obligations of the Owner under this Agreement; and
- (c) it has the power, capacity and authority to enter into this Agreement and to carry out its obligations under this Agreement.

PART I – PROTECTION AND INDEMNITY

56. PROTECTION OF WORK AND PROPERTY

- 56.1 The Design-Builder will protect the Work, the Site and property adjacent to the Site from damage that may arise as the result of the Design-Builder's operations under this Agreement, and will be responsible for such damage, except damage that occurs as the result of actions of the Owner, its agents, employees or Other Contractors.
- 56.2 Should any damage occur to the Work, the Site and property adjacent to the Site for which the Design-Builder is responsible as provided in Section 56.1, the Design-Builder will make good such damage at its own expense or pay all costs incurred by the Owner or others in making good such damage.
- 56.3 Should any damage occur to the Work, the Site and property adjacent to the Site for which the Design-Builder is not responsible as provided in Section 56.1, the Design-Builder will at the Owner's direction and expense make good such damage. The Contract Price and Contract Time will be adjusted in accordance with Section 48 and Section 49.

57. EXCLUSIONS OF LIABILITY

- 57.1 Neither the Design-Builder nor the Owner will be liable to the other for any consequential or indirect damages in connection with this Agreement, whether based in contract, tort (including negligence), strict liability or otherwise and including loss of use, loss of revenues or profits and loss of opportunity. This Section 57.1 will not limit any liability the Design-Builder may have under this Agreement to pay liquidated damages.
- 57.2 Subject to Section 57.3 the maximum amount of the total aggregate liability of the Design-Builder to the Owner in connection with this Agreement, whether based in contract, tort (including negligence), strict liability or otherwise, is:
- (a) in respect of a loss by the Indemnified Parties for which insurance is to be provided by the Owner under Section 1 or Section 3 of Schedule 3 (Insurance Conditions), the applicable limit or sub-limit of the Wrap-up Liability coverage or the Course of Construction coverage, whichever is applicable to the loss, with such limit or sub-limit calculated without reduction for the amount of any deductible; or

- (b) in respect of any liability other than a loss referred to in Section 57.2(a) above, 50% of the Contract Price.

If this Agreement is terminated, the reference in this Section 57.2 to the "Contract Price" will be deemed only for purposes of this Section 57.2 to be the amount to which the Design-Builder would have been entitled if the Design-Builder had properly performed and completed the Work and this Agreement had not been terminated.

57.3 Section 57.2 will not limit the Design-Builder's liability in connection with:

- (a) fraud, gross negligence or wilful, fraudulent or criminal misconduct;
- (b) bodily injury, sickness, disease or death;
- (c) liability to third parties in respect of tangible personal or real property;
- (d) breach by the Design-Builder of its obligations of confidentiality under this Agreement; and
- (e) penalties, fines or other liability imposed by a governmental authority, an administrative tribunal or a court of competent jurisdiction for breach of applicable Law.

57.4 Nothing in this Section 57 will be construed to limit the liability of an insurer under the insurance required to be maintained under this Agreement.

58. INDEMNIFICATION

58.1 The Design-Builder will indemnify and save harmless the Owner and its officers, employees, representatives, consultants and agents including the Owner's Representative (collectively the "Indemnified Parties") from and against any and all losses, claims, damages, actions, causes of action, costs and expenses (including actual legal and other professional fees and disbursements) that any of the Indemnified Parties may sustain, incur, suffer or be put to at any time either before or after the expiration or termination of this Agreement, where the same or any of them are based upon, arise out of or occur, directly or indirectly, by reason of any act or omission of the Design-Builder or of any representative, agent, employee, officer, director, consultant of the Design-Builder or of any Subcontractor, excepting only liability to the extent arising out of the independent acts of the Indemnified Parties.

58.2 The obligations of the Design-Builder under Section 58 will not be affected by completion or termination of this Agreement, whether for default or otherwise, or suspension of the Work or any withdrawal of services or labour from the Project.

58.3 Neither the requirement of the Design-Builder to purchase and maintain insurance as described in the Insurance Conditions nor the acceptance of evidence of such insurance by the Owner will, in any manner, limit or qualify the right of the Owner to make a claim and recover insurance proceeds under the insurance policies described in the Insurance Conditions or the liability and obligations otherwise assumed by the Design-Builder under this Agreement.

59. DESIGN-BUILDER'S DISCHARGE OF LIABILITY

59.1 The Design-Builder will discharge all liabilities incurred by it, including for labour, equipment, materials or services used or reasonably required for use, in the performance of this Agreement, on or before the date each becomes due. In the case of bona fide disputed payments, the Design-Builder will discharge such liabilities when legally obliged to do so.

- 59.2 The Design-Builder will include as a condition of every Subcontract that the Subcontractor discharge all liabilities incurred by it, including for labour, equipment, materials, supplies or services used or reasonably required for use, in the performance of the Subcontract, on or before the date upon which each becomes due. In the case of bona fide disputed payments, the Design-Builder will discharge such liabilities when legally obliged to do so.
- 59.3 The Design-Builder will furnish the Owner with satisfactory evidence that its liabilities and those of Subcontractors have been discharged, such satisfactory evidence to be a statutory declaration in the form of CCDC 9A sworn by a knowledgeable officer or senior management employee of the Design-Builder or Subcontractor, as the case may be, or such other evidence as the Owner may require.
- 59.4 The Design-Builder will not directly or indirectly create, incur, assume or allow to be created by any of its Subcontractors or workers any lien, charge or encumbrance on the Site, Project or any part thereof or interest therein. The Design-Builder will immediately notify the Owner of any lien, charge or encumbrance asserted upon the Site, Project or any part thereof.

PART J - SECURITY, RECORDS, REPORTS AND AUDIT

60. PERFORMANCE SECURITY

- 60.1 Before commencing the Work, the Design-Builder will purchase and deliver to the Owner:
- (a) an executed performance bond and an executed labour and materials payment bond (the "Bonds"). The form of the Bonds will be in accordance with the latest edition of the CCDC approved bond form or in substantially equivalent form acceptable to the Owner; and
 - (b) the executed Parent Guarantee, the officer's certificate, substantially as set out in Schedule 8, and a legal opinion of counsel to the guarantor under the Parent Guarantee, substantially as set out in Schedule 8.
- 60.2 Each Bond under Section 60.1 will be in the amount of 50% of the Contract Price and will be issued by a surety licensed to transact the business of a surety in British Columbia and acceptable to the Owner, acting reasonably.
- 60.3 Upon entering into a Subcontract with a Subcontractor, the Design-Builder will advise the Subcontractor that a labour and materials payment Bond is in effect and will supply a copy of that Bond to the Subcontractor on request.
- 60.4 The Design-Builder will pay for and maintain the Bonds in force during the Term.
- 60.5 If the surety notifies either party that the Bonds are or are going to be terminated or cancelled for any reason whatsoever, the Design-Builder will obtain and provide the Owner with valid bonds effective from the date of termination or cancellation of the original bonds that comply with the bonding requirements of this Agreement.
- 60.6 The Design-Builder will, if required by the surety, obtain the written consent of the surety to any Change and will upon request by the Owner provide confirmation from the surety of such consent or confirmation from the surety that such consent is not required.

61. INSURANCE

- 61.1 The Owner and the Design-Builder will obtain and maintain during the Term the insurance specified for each of them under the Insurance Conditions, and will otherwise comply with the Insurance Conditions.
- 61.2 Before beginning the Work, the Design-Builder will deliver to the Owner certified copies of all insurance coverage obtained by the Design-Builder in accordance with the Insurance Conditions, or such other proof of that insurance as is satisfactory to the Owner, acting reasonably.

62. RECORDS AND AUDIT

- 62.1 The Design-Builder will, in connection with this Agreement retain for a minimum of 6 years after the expiry of the Warranty Period all records, reports, and other documentation required under this Agreement and the following records, reports and other documentation relating to the Project whether or not required under other provisions of this Agreement:
- (a) all documents relating to permits;
 - (b) all notices, reports, results and certificates relating to completion of the Design and Construction and completion of all commissioning activities;
 - (c) all records relating to any inspections of the Facility conducted under applicable Laws or by or of any governmental authority;
 - (d) all orders or other requirements issued to the Design-Builder by any governmental authority in connection with the Work;
 - (e) all documents relating to applications for payment, Changes or delay or other claims by the Design-Builder.

