SCHEDULE 3

PART 2

FINANCIAL SUBMISSION REQUIREMENTS

A. FINANCIAL SUBMISSION

1.0 The Financial Submission must demonstrate that the Proponent's Financial Model and financing plan are well developed and robust and that the Proponent has firm committed financing from lenders and equity investors to the satisfaction of the Sponsor.

B. ADJUSTMENT FOR CHANGES IN BENCHMARK RATE

1.0 The Proponent shall specify in its Financial Submission the underlying benchmark interest rate(s) (the "**Benchmark Rate(s)**") that is used for pricing its debt financing instruments and investment instruments (if applicable) that will be adjusted in the Preferred Proponent's Financial Model to reflect current market rates for the Benchmark Rate(s) on the date selected by the Sponsor in accordance with this Section B (the "**Benchmarking Date**"), as well as the detailed model and process for resetting and calculating the Benchmark Rate(s) on the date selected by the Sponsor. The Proponents are advised that no changes to the selected Benchmark Rate(s) after the Submission Deadline will be permitted. For greater clarity, rates on any subordinated or junior debt, including equity bridge loans and similar non-senior debt facilities will not be adjusted on the Benchmarking Date.

2.0 The Benchmark Rate(s) specified by the Proponent shall be consistent with either observable rates through a publicly verifiable screen shot (for example, a Bloomberg Screen or Reuters Screen) or a clearly defined formula or calculation that is based on observable rates through a publicly verifiable screen shot selected by the Proponent, and shall be any one or a combination of the following benchmark instruments:

2.1 The following Government of Canada and Government of Ontario bonds:

Government of Canada 0.5% February 1, 2019
Government of Canada 1.75% March 1, 2019
Government of Canada 3.75% June 1, 2019
Government of Canada 1.75% September 1, 2019
Government of Canada 1.5% March 1, 2020
Government of Canada 3.5% June 1, 2020
Government of Canada 0.75% September 1, 2020
Government of Canada 0.75% March 1, 2021
Government of Canada 3.25% June 1, 2021
Government of Canada 0.75% September 1, 2021
Government of Canada 0.5% March 1, 2022
Government of Canada 2.75% June 1, 2022
Government of Canada 1.00% September 1, 2022
Government of Canada 1.5% June 1, 2023
Government of Canada 2.5% June 1, 2024

Government of Ontario 4.30% March 8, 2017
Government of Ontario 4.20% March 8, 2018
Government of Ontario 4.40% June 2, 2019
Government of Ontario 4.20% June 2, 2020
Government of Ontario 8.10% September 8, 2023

2.2 The following notional interest rate swaps (or forward swap rates calculated from these rates), maturities and the terms of the benchmark swaps (for greater clarity all rates will be on an inter-bank basis and will not include any credit concession):

Maturity dates	1, 2, 3, 4, and 5 years after the effective date, respectively
Fixed leg payment frequency	Quarterly or monthly
Floating leg basis	1 month or 3 month CDOR
Floating rate spread	Flat
Floating rate reset frequency	Quarterly or monthly
Floating rate payment frequency	Quarterly or monthly
Notional structure	Constant notional, accreting notional, or amortizing notional
Day count convention	Actual/365
Business Day convention	Modified following Toronto Business Day or following business day

3.0 The following Table A illustrates how the Benchmark Rate(s) and other spreads/premiums may be presented in the Proponent's Financial Model. Note that all spreads, including credit spreads, any hedging premiums, execution spreads and any other adjustments should be excluded from the Benchmark Rate(s). For greater clarity, Table A would apply, as applicable and specified below, on the First Credit Spread Lock-in Date, Final Credit Spread Lock-in Date and at the time of Financial Close.

TABLE A

	Interest Rate	Value	Explanation	Treatment
1.	Benchmark Rate	5.00%	Pricing reference rate. May be developed from one or a combination of the eligible instruments listed in Section 2.0 of Part B of this Schedule 3 - Part 2. Excludes all credit spreads, swap credit spreads, fees and other types of pricing premiums.	WILL BE ADJUSTED ONLY on the Benchmarking Date (i.e. prior to or on Financial Close) to account for movement in the Benchmark Rate. No changes are allowed to the specific benchmark reference rate(s) used to build this rate, but adjustments will be made to reflect the adjusted pricing of those instruments at the Benchmarking Date.
2.	Credit Spread	1.00%	Financing premium/spread over Benchmark Rate	ADJUSTED ONLY, if applicable, at First Credit Spread Lock-in Date, or at Final Credit Spread Lock-in Date as applicable.
3.	Hedge Premium (or Swap Counter Party Spread as applicable)	0.04%	Hedge credit charge (where applicable)	WILL NOT BE ADJUSTED
4.	Other fees (as applicable)	0.00%	Specific to the financing solution provided	WILL NOT BE ADJUSTED
5.	Interest Rate	6.04%	Sum of benchmark rate, credit spread and all other premiums, fees, etc.	ADJUSTED PER THE MOVEMENT (IF ANY) AS SPECIFIED ABOVE

4.0 Up to four simulation non-binding rate set exercises will be undertaken by the Sponsor and the Preferred Proponent leading up to the Benchmarking Date to ensure that the process for establishing the net change to the Benchmark Rate(s) is effective and the parties agree as to how the Financial Model is adjusted based on the adjusted Benchmark Rate(s). This process will consist of an initial benchmarking, and daily benchmarking as the Benchmarking Date approaches.

