

APPENDIX 1

MODULAR CLASSROOM CONTRACT NO. _____

FORM OF AGREEMENT

This Contract is dated for reference the _____ day of _____, 2010

BETWEEN:

[*Insert School District Name]

(the “School District”)

AND:

SHELTER INDUSTRIES INC., a corporation formed under the laws of British Columbia under registration no. BC0295699 and having an office at 3294 – 262nd Street, P.O. Box 1318, Aldergrove, BC Canada, V4W 2V1

(the “Contractor”)

WHEREAS:

- A. The Province of British Columbia intends to implement a full day kindergarten program (the “Program”) for British Columbia by September 2011.
- B. The Province and the Contractor have entered into an agreement entitled “Master Agreement” dated the 4th day of October, 2010 for the supply of modular classrooms to school districts in British Columbia (the “Master Agreement”).
- C. To provide for additional facilities for the School District for the Program, the School District wishes to enter into this Contract with the Contractor for the design, construction, delivery, installation and commissioning of the modular classrooms and other facilities as described in this Contract (the “Project”).

NOW THEREFORE the parties agree as follows:

ARTICLE 1 WORK

- 1.1 The Contractor will perform the Work in accordance with the requirements of the Contract Documents, including Schedule A – Order Summary and Schedule B – Statement of Requirements.

ARTICLE 2 CONTRACT PRICE

- 2.1 The School District will pay the price (the “Contract Price”) of \$ _____ plus HST in Canadian dollars to the Contractor for satisfactory performance of the Work.
- 2.2 The Contract Price is the entire compensation to the Contractor for performance of the Work.
- 2.3 The Contract Price is subject to adjustments as provided in the Contract.

ARTICLE 3 PAYMENT

- 3.1 The School District will pay the Contract Price to the Contractor in accordance with the following and the other provisions of the Contract:
 - (a) The School District will pay the Contractor the milestone payments set out in Schedule A2 – Schedule of Prices upon achievement of the specified payment events. All criteria set out for a payment event must be satisfied in order for the payment event to be achieved and the applicable milestone payment to be paid.

ARTICLE 4 CONTRACT TIME

- 4.1 The Contractor will commence the Work immediately upon execution of this Contract and will diligently perform the Work in accordance with the Contract Documents and achieve Substantial Completion on or before [July 31, 2011] (the “Target Substantial Completion Date”).
- 4.2 The Contractor will perform the Work:
 - (a) to achieve each of the milestones set out in Schedule A3 – Milestone Schedule by the applicable date set out in that Schedule; and
 - (b) in compliance with the Time Schedule set out in Schedule A4 – Time Schedule.
- 4.3 If the Contractor is entitled to an adjustment of the Contract Time and the Time Schedule under the Contract, the milestones set out in Schedule A3 – Milestone Schedule will be adjusted by the time by which the Contractor’s achievement of the milestones is delayed, with reference to “critical path” for performance of the Work.

ARTICLE 5 CONTRACT DOCUMENTS

- 5.1 This Contract consists of following documents (the “Contract Documents”):
 - (a) this Form of Agreement and the following documents attached to this Form of Agreement:
 - (i) Schedule A – Order Summary, including:

- (A) Schedule A1 – School Site Information Sheets;
 - (B) Schedule A2 – Schedule of Prices;
 - (C) Schedule A3 – Milestone Schedule; and
 - (D) Schedule A4 – Time Schedule;
- (b) the following documents incorporated by reference from the Master Agreement:
- (i) Schedule B – Statement of Requirements;
 - (ii) Schedule C – General Conditions;
 - (iii) Schedule D – Insurance Conditions;
 - (iv) Schedule E – Key Personnel; and
 - (v) Schedule F – Proposal Extracts; and
- (c) the Drawings and Specifications reviewed under the Master Agreement.

5.2 The parties are bound by the documents incorporated by reference into this Contract.

ARTICLE 6 MASTER AGREEMENT

6.1 The parties acknowledge receipt of a copy of the Master Agreement.

6.2 The Contractor will comply with the Master Agreement and the other Modular Classroom Contracts (as defined in the Master Agreement) with other School Districts (as defined in the Master Agreement) and agrees that any failure of the Contractor to observe, perform or comply with any provision of the Master Agreement or such other Modular Classroom Contracts may at the School District's option be deemed to be a failure to observe, perform and comply with the Contractor's obligations under this Contract.

ARTICLE 7 PROVINCE NOT A PARTY

7.1 The parties acknowledge that the Province is not a party to this Contract and the Province does not guarantee performance of either party to the other under this Contract, including the obligations of the Contractor to perform the Work and the obligations of the School District to pay the Contract Price.

ARTICLE 8 PROGRESS MONITOR

8.1 The Progress Monitor appointed from time to time by the Province under the Master Agreement for this Contract is the Progress Monitor under this Contract and the Progress Monitor has the role under this Contract as described in the Master Agreement. The

Contractor will perform all obligations required under the Master Agreement in relation to the Progress Monitor.