The Design-Builder will permit the Owner and its consultants and representatives to inspect and copy any or all such records, reports and other documentation.

- 62.2 Without limiting the other provisions of this Agreement, the Design-Builder will provide to the Owner and its consultants and representatives all records, reports and other documentation reasonably required by the Owner to support any applications for payment, Changes or delay or other claims by the Design-Builder.
- 62.3 The Owner and its consultants and representatives may on request, and acting reasonably, audit all books and records of the Design-Builder that relate to any applications for payment, Changes or delay or other claims by the Design-Builder.
- 62.4 The Design-Builder will fully cooperate with the Owner to conduct an audit pursuant to this Section 62.

PART K - DISPUTE RESOLUTION

63. DISPUTE RESOLUTION

- 63.1 If a Dispute arises, the Design-Builder will diligently proceed with the Work and closely track all costs and impacts associated with the Dispute while reserving its rights concerning the Dispute.
- 63.2 Disputes will in the first instance be referred to the Owner's Consultant by notice in writing to both the Owner's Consultant and to the other party for the Owner's Consultant's decision which will be

- given by the Owner's Consultant in writing and within a reasonable period of time. Both parties reserve their rights to dispute the decision of the Owner's Consultant.
- 63.3 Where either or both parties dispute the Owner's Consultant's decision made pursuant to Section 63.2 the parties will abide by the Owner's Consultant's decision until such time as the Dispute is finally resolved under the other provisions of this Section 63.
- 63.4 The Owner and the Design-Builder will:
- (a) make bona fide efforts to resolve any Dispute arising between them by amicable negotiations; and
 - (b) provide frank, candid and timely disclosure of all relevant facts, information and documents to facilitate the resolution of any claim or Dispute.
- 63.5 In order to facilitate the negotiations in Section 63.4 each party will provide full written particulars of the nature, entitlement and magnitude of any Dispute including the provisions of this Agreement relied upon and any relevant facts, information and documents.
- 63.6 Within 7 days of a Dispute arising, the Design-Builder's Representative or the Owner's Representative, as the case may be and provided the parties have received all information requested pursuant to Section 63.4 and Section 63.5, will give the other party written notice of the Dispute and the Design-Builder's Representative and the Owner's Representative will use bona fide efforts as identified by Section 63.4 to resolve the Dispute.
- 63.7 If the Owner's Representative and the Design-Builder's Representative fail to resolve the Dispute within 10 days after receipt of the notice pursuant to Section 63.6, the parties will refer the Dispute and all information to the nominated senior officer of the Owner and the nominated senior officer of the Design-Builder for resolution.
- 63.8 If the nominated senior officer of the Owner and the nominated senior officer of the Design-Builder fail to resolve the Dispute within 10 days after the Dispute has been referred to them, either party may elect to give notice of its intention to submit the Dispute to binding arbitration. If within 10 days of such notice the other party does not give a notice of objection to arbitration, the Dispute will be resolved by arbitration. The Dispute will be referred to a single arbitrator and finally resolved by binding arbitration under the rules of the British Columbia International Commercial Arbitration Centre. The arbitrator will be chosen by mutual agreement between the Design-Builder and the Owner. If an arbitrator has not been appointed within 14 days of the date that the Dispute has been referred to an arbitrator, the arbitrator will be appointed by the British Columbia International Commercial Arbitration Centre.
- 63.9 Prior to receiving a notice of intention to submit a Dispute to binding arbitration or after giving a notice of objection to arbitration in accordance with Section 63.8 a party may commence proceedings in respect of the Dispute in the courts of British Columbia and serve the other party as required in respect of such proceedings.
- 63.10 Any of the times specified in this Section 63 may be varied by mutual agreement between the Design-Builder's Representative and the Owner's Representative.
- 63.11 Pursuit of the resolution of a Dispute under any part of this Section 63 does not relieve either party of its responsibility to ensure timely performance of its obligations under this Agreement.

PART L - GENERAL PROVISIONS

64. LAWS, NOTICE, PERMITS AND FEES

- 64.1 The Design-Builder will perform the Work in accordance with all applicable Laws and Standards and will comply with all Laws and Standards that may affect or relate to the Work.
- 64.2 The Design-Builder will apply for, pay for and obtain the development permit, the building permit, the occupancy permit and all other permits, licences and approvals required for the performance of the Work. When requested to do so by the Design-Builder, the Owner may at its discretion provide reasonable assistance to the Design-Builder in obtaining permits, licences, and approval required for the performance of the Work but, in no circumstance will the Owner be required to incur any costs or make any payments pursuant to this Section.
- 64.3 All applicable Laws in force in British Columbia, as amended from time to time, govern the Work.
- 64.4 Except as otherwise provided in this Agreement, if after the Effective Date changes are made to the applicable Laws and Standards, either party will be entitled to make a claim an adjustment in the Contract Price or the Contract Time as a Change as provided in Section 47.

65. INTELLECTUAL PROPERTY FEES

- 65.1 The Design-Builder will obtain and pay for all intellectual property rights (including of any patent, copyright, industrial design, trademark or trade secret) all royalties and licence fees required for the performance of the Work and will, without limiting Section 58, indemnify and hold the Owner harmless from and against all claims, demands, losses, costs, damages, actions, suits or proceedings arising out of the Design-Builder's performance of the Work under this Agreement that are attributable to infringement or an alleged infringement of any intellectual property right by the Design-Builder or its Subcontractors or anyone for whose acts the Design-Builder may be liable.

66. CONFIDENTIALITY AND COMMUNICATIONS

- 66.1 Subject to Section 66.2, each party will hold in confidence any Confidential Information received from the other party, except that this Section 66 will not restrict:
- (a) the Design-Builder from disclosing or granting access to such information to its professional advisers and consultants, to the extent necessary, to enable it to perform (or to cause to be performed) or to enforce its rights or obligations under this Agreement and provided further that the Design-Builder may, subject to obtaining confidentiality restrictions similar to those set out in this Agreement, provide to a Subcontractor and its advisors, or provide or cause to be provided to other third parties, Confidential Information which is necessary to enable the Design-Builder to perform (or to cause to be performed) its obligations under this Agreement; and
 - (b) the Owner from disclosing or granting access to such information to any provincial ministry, Partnerships British Columbia Inc. and any other governmental authority which require the information in relation to the Project;
- 66.2 Subject to any restrictions on the Confidential Information which are imposed by a third party that may own any Confidential Information, the obligation to maintain the confidentiality of the Confidential Information does not apply to:
- (a) Confidential Information which the party that disclosed the Confidential Information confirms in writing is not required to be treated as Confidential Information;

- (b) Confidential Information which is or comes into the public domain otherwise than through any disclosure prohibited by this Agreement;
- (c) Confidential Information to the extent any person is required to disclose such Confidential Information by Law, including a disclosure required under FIPPA;
- (d) Confidential Information to the extent consistent with any Owner's policy concerning the Owner's Confidential Information, the details of which have been provided to the Design-Builder in writing prior to the disclosure; or
- (e) the material referred to in Section 18.5 and any Confidential Information that the Owner is entitled to receive from the Design-Builder pursuant to this Agreement.

66.3 Without prejudice to any other rights and remedies that the other party may have, each of the parties agrees that damages may not be an adequate remedy for a breach of Section 66.1 and that the other party will, in such case, be entitled to the remedies of injunction, specific performance or other equitable relief for any threatened or actual breach of Section 66.1 subject, in the case of a claim for any such remedy against the Owner, to the provisions of the *Crown Proceeding Act* (British Columbia).

66.4 Unless required by any Law, neither party will make or permit to be made any public announcement or disclosure whether for publication in the press, radio, television or any other medium of any Confidential Information, without the consent of the other party (which will not be unreasonably withheld or delayed).