5.0 The Benchmarking Date shall be selected by the Sponsor in its sole discretion to occur on a day and at a time within three Business Days following the completion of all other conditions precedent to Financial Close and, for greater certainty, Financial Close may be achieved on one of such days. At the Sponsor's sole discretion, the Benchmarking Date may be changed to another day and/or another time within five Business Days following the completion of all other conditions precedent to Financial Close. If, for any reason, the parties fail to set the Benchmark Rate(s) within the specified time-period, a third party will be appointed by the Sponsor to set the rate.

6.0 If as a result of any change to the Benchmark Rate(s) at Financial Close or any change to the Credit Spreads at the First Credit Spread Lock-in Date or at the Final Credit Spread Lock-in Date, the Financial Model optimization process shall result in adjustments to the cost of financing only with the Construction Period Payments and Substantial Completion Payment amounts adjusted to reflect such change. For clarity, the model optimization process shall not result in adjustments to any of the following: Maintained Private Capital amount, Annual Service Payment – Capital Portion amounts, Equity IRR or Capital Coverage Ratio. The optimization process shall be clearly explained and provided by the Preferred Proponent as per Section 3.4 of Part D of this Schedule 3 - Part 2.

C. TAX ISSUES

1.0 The Proponent shall be solely responsible for obtaining and relying on tax advice from its own advisors and experts, including obtaining its own advance interpretations and rulings in relation to the Project (including in relation to the proposed structure and its tax consequences) as it considers appropriate or necessary.

D. FINANCIAL SUBMISSION REQUIREMENTS

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1.0 **DESCRIPTION OF FINANCING PLAN**	The Proponent will receive a score related to the quality of its proposed financing plan. The evaluation of the proposed financing plan will be based on the following financing information required to be submitted by the Proponent: • a description of each equity investor along with the amount of funds and timing of investment of these funds. This description should also include, but not be limited to, clearly defining the sources of funds, levels of commitments (e.g. underwritten, agency best efforts, 'club based' syndication etc.) and all necessary approvals required or received to commit/earmark the necessary funds by Financial Close. This must include clear identification of the identity and credit status of each investor as well as the amount to be provided by each investor;

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	• a description of the proposed financing structure during the Construction Period and during the Maintenance Period including, but not limited to, identification of all investors, lenders, funding structure, organizational chart of the consortium and role of its investors; • details of any working capital requirements and details of how these requirements will be met, including a description of any internally generated or other funds that may be used to finance the Project or any part of the Project; • details of any standby facilities provided to meet the requirements of the Project Agreement; and • to the extent that other forms of finance, other than equity, are to be used, the Proponent is to provide appropriate details equivalent to those requested for equity**.**
1.1 Achievability and Robustness of the Financing Plan as Evidenced by:	**Lenders (senior and subordinate) and Equity Funders** • a description of each investor (lenders, subordinated lenders and other investors) along with the amount of committed funds and timing of investment of these funds. This description should also include, but not be limited to, clearly defining the sources of funds, confirmation of commitments (for example, credit committee approval and other similar approvals) and all other necessary approvals received to commit or earmark the necessary funds by Financial Close. This must include the identity and credit status of each investor as well as the amount to be provided by each investor; • a plan that details and ensures committed financing from potential debt providers for a timely and successful Financial Close; • a description of Project Co's ownership structure and overall Project organizational structure, including copies of agreements to be entered in to with the Construction Contractor or Maintenance and Rehabilitation Contractor; • a plan of bond distribution by underwriters (where applicable); • A detailed plan of actions to eliminate or mitigate risks associated with equity funders terms and conditions that may impact the Proponent's ability to reach Financial Close, including among others: (i) conditions precedent to Financial Close, (ii) any material adverse condition clauses ("**MAC**"), (iii) the level of direct or indirect conditions that might conflict with or affect the existing Project Documents, (iv) any flex conditions, and (v) any other terms or conditions that might put the financing commitment at risk, whether at Financial Close or after; • the source(s) of equity capital (i.e. specific fund or investing entity) and the current financial position of each source including an overview of current financial position evidenced by supporting documentation such as, but not limited to, financial statements, fund performance reports, rating reports, etc. (as applicable);

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	• detailed process and internal approval procedures/timelines for allocation of funding, and anticipated timeline for committing funding for this Project; • a plan that details how the source of equity capital shall provide adequate funding by Financial Close (including anticipated third party support or guarantees); • a plan that details how funding of all development costs leading up to Financial Close will be secured (including financing commitment, process for internal approvals, etc.); • description of the security provided at Financial Close guaranteeing future injection of equity (including, but not limited to, sources, amount, type and level of guarantees); and • description of any anticipated change in Project Co's ownership structure (i.e. exchange of equity shares) either prior to Substantial Completion or throughout the Maintenance Period. **Contingency Plans** • the Proponent's contingency equity financing plans as evidenced by one or more of the following: (i) commitment by equity investors to top up their respective share(s) (to replace any equity investor who might fail to advance), (ii) level of diversification in pool of equity investors, (iii) strength of relationships with committed equity investors, (iv) or any other contingency plans to ensure Financial Close is achieved under the same conditions. **Achieving Financial Close** • the Proponent's plan for achieving Financial Close, including the level of completeness of equity funding agreements, as well as the assessment of risks associated with uncommitted syndications or any other processes or conditions that might put Financial Close at risk; and • the Proponent's commitment and/or plan to minimize the period between Commercial Close and Financial Close.