ARTICLE 9 NOTICE

9.1 Any notice or communication required or permitted to be given under this Contract 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 School District:

[School District No.
Address

Attention: _____]

Facsimile: _____

Email: _____

with a copy concurrently delivered by electronic transmission or by hand (but not facsimile) to:

Ministry of Education
Province of British Columbia
P.O. Box 9151, Stn Prov Govt
#4 – 620 Superior Street
Victoria, BC V8W 9H1

Attention: Phillip Chambers

Email: phillip.chambers@gov.bc.ca

(b) if to the Contractor:

Shelter Industries Inc.
3294 – 262nd Street
P.O. Box 1318
Aldergrove, BC V4W 2V1

Attention: Chris Yamamoto

Facsimile: 604-856-5200

Email: cyamamoto@shelterindustries.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.

9.2 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.

9.3 Delivery by mail will not be considered timely notice under this Contract.

9.4 In the event of an emergency or urgent matter, in addition to the notice required by this Article 9, a verbal notice will be given as soon as the party giving the notice becomes aware of any material event or circumstance which gives rise to the requirement for a written notice being given.

9.5 The Contractor will provide the Province with a copy of any notice to a School District, concurrently with the notice to the School District.

ARTICLE 10 GENERAL

10.1 This Contract 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 Contract so that it will not be necessary in making proof of this Contract to produce or account for more than one such counterpart.

10.2 A party may deliver an executed copy of this Contract by facsimile or other electronic means but that party will immediately deliver to the other parties an originally executed copy of this Contract.

10.3 Where the Contractor is a joint venture, partnership or consortium, each member is jointly and severally liable for the obligations of the Contractor.

IN WITNESS WHEREOF the parties have executed this Contract as of the reference date on the first page of this Form of Agreement.

[School District No. _____]

Per: _____
[Insert Name]

Per: _____
[Insert Name]

[Contractor]

Per: _____
[Insert Name]

Per: _____
[Insert Name]

Schedule A
Order Summary

1. Attachments

This Schedule A – Order Summary includes the following:

- (a) Schedule A1 – School Site Information Sheets;
- (b) Schedule A2 – Schedule of Prices;
- (c) Schedule A3 – Milestone Schedule; and
- (d) Schedule A4 – Time Schedule.

2. Summary of Work

The Work includes [number] modular classroom(s) at [number] school(s) and with the applicable site readiness date as described in the following table:

Item	School Location	Modular Classrooms	Target Site Readiness Date
1.			
2.			
3.			
...			

Refer to Schedule A1 – School Site Information Sheets for further details.

3. Site Readiness

[*Note: At the time the Order Summary is prepared, the Contractor and the School District should review the relevant site plans and site preparation specifications and discuss each site’s attributes (location, access, adjacency to other buildings, overhead lines, underground services, other) to ensure that there are no readily apparent issues that may require remedy by a School District.]

- (a) The School District acknowledges that for purposes of installation on the Work Site, the School District will prepare the Work Site to the specification set out in

[*Insert specific reference in Proposal Extracts] by the Target Site Readiness Date set out in Section 2 of this Schedule.

- (b) 1 month in advance of the Target Site Readiness Date, or sooner if the relevant Work Site is available earlier, the School District will provide written notice to the Contractor of the date the Work Site will be ready for inspection by the Contractor.
- (c) The Contractor will within 7 days of the notice inspect and will accept the Work Site as meeting the requirements for the Work Site, or indicate deficiencies to be corrected prior to acceptance. Once accepted by the Contractor, the Contractor may deliver, install and commission the relevant modular classroom(s). Any remedial works required after acceptance by the Contractor will be completed by the Contractor at its expense.
- (d) If, 1 month ahead of the Target Site Readiness Date, the School District notifies the Contractor that the Work Site will meet the requirements for the Work Site at a later date than indicated, the School District will propose an alternative date. The Contractor may request a Change Order under the Contract for the reasonable extra costs experienced by the Contractor and reasonable adjustment in the Contract Time. The Contractor will mitigate the impact of any change in the Target Site Readiness Date, including revising production, delivery, installation and commissioning schedules to minimize the adjustment for the extra costs and adjustment to the Contract Time.

4. Permits by the School District

- (a) The School District will be responsible to obtain the following municipal permits and approvals, if required:
 - (i) development permit;
 - (ii) variance approvals;
 - (iii) zoning; and
 - (iv) building permits.
- (b) The Contractor acknowledges that it does not have standing to make the application and obtain any such permit or approval from the relevant governmental authority.
- (c) The Contractor will prepare the application for any such permit or approval and all responses to the relevant application for execution and submission by the School District to the relevant governmental authority.
- (d) The School District will execute and submit the application for any such permit or approval.