66.5 Except to the extent required for compliance with any applicable securities laws, the Design-Builder will not make any public announcement relating to the Project or this Agreement without the prior written consent of the Owner. The Design-Builder, with the prior written consent of the Owner, may include the Project in its promotional materials.

66.6 The Design-Builder acknowledges that the Owner may, in its discretion and without consultation with the Design-Builder, make any public announcement relating to the Project.

66.7 The parties will comply with Schedule 4 – Communication Roles.

67. NOTICE

67.1 Any notice or communication required or permitted to be given under this Agreement will be in writing and will be considered to have been sufficiently given if delivered by hand or transmitted by facsimile or electronic transmission to the address, facsimile number or electronic mail address of each party set out below:

- (a) if to the Owner:

INTERIOR HEALTH AUTHORITY

Capital Planning & Projects
Interior Health Authority
B3-1620 Dickson Ave. Kelowna B.C. V1Y-9Y2

Attention: David Fowler

Facsimile: 250-763-8301

Email: David.Fowler@interiorhealth.ca

(b) if to the Design-Builder:

Stuart Olson Dominion Construction Ltd.
#300 – 13777 Commerce Parkway
Richmond, BC V6V 2X3

Attention: Lee Blissett

Facsimile: 604-273-7719

Email: Lee.Blissett@sodcl.com

or to such other address, facsimile number or electronic mail address as any party may, from time to time, designate in the manner set out above.

67.2 Any such notice or communication will be considered to have been received:

- (a) if delivered by hand during business hours (and in any event, at or before 5:00 pm local time in the place of receipt) on a Business Day, upon receipt by a responsible representative of the receiver, and if not delivered during business hours, upon the commencement of business hours on the next Business Day;
- (b) if sent by facsimile transmission during business hours (and in any event, at or before 5:00 pm local time in the place of receipt) on a Business Day, upon the sender receiving confirmation of the transmission, and if not transmitted during business hours, upon the commencement of business hours on the next Business Day following confirmation of the transmission; and
- (c) if sent by electronic transmission during business hours (and in any event, at or before 5:00 pm local time in the place of receipt) on a Business Day, upon receipt, and if not delivered during business hours, upon the commencement of business hours on the next Business Day, provided that:
 - (i) the receiving party has, by electronic transmission, by hand delivery or by facsimile transmission, acknowledged to the notifying party that it has received such notice; or
 - (ii) within 24 hours after sending the notice, the notifying party has also sent a copy of such notice to the receiving party by hand delivery or facsimile transmission.

67.3 Delivery by mail will not be considered timely notice under this Agreement.

67.4 In the event of an emergency or urgent matter, in addition to the notice required by this Section 67, a verbal notice will be given as soon as the party giving the notice becomes aware of any material event or circumstance that gives rise to the requirement for a written notice being given.

68. LEGAL RELATIONSHIP

- 68.1 The Design-Builder is an independent contractor and not the servant, employee, partner or agent of the Owner.
- 68.2 The Design-Builder will not commit the Owner to the payment of any money to any person.
- 68.3 No partnership, joint venture or agency involving the Owner is created by this Agreement or under this Agreement.
- 68.4 All personnel engaged by the Design-Builder to design and construct the Project are at all times the employees or Subcontractors of the Design-Builder and not of the Owner. The Design-Builder is solely responsible for all matters arising out of the relationship of employer and employee.

69. ASSIGNMENT

- 69.1 The Design-Builder will not, without the prior written consent of the Owner, assign, either directly or indirectly, any right or obligation of the Design-Builder under this Agreement.
- 69.2 The Owner may, upon notice to the Design-Builder, assign any or all of its rights or obligations under this Agreement to any other agency or organization that will assume responsibility for the operation of the Facility. Subject to the right of assignment of the licence referred to in Section 18.5, the Owner will not, without the prior written consent of the Design-Builder, assign, either directly or indirectly, any right or obligation of the Owner under this Agreement.

70. INTEREST

- 70.1 If payment by either party of any amount payable under this Agreement is not made when due, interest will be payable on such amount at 2% per annum over the prime rate, calculated from the date due under this Agreement until paid, compounded monthly. The party to whom payment is owed and overdue will notify the other party at least monthly of the overdue amount and the accrued interest on that amount. The prime rate is the annual rate of interest announced by the Royal Bank of Canada (or its successor), or any other Canadian chartered bank agreed to by the parties, as its "prime" rate then in effect for determining interest rates on Canadian dollar commercial loans made by it in Canada.

71. WAIVER

- 71.1 No waiver by either party of a right of that party or any breach by the other party in the performance of any of its obligations under this Agreement is effective unless it is in writing.
- 71.2 No waiver of any right or obligation is a waiver of any other right or obligation under this Agreement.
- 71.3 Failure or delay to complain of an act or failure of the other party or to declare the other party in default, irrespective of how long the failure or delay continues, does not constitute a waiver by the party of any of its rights against the other party.
- 71.4 The duties and obligations imposed by this Agreement and the rights and remedies available hereunder will be in addition to and not a limitation of any duties, obligations, rights and remedies otherwise imposed or available by Law.

72. ASSUMPTION OF RISK

72.1 Except to the extent expressly allocated to the Owner or otherwise provided for under this Agreement, all risks, costs and expenses in relation to the performance by the Design-Builder of its obligations under this Agreement are allocated to, and accepted by, the Design-Builder as its entire and exclusive responsibility.

73. GENERAL DUTY TO MITIGATE

73.1 In all cases where the Design-Builder is entitled to receive from the Owner any additional compensation or any costs, damages or extensions of time, the Design-Builder will use all reasonable efforts to mitigate such amount required to be paid by the Owner to the Design-Builder under this Agreement, or the length of the extension of time. Upon request from the Owner, the Design-Builder will promptly submit a detailed description, supported by all such documentation as the Owner may reasonably require, of the measures and steps taken by the Design-Builder to mitigate and meet its obligations under this Section 73.

74. OTHER PROVISIONS

74.1 The exclusions, waivers and limitations of liability, representations and warranties and indemnities in this Agreement, the provisions of Sections 62, 63, 65, 66 and rights accrued prior to completion or termination of this Agreement will survive the completion or termination of this Agreement.

74.2 This Agreement constitutes the entire agreement between the parties, expressly superseding all prior agreements and communications (both oral and written) between any of the parties hereto with respect to all matters contained herein or therein, and except as stated herein or the instruments and documents to be executed and delivered pursuant hereto, contains all the representations and warranties of the respective parties.

74.3 No waiver of any provision of this Agreement and no consent required pursuant to the terms of this Agreement is binding or effective unless it is in writing and signed by the party providing such waiver or consent.

74.4 No failure to exercise, and no delay in exercising, any right or remedy under this Agreement will be deemed to be a waiver of that right or remedy. No waiver of any breach of any provision of this Agreement will be deemed to be a waiver of any subsequent breach of that provision or of any similar provision.

74.5 This Agreement enures to the benefit of and binds the Owner, its successors and its assigns and the Design-Builder and its successors and permitted assigns.

74.6 The parties must do everything reasonably necessary to give effect to the intent of this Agreement, including execution of further instruments.

74.7 The Design-Builder and the Owner will take all reasonable and necessary steps to minimize and avoid all costs and impacts arising out of the performance of the Work and this Agreement.

74.8 Neither the Owner nor the Design-Builder will take advantage of any apparent discrepancy, ambiguity, error or omission in this Agreement and will notify the other party forthwith following the detection of anything it suspects may be an ambiguity, discrepancy, error or omission.

74.9 Each Schedule attached to this Agreement is an integral part of this Agreement as if set out at length in the body of this Agreement.

- 74.10 This Agreement may only be amended by an agreement of the parties in writing. No such amendments will be valid unless executed by the Owner and the Design-Builder.
- 74.11 This Agreement will be deemed to be made pursuant to the Laws of the Province of British Columbia and the Laws of Canada applicable therein and will be governed by and construed in accordance with such Laws.
- 74.12 For the purposes of any legal actions or proceedings brought by any party hereto against the other party, the parties hereby irrevocably submit to the exclusive jurisdiction of the courts of the Province of British Columbia and acknowledge their competence and the convenience and propriety of the venue and agree to be bound by any judgment thereof and not to seek, and hereby waive, review of its merits by the courts of any other jurisdiction.
- 74.13 Where the Design-Builder is a joint venture, partnership or consortium, each member agrees to be jointly and severally liable for the obligations of the Design-Builder.
- 74.14 Time is of the essence of this Agreement.
- 74.15 This Agreement may be executed in any number of counterparts, each of which will be deemed to be an original, and this has the same effect as if the signatures on the counterparts were on a single copy of this Agreement so that it will not be necessary in making proof of this Agreement to produce or account for more than one such counterpart.
- 74.16 A party may deliver an executed copy of this Agreement by facsimile or other electronic means but that party will immediately deliver to the other parties an originally executed copy of this Agreement.

[Execution Page Follows]

IN WITNESS WHEREOF the parties have executed this Agreement as of the Effective Date.

INTERIOR HEALTH AUTHORITY

Per: _____
Authorized Signatory

Per: _____
Authorized Signatory

**STUART OLSON DOMINION
CONSTRUCTION LTD.**

Per: _____
Authorized Signatory

Per: _____
Authorized Signatory

SCHEDULE 1
STATEMENT OF REQUIREMENTS

See separate document.

SCHEDULE 2

REVIEW PROCEDURE

1. SUBMITTAL SCHEDULE

- 1.1 The parties agree that the preliminary schedule for Submittals (the "Submittal Schedule") is included in the Proposal Extracts. The Submittal Schedule may be amended by agreement of the parties in accordance with the terms of this Section 1. Any amendment to the Submittal Schedule will provide for a progressive and orderly flow of Submittals from the Design-Builder to the Owner as appropriate to allow sufficient time for review of each Submittal by the Owner, taking into account both the resources necessary to be available to the Owner to conduct such review (as anticipated by or inferred from the Submittal Schedule) and the consultation with the User Consultation Groups.
- 1.2 Unless a longer period is required by this Agreement or is otherwise reasonably required by the Owner, the Owner will have 15 Business Days for review of a Submittal from the date the Owner received the Submittal. If the Submittal Schedule is inconsistent with the foregoing review period then it will be deemed to be amended to be consistent. If the Owner receives a Submittal after 12pm (Pacific time) on a Business Day, the 15 Business Day review period will commence on the next Business Day.
- 1.3 The Design-Builder will, in scheduling Submittals and consultations with the User Consultation Group, and in the performance of the Design and the Construction, allow adequate time prior to performing the Design and the Construction that are the subject of the Submittals, for review of the Submittals by the Owner and the User Consultation Group as applicable, and for the Design-Builder to make changes to the Submittals, the Design and the Construction as may be required to account for any comments received from the Owner and the User Consultation Group.
- 1.4 If the Submittal Schedule indicates that a large number of Submittals will be made at one time, the Owner may request a longer period for review or a staggering of the Submittals, and the Design-Builder will revise the Submittal Schedule accordingly, taking into account both the availability of resources required by the Owner to conduct such review and the availability of the User Consultation Groups and whether delay in the review of the subject matter of the Submittal will have a material impact on the Design-Builder's ability to progress future anticipated Submittals and the Design or Construction in accordance with the Time Schedule.
- 1.5 The Design-Builder will submit the then current Submittal Schedule to the Owner on a monthly basis until Substantial Completion is achieved.
- 1.6 All amended Submittal Schedules will be required to meet all the requirements of this Section 1.
- 1.7 The Design-Builder will submit all Submittals to the Owner in accordance with the current Submittal Schedule.
- 1.8 The Design-Builder will bear the risk of delays and additional costs caused as a result of the late submission of Submittals to the Owner, by Submittals which are rejected or required to be corrected and re-submitted in accordance with the terms of this Schedule 2 - Review Procedure, or by changes in the Design and Construction required as a result of comments made pursuant to this Schedule 2 - Review Procedure.

2. GENERAL REQUIREMENTS FOR SUBMITTALS

- 2.1 Unless otherwise specified by the Owner, the Design-Builder will:

- (a) deliver 3 printed copies of each Submittal to the Owner, together with an electronic copy (CD or USB flash drive) in a format acceptable to the Owner; and
 - (b) post the electronic copy of each Submittal (in a format acceptable to the Owner) on an Aconex or other an internet-based system that is established by the Owner for the Project and accessible to the Owner and Design-Builder staff.
- 2.2 All Submittals will be in English.
- 2.3 All Submittals required by this Agreement or by applicable Law to be signed or sealed by persons with professional designations (including where applicable by registered professional architects or engineers) will be so signed and, where applicable, sealed.
- 2.4 All Submittals will refer to the relevant provisions of the Statement of Requirements and to any matter that has previously been subject to review. All Submittals (or covering documentation delivered with the Submittals) will include a statement confirming that the Submittals comply with, or identifying any elements of the Facility that for any reason vary from, the requirements of this Agreement, including the Statement of Requirements.
- 2.5 All Submittals will be clearly identified as a Submittal and will be delivered with appropriate covering documentation, which will include:
- (a) a list of all attached Submittals;
 - (b) a description of:
 - (i) the purpose of the Submittal(s) (including whether the Submittal is being submitted for review by the User Consultation Group or for other purposes);
 - (ii) the component of the Design that is subject to review by the Owner or the User Consultation Group;
 - (iii) the specific item or items in the Submittal that are the subject of the review; and
 - (iv) the Design-Builder's expectations for the Owner's review of the Submittal and the Design-Builder's proposed course of action relating to the Submittal and the Design and the Construction that are the subject of the Submittal;
 - (c) if the Submittal is submitted as part of the Design stages described in Section 17, a report for the Submittal including the information described in Section 17 as applicable to that Submittal;
 - (d) for each Submittal:
 - (i) the document number(s) or drawing number(s);
 - (ii) revision numbers (if applicable);
 - (iii) document or drawing title(s);
 - (iv) name of entity that prepared the Submittal;
 - (v) any changes between draft Submittals and formal Submittals will be clearly identified;

- (vi) the Submittal history showing date and delivery information and/or log number of all previous submissions of that Submittal; and
 - (vii) identification of any previous Submittal superseded by the current Submittal.
- 2.6 The Design-Builder will compile and maintain a register of the date, contents and status of the submission of all Submittals, including the date of receipt and content of all returned Submittals and comments thereon.

3. USER CONSULTATION PROTOCOL

- 3.1 The Design-Builder acknowledges that review of the Design by the Owner and consultation with the Facility Users is an essential step in the completion of the detailed design of the Facility. Accordingly, the Design-Builder will conduct consultations with the Owner and the User Consultation Groups as described in this Schedule 2 - Review Procedure. The Owner will make reasonable efforts, as requested by the Design-Builder, to assist and support the Design-Builder with the consultation process, but nothing in this Section 3 will be interpreted to give the Owner responsibility for the Design, the Design schedule or the user consultation process.
- 3.2 The Owner will establish User Consultation Groups that may include clinical Facility Users (such as physicians and nurses) and technical Facility Users (such as staff from the following Owner departments: facility planning, information management and information technology, medical equipment, security, infection control, ergonomics, logistics and portering, housekeeping, food services, laundry, foundation, switchboard, fire, ambulance, RCMP, the City of Vernon and staff from various departments who will be responsible for the various types of Equipment included in the Facility). The Owner may also from time to time include patients, families and neighbours in the user consultation process.
- 3.3 Unless agreed by the Owner, all aspects of the Design will be subject to review by one or more User Consultation Groups.
- 3.4 The User Consultation Groups will include a User Consultation Group designated as the "Scheduling User Group" with responsibility for coordinating the Design review process with the Design-Builder.
- 3.5 Unless otherwise agreed, Submittals will be provided and reviewed in accordance with the following:
- (a) Draft Submittal to the Owner:
 - (i) The Design-Builder will provide a draft Submittal as indicated on the Submittal Schedule that includes all relevant material with a covering transmittal indicating the purpose of the Submittal, and the information that should be reviewed by the Owner and the User Consultation Groups.
 - (ii) All changes from a previous Submittal should be clearly indicated in accordance with Section 10 of this Schedule 2 - Review Procedure.
 - (b) User Group Consultation:
 - (i) One week following the draft Submittal, the Design-Builder will present the relevant material at a meeting of the relevant User Consultation Group(s).
 - (ii) The presentation will be made in person by the Architect or, if the Owner agrees, the Design-Builder's engineer or other subject matter expert.