- (e) The Contractor will comply with all such permits and approvals.

Schedule A1

School Site Information Sheets

[Insert school site information sheets based on the following template.]

FULL DAY KINDERGARTEN MODULAR CLASSROOM

School Site Information Sheet

1. School District: _____
(insert full proper name)

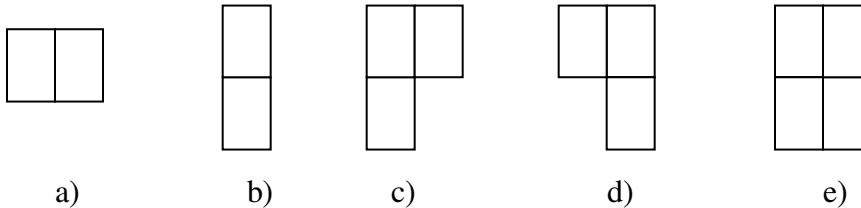
2. School Name: _____
(insert full proper name)

3. School Address: _____
(physical street address and city)

4. School District designated contact: _____
Phone #: _____

5. # Stand-alone modular classrooms required: _____ *(insert # required at this school)*

6. # Clustered modular classrooms required: _____ *(insert # and configuration)*
 - a) _____ clusters of 2 classrooms
 - b) _____ clusters of 2 classrooms
 - c) _____ clusters of 3 classrooms
 - d) _____ clusters of 3 classrooms
 - e) _____ clusters of 4 classrooms



7. Site readiness date (m/d/y): _____
(insert target date site will be ready for pre-acceptance inspection by Provider)

8. Delivery and installation constraints *(insert items such as tight access, overhead wiring, underground services, other)*

Modular classrooms are standardized per Statement of Requirements with the following choice options for school districts.

9. Flooring option: Base: Marmoleum Option: Vinyl
10. Exterior cladding option: Base: Top ½ wood & Lower ½ metal
 Option 1: All wood
 Option 2: Top ½ wood & Lower ½ panelized masonry
11. Foundation option: Base: Modular Foundation Included Option: SD providing foundations
12. Door lock option: Base: Schlage Option: Corbin
13. HVAC: All equipped with Electric Heat pump that includes both electric and hot water supplemental heating coils as built-ins.
 Option 1: use provided electric heating coil
 Option 2: use provided hot water heating coil with existing school boiler
- If electrical power supply at school is limited and there is no ability to connect to an existing hot water boiler at school, then an optional boiler can be installed in the modular classroom with:
- Option 3: Boiler with Gas Orifice
 Option 4: Boiler with Propane Orifice
14. Electrical, fire alarm, data, public address, security services:
 Base: Underground Option: Weatherheads & overhead cables
15. Fire retardant treatment to exterior wood cladding:
 Base: None Option: Required by Code
(wall area TBD by SD and Preferred Proponent)

Date: _____

Authorized School District Signature

Schedule A2

Schedule of Prices

[Insert pricing table that sets out a breakdown of the total price (e.g. lists the schools receiving modular classrooms, the number of classrooms for each school, the price per classroom inclusive of all options, the total price for each school, and the overall total price.)]

[For a School District with multiple classrooms, identify a separate payment milestone for each modular classroom, with payment to be made upon Substantial Completion of the modular classroom. Note that any deficiencies/incomplete work at that time will be subject to the usual holdback for deficiencies and that the holdback will be released upon certification of completion of the deficiencies by the School District's Representative.]

Schedule A3
Milestone Schedule

[Insert schedule.]

[Note – the purpose of this schedule is to identify key major milestones, such as:

1. Site Readiness Date
2. Modular Classroom Delivery Date
3. Substantial Completion Date
4. Total Completion Date]

Schedule A4

Time Schedule

[Attach the Contractor's Time Schedule in effect as of the date of the Contract.]

[Note – there may be one schedule for each school depending on the project requirements - the purpose of this schedule is to list key dates, such as:

1. SD provides Geotech report to Contractor
2. Permit applications submitted by SD – insert dates as applicable for foundation, development and building permits
3. SD notice to Contractor of site readiness
4. Contractor site inspection date
6. Site Occupation Date
7. Contractor installs foundation system
8. Contractor delivers modular classrooms
9. Contractor completes installation
10. Contractor completes commissioning
11. Contractor restores site to pre-delivery condition
12. Substantial Completion inspection
13. Substantial Completion
14. SD completes their requirements (such as stairs, railings, other)
15. Contractor provides inspection reports and schedules to SD
16. Contractor arranges for municipal inspections
17. Contractor provides Occupancy Permit approval to SD
18. Contractor completes items on deficiency list
19. Contractor provides manuals, as-builts, commissioning reports, other
20. Total Completion

SCHEDULE B
STATEMENT OF REQUIREMENTS