- (iii) The Design-Builder's presentation will include a page-by-page review of the draft Submittal.
 - (iv) The Design-Builder and a representative of the Service Provider must be in attendance, preferably in person but teleconference is acceptable.
 - (v) During the presentation, a representative of the Design-Builder will take "live minutes" so that all parties can agree on the content of the minutes during the meeting. The Design-Builder will circulate the minutes immediately after the meeting to all parties and within 3 Business Days the Design-Builder must circulate formal minutes for review. If the Owner notifies the Design-Builder of any errors in the minutes, the Design-Builder will correct such errors within 3 Business Days of the Owner's notice.
 - (c) Informal Comments from the Owner:
 - (i) The Owner will provide any additional informal feedback through to the Design-Builder.
 - (ii) The Owner will provide additional informal feedback within one week after the presentation, unless the Owner advises the Design-Builder in writing. The period will not exceed two weeks unless agreed with the Design-Builder.
 - (d) Formal Submittal to the Owner:
 - (i) The Design-Builder will make the formal Submittal within two weeks following the presentation (or one week after receiving additional informal feedback).
 - (ii) If the Design-Builder does not address the feedback received at the presentation or subsequently provided by the Owner, the Design-Builder will provide commentary on the reasons for not addressing the feedback.
 - (e) Formal Response from the Owner:
 - (i) The Owner will respond within 15 Business Days following the formal Submittal in accordance with this Schedule 2 - Review Procedure.
- 3.6 The process set out this Section 3 will be set out in the Submittal Schedule.
- 3.7 The parties acknowledge that Design development is an iterative and interactive process and that additional User Consultation Group review and meetings may be required from those shown on the Submittal Schedule. The parties will co-operate to amend the Submittal Schedule as may be required from time to time to ensure that sufficient consultations with the User Consultation Group in relation to each component of the Design (and changes to the Design resulting from such consultations) are completed prior to the Design-Builder making the formal Submittal.
- 3.8 The Owner and the Design-Builder will not be bound by the consultations with the User Consultation Groups, unless reflected in the formal Submittal and comments from the Owner.
- 3.9 If the Design-Builder considers that compliance with any comment raised by a User Consultation Group member would lead to a Change, the Design-Builder will, before taking into account such comment or objection, notify the Owner, and the Owner will consider whether the comment or objection is a Change and if it a Change, whether to require the Design-Builder to proceed with a Change. No Change will be made without a Change Order or Change Directive from the Owner.

In all cases, the parties will cooperate to identify potential alternative solutions to any comments or objections raised that would not lead to a Change.

- 3.10 The User Consultation Group consultation meetings will be held in Kelowna, at space made available by the Owner.

4. REVIEW COMMENTS

- 4.1 The Owner will review and respond to each Submittal in accordance with the applicable time periods set out in the Submittal Schedule (as may be amended from time to time in accordance with this Schedule 2 - Review Procedure).

- 4.2 Before commencing Construction of a particular component of the Project, the Design-Builder will submit to the Owner a Submittal:

- (a) that fully addresses the User Group Consultation described in Section 3 of this Schedule 2 - Review Procedure; and
- (b) describing that component, including all necessary Design and other information as the Owner may reasonably require, including any Design reports and calculations, reasonably necessary for the Owner to conduct an appropriate review to confirm that the Design described in the Submittal conforms to the requirements of this Agreement (including the Statement of Requirements and the Proposal Extracts).

- 4.3 At the Owner's request, the Design-Builder will meet with the Owner and make a presentation to the Owner regarding the content and purpose of the Submittal(s), carry out a page-by-page review of the Submittal(s) with the Owner and answer any questions the Owner may have in advance of its review.

- 4.4 The Owner will review Submittals submitted under Section 4.2 above and assign one of the following 4 comments:

- (a) "REVIEWED";
- (b) "CORRECT DEFICIENCIES";
- (c) "REJECTED"; or
- (d) "NOT REVIEWED".

- 4.5 The comment "REVIEWED" will be assigned to those Submittals that, in the opinion of the Owner, acting reasonably, appear to conform to the requirements of this Agreement, including the Statement of Requirements and the Proposal Extracts.

- 4.6 The comment "CORRECT DEFICIENCIES" will be assigned to those Submittals that, in the opinion of the Owner, acting reasonably, appear to generally conform to the requirements of this Agreement, but in which minor deficiencies have been found and identified by the Owner's review. The Design-Builder will to the extent necessary correct these Submittals and provide a copy of such corrected Submittals to the Owner within 15 Business Days. The Design-Builder may proceed on the portions of such Submittals that have not received comments but the Design-Builder will not proceed on the portions of such Submittals that have received the comment "CORRECT DEFICIENCIES" until the Design-Builder obtains a comment that permits the Design-Builder to proceed. The Design-Builder will correct revise and resubmit Submittals as often as may be required to obtain a comment that permits the Design-Builder to proceed. If at any time it is discovered that the Design-Builder has not corrected the deficiencies on Submittals that were

correctly stamped "CORRECT DEFICIENCIES", then the Design-Builder will be required to modify the Submittals and the relevant Design and the Construction as required to correct the deficiencies and the Design-Builder may be required, at the Owner's discretion, acting reasonably, to resubmit relevant Submittals.

- 4.7 The comment "REJECTED" will be assigned to those Submittals that, in the opinion of the Owner, acting reasonably, contain significant deficiencies or do not generally conform with the requirements of this Agreement. The Design-Builder will correct and re-submit these Submittals within 15 Business Days after the comment has been provided to the Design-Builder. The Owner will then review such corrected Submittals and assign a comment to the corrected Submittal. The Design-Builder will correct revise and resubmit Submittals as often as may be required to obtain a comment that permits the Design-Builder to proceed. Except with the written consent of the Owner, the Design-Builder will not proceed with any Design or Construction to which such Submittals receiving the comment "REJECTED" relate until the Design-Builder obtains a comment that permits the Design-Builder to proceed.
- 4.8 The comment "NOT REVIEWED" may be assigned to those Submittals that have not been reviewed by the Owner in detail because, in the opinion of the Owner, acting reasonably, the Submittals do not comply with the requirements of this Schedule 2 - Review Procedure (including Section 4.2 above), are incomplete or otherwise insufficient for the purposes of a Design review, or are received by the Owner before the date scheduled in the Submittal Schedule. The Design-Builder will correct and re-submit these Submittals within 15 Business Days or, if a later date is set out on the Submittal Schedule, by such later date. The Design-Builder will correct, revise and resubmit Submittals as often as may be required to obtain a comment that permits the Design-Builder to proceed. The Design-Builder will not proceed with any Design or Construction to which such Submittals receiving the comment "NOT REVIEWED" relate until the Design-Builder obtains a comment that permits the Design-Builder to proceed.
- 4.9 The Owner may request additional time for the review of any Submittal, including where the Submittal is voluminous or requires extensive review by representatives (including consultants) of the Owner, and the Design-Builder will, in consultation with the Owner, extend such time for any reasonable requests by the Owner.
- 4.10 If the Owner does not respond to a Submittal within the applicable time period for that Submittal as determined in accordance with Section 1.2 of this Schedule 2 - Review Procedure, the Submittal will be deemed "REVIEWED" and the Design-Builder may proceed with and implement the Design and the Construction on the basis set forth in the applicable Submittal without any further action or documentation required.
- 4.11 Where the Owner issues the comment "CORRECT DEFICIENCIES", "REJECTED" or "NOT REVIEWED" the Owner will provide reasons for the comment, referencing particulars of the Section(s) of the Agreement (including the Statement of Requirements) that the Submittal fails to satisfy, and if requested by the Design-Builder, the Owner will meet with the Design-Builder to discuss the reasons for the comment.
- 4.12 If at any time after assigning any comment to a Submittal or where Section 4.10 above has applied, the Owner or the Design-Builder discovers deficiencies or any failure to conform to the requirements of this Agreement, the Owner or the Design-Builder, as the case may be, will promptly notify the other party of such deficiencies or non-conformance and the Owner may revise the comment assigned to any Submittal. If the parties agree or it is determined in accordance with Section 63 that the revised comment is correct, the Design-Builder will make all such corrections to the Submittals and the Design and the Construction.

- 4.13 For the purpose of facilitating and expediting the review and correction of Submittals, the Owner's Representative and the Design-Builder's Representatives will meet as may be mutually agreed to discuss and review any outstanding Submittals and any comments thereon.
- 4.14 Where an individual Submittal item is voluminous, the Owner at its discretion may elect to stamp only the cover page or first sheet of the Submittal with the appropriate comment, if any, and return to the Design-Builder 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 the Design-Builder. Any pages not returned without such an explanation as to their status will be deemed to be "REVIEWED" by the Owner.
- 4.15 In lieu of returning a Submittal, the Owner may by letter notify the Design-Builder of the comment assigned to the Submittal and if such comment is "CORRECT DEFICIENCIES", "REJECTED", or "NOT REVIEWED" the letter will contain comments in sufficient detail, including referencing applicable Section(s) of the Agreement, for the Design-Builder to identify the correction sought.

5. DRAWINGS AND SPECIFICATIONS

- 5.1 The following Submittals will be deemed to be "Drawings" and "Specifications":
- (a) Submittals which the Owner has marked as "REVIEWED" under Section 4.5 of this Schedule 2 - Review Procedure;
 - (b) portions of Submittals that the Design-Builder may proceed with under Section 4.6 of this Schedule 2 - Review Procedure;
 - (c) Submittals which have been deemed "REVIEWED" by the Owner under Section 4.10 of this Schedule 2 - Review Procedure.
- 5.2 The Design-Builder's Design and Construction Representative will deliver promptly one complete copy of the Drawings and Specifications to the Independent Certifier.

6. DISPUTES

- 6.1 If the Design-Builder disputes any comment issued by the Owner in respect of a Submittal made under Section 4 of this Schedule 2 - Review Procedure, the Design-Builder will promptly notify the Owner of the details of such Dispute and will submit the reasons why the Design-Builder believes a different comment should be assigned, together with appropriate supporting documentation. The Owner will review the Submittal, the reasons and supporting documentation and within 7 Business Days after receipt thereof will either confirm the original comment or notify the Design-Builder of a revised comment. Nothing in this Section 6 will limit either party's right to refer a Dispute for resolution in the first instance to the Owner's Consultant under Section 63.

7. CHANGES

- 7.1 If the Design-Builder considers that compliance with any comment raised by the Owner in respect of a Submittal made under Section 4 of this Schedule 2 - Review Procedure would lead to a Change, the Design-Builder will before taking into account such comment or objection, notify the Owner, and the Owner will consider whether the comment or objection is a Change and if it a Change, whether to require the Design-Builder to proceed with a Change. No Change will be made without a Change Order or Change Directive from the Owner. If the parties are unable to reach agreement, then either party may refer the matter for resolution in accordance with the Dispute resolution process described in Section 63.

7.2 In all cases, the parties will cooperate to identify potential alternative solutions to any comments raised that would not lead to a Change.

8. EFFECT OF REVIEW

8.1 Any review of and comment by the Owner on any Submittals are for general conformity to the obligations and requirements of this Agreement, and any such review and comment will not relieve the Design-Builder of the risk and responsibility for the Design and the Construction and for meeting all of its obligations and requirements of this Agreement, and will not create any new or additional obligations or liabilities for the Owner. Without limiting the generality of the foregoing any and all errors or omissions in Submittals or of any review and comment will not exclude or limit the Design-Builder's obligations or liabilities in respect of the Design or the Construction under this Agreement or exclude or limit the Owner's rights in respect of the Design and the Construction under this Agreement.

9. SUBMITTAL MEETINGS AND EXPLANATIONS

9.1 At any time, the Owner may, acting reasonably, require the Design-Builder, including the Design-Builder's consultants, Subcontractors, and any other relevant personnel, at no additional cost to the Owner, to meet with representatives of the Owner and its advisors to answer questions regarding the Design-Builder's Submittals or to explain to the Owner and the Owner's advisors the intent of the Design-Builder's Submittals, including in relation to any Design and any associated documentation and as to its satisfaction of the requirements of this Agreement (including the Statement of Requirements). The Design-Builder will, and will cause its consultants, Subcontractors, and any other relevant personnel to, attend all meetings requested by the Owner and answer all questions asked by the Owner in accordance with this Section as soon as practicable and in any event no later than 5 Business Days from the date it received the Owner's questions or such longer period as agreed by the parties.

10. REVISIONS

10.1 The Design-Builder will ensure that Submittals keep the same, unique reference number throughout the review process, and that all subsequent revisions of the same Submittal are identified by a sequential revision number. Correspondence related to such Submittal will reference the reference number and revision number.

10.2 Re-submittals will clearly show all revisions from the previous Submittal. Bound documents, including reports and manuals, will 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 will be used (e.g. deletions struck out and additions underscored). Revised portions of drawings will 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 will be included on the drawing.

10.3 All revisions on print media will be initialled by hand by the individual designer, design checker and, where applicable, by the drafter and the drafting checker and will identify the persons who initialled the Submittal. Electronic versions of the Submittal will identify the persons who initialled the revisions to the printed version of the Submittal.

10.4 The Design-Builder will keep all Drawings and Specifications current. If any Drawings and Specifications are revised as part of a Submittal, all other Drawings and Specifications relying on or based on that Drawings and Specifications will also be revised accordingly. All such revised Drawings and Specifications will also be submitted with the Submittal to which it relates.

11. AUDIT BY THE OWNER

- 11.1 Without limiting any other right under the Agreement, the Owner will have the right to audit all Submittals, including comparing all Submittals to previous Submittals.
- 11.2 If during an audit or at any other time it is discovered by the Owner or the Design-Builder that any Submittals were not correctly implemented, the Design-Builder will at its sole cost immediately take all necessary steps to correct and modify the applicable Submittals and the Design and Construction to which they relate and will advise the Owner of all such corrections and modifications.

SCHEDULE 3

INSURANCE CONDITIONS

Without restricting the generality of the indemnification provisions in Section 58, insurance and coverage will be arranged and paid for as follows:

1. WRAP-UP LIABILITY INSURANCE

- 1.1 The Owner will provide, maintain and pay for Wrap-up Liability Insurance with a limit of inclusive per occurrence, general aggregate for bodily injury, death, and damage to property including loss of use thereof, product/completed operations liability with a limit of
- 1.2 This insurance will cover the Owner, Infusion Health KVH General Partnership ("Infusion"), Black & McDonald Limited, Design-Builder & Subcontractors, Architects, Engineers, Consultants and anyone employed by them to perform a part or parts of the Work (includes both Construction and Design services, but excludes all professional services, under this Agreement) but excluding suppliers whose only function is to supply and/or transport products to the project site or security protection persons or organizations providing site protection on or at the insured project. The insurance does not extend to any activities, works, jobs or undertakings of the insureds other than those directly related to the Work of this Agreement.
- 1.3 The insurance will preclude subrogation claims by the insurer against anyone insured hereunder.
- 1.4 The insurance will include coverage for:
 - (a) Products or Completed Operations Liability;
 - (b) Blanket Contractual Liability;
 - (c) Cross Liability;
 - (d) Contingent Employer's Liability;
 - (e) Personal Injury Liability;
 - (f) Shoring, Blasting, Excavating, Underpinning, Demolition, Piledriving and Caisson Work, Work Below Ground Surface, Tunneling and Grading, as applicable;
 - (g) Liability with respect to Non-Owned Licensed Vehicles ;
 - (h) Broad Form Property Damage;
 - (i) Broad Form Completed Operations;
 - (j) Limited Pollution Liability ;
 - (k) Employees as Additional Insureds;
 - (l) Broad Form Tenants Legal Liability ;

(m) Operation of Attached Machinery; and

(n) Forest Fire Fighting Expenses

1.5 Any applicable deductibles will not exceed _____ except with respect to loss or damage arising from hot roofing operations where the deductible will not exceed _____

1.6 This insurance will be maintained continuously from commencement of the Work until Substantial Completion of the Project, plus cover completed operations for a further period of _____

2. PROFESSIONAL LIABILITY INSURANCE

2.1 The Design-Builder or the Design-Builder's Consultant during the term of this Agreement will provide and maintain continuously from the commencement of the Work, until _____ after Substantial Completion of the Project, the following insurance which will be placed with such company or companies and in such form and amounts and with such deductibles as may be acceptable to the Owner:

(a) Professional Errors and Omissions Liability Insurance protecting the Design-Builder or the Design-Builder's Consultant, sub-consultant(s) and their respective servant(s), agent(s) or employee(s) against any loss or damage arising out of the Design under this Agreement. Such insurance will be for the adequate amount acceptable to the Owner and will in any event be not less than:

(i) For construction valued at \$0.00 to \$2.5 million: _____ per claim;

(ii) For construction valued at \$2.5 million to \$7.5 million: _____ per claim;

(iii) For construction valued at \$7.5 million to \$15.0 million: _____ per claim;

(iv) For construction valued over \$15.0 million to \$30.0 million: _____ per claim;
and

(v) For construction valued over \$30.0 million to \$75.0 million: _____ per claim.

The amount of insurance coverage to be carried by structural, mechanical, electrical and civil sub-consultants is to be based on the value of their scope of work. All other specialty Consultants to carry a minimum _____ Errors and Omissions Insurance despite the value of their scope of work.

2.2 If coverage is provided by the Design-Builder's Consultant, then such Professional Errors and Omissions Liability Insurance will not contain a "Design-Build" exclusion.

3. PROPERTY COVERAGE INSURANCE

3.1 The Owner will provide, maintain and pay for Course of Construction coverage, against "All Risks" of direct physical loss or damage including flood and earthquake, and will cover all materials, property, structures and equipment purchased for, entering into, or forming part of the Work whilst located anywhere within Canada and continental United States of America during construction, erection, installation and testing, but such coverage will not include coverage for Design-Builder's and Subcontractors' equipment of any description. Such coverage will be maintained until Substantial Completion of the Project. There will be a deductible of _____ (_____) for each and every occurrence except for the peril of earthquake which will have a _____ (subject to minimum _____)

deductible based upon the total project value insured. A 1 day waiting period for each month of the project duration subject to a minimum waiting period of 30 days will apply with respect to soft costs.

- 3.2 The coverage will include as a protected entity, Infusion, Black & McDonald Limited and each Design-Builder, Subcontractor, Architect or Engineer who is engaged in the Project.
- 3.3 The coverage will contain a waiver of the Owner's rights of subrogation against all protected entities except where a loss is deemed to have been caused by or resulting from any error in design or any other professional error or omission, or manufacturers (not employees of the insured).
- 3.4 The Design-Builder will, at his own expense, take special precaution to prevent fires occurring in or about the Work and will observe, and comply with, all insurance policy warranties and all laws and regulations in force respecting fires.

4. AUTOMOBILE LIABILITY INSURANCE

- 4.1 The Design-Builder will provide, maintain and pay for, and require all Subcontractors to provide, maintain and pay for Automobile Liability Insurance in respect of all owned or leased vehicles, subject to limits of not less than _____ inclusive per occurrence. The insurance will be placed with such company or companies and in such form and deductibles as may be acceptable to Owner.

5. AIRCRAFT AND/OR WATERCRAFT LIABILITY INSURANCE

- 5.1 The Design-Builder will provide, maintain and pay for liability insurance with respect to owned or non-owned aircraft and watercraft if used directly or indirectly in the performance of the Work, subject to limits of not less than _____ inclusive per occurrence for bodily injury, death, and damage to property including loss of use thereof and including Aircraft Passenger Hazard where applicable. The insurance will name the Owner as an additional insured, include a cross liability clause, be endorsed to provide the Owner with 30 days' advance written notice of cancellation and be placed with such company or companies and in such form and deductibles as may be acceptable to Owner.

6. CONTRACTORS POLLUTION LIABILITY INSURANCE

- 6.1 When applicable, the Design-Builder (or Design-Builder's Subcontractors) will require all Subcontractors to provide, maintain and pay for:
 - (a) Contractors Pollution Liability insurance with limits no less than _____ per occurrence for bodily injury, death, and damage to property including loss of use thereof. Such insurance will include all operations associated with hazardous materials clean-up, removal and/or containment, transit and disposal; or
 - (b) Asbestos Abatement Liability coverage stated under the Design-Builder's or Subcontractor's Commercial General Liability insurance coverage with limits no less than _____ per occurrence for bodily injury, death, and damage to property including loss of use thereof. Such insurance will include all operations associated with hazardous materials clean-up, removal and/or containment, transit and disposal.
- 6.2 Any insurance required under this Section 6 must name the Owner as an additional insured, include a cross liability clause and be endorsed to provide the Owner with 30 days' advance written notice of cancellation. If any such insurance is provided on a claims-made basis and that insurance is cancelled or not renewed, such policy must provide a _____ extended reporting

period. The Design-Builder must cause all Subcontractors to provide to the Owner a Certificate of Insurance confirming all policies and endorsements necessary to comply with the insurance requirements outlined herein, or upon request, a certified copy of the required insurance policy.

7. GENERAL

- 7.1 The description of the Owner arranged insurance described herein is provided on a summary basis only and is not a statement of the actual policy terms and conditions. The Owner does not represent or warrant that the Owner arranged insurance contains insurance for any and all losses. It is the Design-Builder's responsibility to ascertain the exact nature and extent of coverage provided by the Owner arranged insurance, to review all policies pertaining thereto and to obtain any other insurance that it may be prudent for the Design-Builder to obtain.
- 7.2 The Design-Builder will also provide, maintain and pay for any other insurance that the Design-Builder is required by law to carry, or which the Design-Builder considers necessary.
- 7.3 Unless specified otherwise, the duration of each coverage and insurance policy will be from the date of commencement of the Work until the date of final certificate for payment.
- 7.4 The Owner will, upon request, provide the Design-Builder with proof of insurance of those coverages and insurances required to be provided by the Owner prior to commencement of the Work and subsequent certified copy of policies within a reasonable time period thereafter.
- 7.5 The Design-Builder and/or its Subcontractors, Design-Builder's Consultants and sub-consultants as may be applicable, will be responsible for any deductible amounts under the policies of coverage and insurance except for perils of flood and earthquake.
- 7.6 The Design-Builder will provide the Owner with proof of insurance for those insurances required to be provided by the Design-Builder (or Design-Builder's Consultant) prior to the commencement of the Work in the form of a completed Certificate of Insurance and will also provide a certified copy of any required policies upon request.
- 7.7 The Owner will not be responsible for injury to the Design-Builder's employees or for loss or damage to the Design-Builder's or to the Design-Builder's employees' machinery, equipment, tools or supplies which may be temporarily used or stored in, on or about the premises during construction and which may, from time to time, or at the termination of this Agreement, be removed from the premises. The Design-Builder hereby waives all rights of recourse against the Owner, Infusion, Black & McDonald Limited or any other contractor that is covered under the Wrap-Up Liability Insurance and Course of Construction Insurance with regard to damage to the Design-Builder's property.

SCHEDULE 4

COMMUNICATION ROLES

The Owner and the Design-Builder will share responsibilities for communications, including community relations, stakeholder consultation, media relations and emergency communications on the terms set out in this Schedule.

1. GENERAL

- 1.1 The Design-Builder will be guided by the Owner's best practices regarding communications. Unless otherwise specified by the Owner, the governing document relating to best practices will be the disclosure guidance document entitled "Procurement Related Disclosure for Public Private Partnerships" posted at www.Partnershipsbc.ca.
- 1.2 The Design-Builder will consult and cooperate with the Owner regarding communications activities relating to the Project.
- 1.3 The desired outcome of communications activities is to inform and involve the public and other stakeholders about the progress, value and benefits of the Project and to develop and maintain support for the Project.
- 1.4 Communications strategies and plans involving the interests of both parties are to be prepared on a joint basis, with one party taking a lead role and the other a supporting role, as described in this Schedule.
- 1.5 Where communications strategies and plans involve the interests of both parties, each party will give the other a reasonable opportunity (taking into account the need for timely communications) to consider communications strategies and plans initiated by the other and, if information is supplied by a party, it should include or be accompanied by sufficient explanatory or other material to enable the information to be properly considered.
- 1.6 The Design-Builder will consider and, acting reasonably, take into account, public and other stakeholder input in regard to its plans for the Design and Construction.
- 1.7 This Schedule is a guideline and may be amended by mutual agreement. Non-compliance with this Schedule by either party will not constitute a breach of this Agreement.
- 1.8 No communication regarding the subject matter of a Dispute, including one resolved under Section 63, will be made without the prior written consent of the Owner or the Design-Builder, as the case may be, unless otherwise ordered under the Dispute resolution procedure.
- 1.9 The Design-Builder acknowledges that FIPPA applies to the Owner, that nothing in this Schedule limits any requirements for compliance with FIPPA and that the Owner may be required to make disclosure of information under FIPPA.
- 1.10 The Design-Builder acknowledges that the Owner will be free to disclose (including on Websites) this Agreement and any and all terms hereof, except for those portions that would not be required to be disclosed under FIPPA. The Owner will consult with the Design-Builder prior to such disclosure.
- 1.11 Except for Section 1.10, this Schedule is subject to the parties' obligations in respect of Confidential Information pursuant to Section 66 of this Agreement.

2. CATEGORIES OF COMMUNICATIONS

The following categories of communications are covered by this Schedule and each category applies during the Construction period:

- (a) Communications Planning: the Design-Builder will be provided with a copy of parts of the Project Communications Plan applicable to this Project and will support the implementation of the strategies and activities listed in it;
- (b) Community Relations: keeping all key audiences (as identified in communications plans) informed, including providing overall Project information, including information about schedule, design, construction (including traffic management), facilities management and other services, using any and all appropriate communications tools and tactics;
- (c) Consultation: engaging in discussions with Project stakeholders;
- (d) Media Relations: providing media with Project updates and responding to issues raised by the media; and
- (e) Emergency Communications: preparing and implementing crisis communications planning and preparedness.

3. LEAD AND SUPPORTING ROLES

- 3.1 Within each category of communications set out in Section 2 of this Schedule, the Design-Builder will play either a lead or supporting role, working with the Owner to achieve the desired communications outcomes.
- 3.2 For all categories of communication, and whether communication occurs as part of a lead or supporting role, no advertising that involves payment, by the Design-Builder, to a third party may include the Owner or the Project unless the Design-Builder obtains the prior consent of the Owner, not to be unreasonably withheld or delayed.

4. LEAD RESPONSIBILITIES

The following is an overview of the responsibilities associated with lead roles:

- (a) developing an overall strategic communications plan for the Project, that includes plans for communications, community relations, consultation, media relations and emergency communications;
- (b) having regard for the input of the supporting party, approving communication plans and tactics in response to specific circumstances, unless otherwise indicated in this Schedule;
- (c) implementing its role in approved plans;
- (d) achieving the outcomes set out in the strategic communication plan;
- (e) maintaining constructive and positive relationships with the public and other stakeholders;
- (f) providing information, as required by the supporting party and its team members, to support communication and consultation activities;
- (g) as relevant to its lead role, organizing, attending and participating in community and other stakeholder consultation meetings and carrying out other communication activities to

consult with and report back to the community and other stakeholders, including open houses, information updates, public displays, advertising, website creation, maintenance updates, construction notices, milestone celebration events, news releases and tours, and directing inquiries to the supporting party as appropriate;

- (h) assuming responsibility for costs related to carrying out lead responsibilities to a standard acceptable to the Owner, in the amounts and in the manner approved by the Owner;
- (i) monitoring whether the Design and Construction are conducted in a manner consistent with strategic communication plans and advising the parties of any material inconsistency; and
- (j) having a trained media relations spokesperson available 24/7 to respond to media requests.

	Communications Lead	Contact Information
Authority	Erin Toews	Erin.Toews@interiorhealth.ca
Design-Builder	Isabel Ladeira	Isabel.ladeira@sodcl.com

5. SUPPORTING RESPONSIBILITIES

The following is an overview of the responsibilities associated with supporting roles:

- (a) assisting with the implementation of plans, including drafting of other communication documents, as directed by the lead party;
- (b) implementing its role in approved plans;
- (c) maintaining constructive and positive relationships with the public and other stakeholders;
- (d) providing information, as required by the lead party and its team members, to support communication and consultation activities;
- (e) as relevant to its supporting role, organizing, attending and participating in community and other stakeholder consultation meetings and carrying out other communication activities to consult with and report back to the community and other stakeholders, including open houses, information updates, public displays, advertising, website creation, maintenance updates, construction notices, milestone celebration events, news releases and tours, and directing inquiries to the lead party as appropriate;
- (f) assuming responsibility for costs related to carrying out supporting responsibilities to a standard acceptable to the Owner, in amounts and in a manner approved by the Owner; and
- (g) having a local, trained media relations spokesperson available 24/7 to respond to media requests.

6. ALLOCATION OF LEAD AND SUPPORTING ROLES

The lead and supporting roles will be allocated as set out in the following table, unless otherwise required by the Owner in consultation with the Design-Builder:

CATEGORY	LEAD	SUPPORTING
Communications Planning	Owner	Design-Builder
Community Relations	Owner	Design-Builder
Consultation	Owner	Design-Builder
Media Relations	Owner	Design-Builder
Emergency Communications	Owner	Design-Builder
Construction	Design-Builder	Owner
Moves	Owner	Design-Builder
Traffic	Design-Builder	Owner
Noise	Design-Builder	Owner

7. OWNER RIGHT TO STEP IN AT DESIGN-BUILDER'S COST

If the Design-Builder is required to take a lead role but fails to comply with its obligations under this Schedule in any material respect, the Owner may give reasonable notice to the Design-Builder that it intends to undertake and assume the lead role obligations of the Design-Builder, at the expense of the Design-Builder, including all direct costs of engaging third party assistance with communication responsibilities and all direct costs of the Owner in connection with fulfilling the Design-Builder's obligations under this Schedule.

SCHEDULE 5

KEY INDIVIDUALS

Design-Build Director

Lee Blissett
Stuart Olson Dominion Construction Ltd.
#300, 13777 Commerce Parkway
Richmond, BC
Phone: 604-273-7765

Design-Build Construction manager

Dave Bauder
Stuart Olson Dominion Construction Ltd.
#300, 13777 Commerce Parkway
Richmond, BC
Phone: 604-273-7765

Design-Build Design Manager

Rick Young, AIBC
Parkin Architects Western Ltd.
1737 West 3rd Avenue, Suite 230
Vancouver, BC
604-283-8054

Lead Architect

John MacSween
Parkin Architects Western Ltd
1737 West 3rd Avenue, Suite 230
Vancouver, BC
Phone: 604-283-8054

Lead Mechanical Engineer

Steve Woodmass, P. Eng.
Williams Engineering Canada
#304, 1912 Enterprise Way
Kelowna, BC
Phone: 778-484-3900

Lead Electrical Engineer

Kevin Cheong, P. Eng.
Applied Engineering Solutions Ltd.
2nd Floor, 1330 Granville Street
Vancouver, BC
Phone: 604-569-6500

SCHEDULE 6

SCHEDULE OF PRICES

The Contract Price represents the entire compensation to the Design-Builder by the Owner for any and all costs related to the Work, including but not limited to all fees, cash allowances, contingencies and all duties and taxes, excluding GST payable by the Owner to the Design-Builder.

NTD: insert Schedule 6

SCHEDULE 7
PROPOSAL EXTRACTS

Documentation to be included as attachment

SCHEDULE 8
PARENT GUARANTEE

Documentation to be included as attachment