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1.2	Supporting Documentation to the Financing Plan	The Proponent shall provide the term sheets and/or credit agreements that will be included in the Lending Agreements, including for any investment instrument(s), if applicable, which shall including but not limited to the following: • the identity of the arranger or underwriter; • type and purpose of facility; • availability period; • the amount of financing proposed or committed and currency in which it is to be provided; • the drawdown schedule; • details of grace periods, including duration and contingency; • repayment or redemption schedules, maturity dates and prepayment terms including make-whole clauses which are expected to be in line with industry practices and standards; • security, bonding or guarantee requirements and costs (from either parents or third parties); • arrangement, underwriting, commitment, agency and all other fees; • interest rates (whether fixed or floating) specifying the benchmark rates spreads thereon and margins, including a ratchet mechanism, if any; • requirements for reserve accounts; • any proposed hedging arrangements in respect of interest rates; • with respect to the interest rate hedging strategy, the Proponent shall also describe and provide details of its proposed interest rate hedging strategy that may be used, if any, including, the time period over which a hedge is expected to be in place and the proportion of the debt repayments that are to be hedged; • events of default triggers and repercussions and other similar arrangements; • step-in arrangements; • conditions precedent; • due diligence requirements; • any other restrictions, requirements or conditions that may materially impact the Proponent's ability to raise financing or drawdown on committed financing after Financial Close; • if the financing plan is dependent on a credit rating, an indicative credit rating from one or more credit rating agencies; and • description of the benchmarking efforts undertaken by the Proponent to ensure competitive terms and conditions for tis financings partners.
1.3	Stability of Financial Structure as Evidenced by:	The Proponent shall provide the following: • description of the level of involvement of various equity investors during the high risk periods of the concession term (e.g. the pattern of loan amortization and equity returns); • assessment of all risks stranded at the SPV level and the Proponent’s plans to ensure adequate management/mitigation

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	of such risks to be supported by copies of all relevant agreements, where applicable; • a description of the security package (e.g., Letters of Credit, Parent Company Guarantees, etc.) proposed by the Proponent, Proponent Team Members and/or other associated third party subcontractors and how the security package addresses the various levels of risks assigned to the Proponent Team Members; • evidence and confirmation of the extent of support (including performance guarantees) that is to be provided in respect of the obligations and liabilities of the Proponent by each of the Proponent's equity capital providers, subcontractors and any associated third parties. This is to include details of the parent and ultimate parent company involvement in any and all such elements of support and details of how the Proponent will satisfy any terms of the guarantees. The Proponent shall ensure that the party or parties designated as the Construction Guarantor under the Performance Guarantee of Construction Guarantor (as defined in the Project Agreement) are the same party or parties delivering any performance guarantees to, or as required by, the Lenders in connection with the Security Documents unless the ownership structure of Project Co would reasonably preclude such party or parties from delivering the Performance Guarantee of Construction Guarantor on reasonable commercial grounds, in which case the Construction Guarantor may be a party of comparable or better financial strength, capacity and stability as the party or parties delivering the performance guarantees to the Lenders in connection with the Security Documents as determined by the Sponsor, acting in its sole discretion; and • a confirmation letter from the Proponent or the Proponent's financial advisor stating that (i) the financing plan is achievable and robust; and (ii) the Proponent has not entered into any exclusivity arrangements with respect to the Project with any Lenders, including prospective Lenders; • copies of the final version(s) of the Lenders' technical due diligence report(s) prepared by the Lenders' technical advisor(s); • unless otherwise included in the Prequalification Submission, copies of most recent audited financial statements for Proponent Team Members and Proponent Team Member guarantors; • letters of "No Material Adverse Change" executed on behalf of Proponent Team Members, and Proponent Team Member guarantors, if any, by the Chief Financial Officer or other authorized officer of each respective entity stating that there have been no material adverse changes in the entity's financial position since the date of its most recent financial statements.

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	The Sponsor may, in its sole discretion, request further evidence of Proponent Team Members' financial capacity; and • as it relates to Maintenance and Rehabilitation Services, an explanation and cost breakdown of the proportion of services that will be performed by Project Co and the proportion of services that will be performed by Maintenance and Rehabilitation Contractor separately for: (i) maintenance services covered through the Annual Service Payment – Service Portion; and (ii) lifecycle and major rehabilitation works covered by the Lifecycle Payments.
1.4 Letter of Support for Construction	The Proponent shall provide a letter from the guarantor and/or other supporting entity describing any and all parent company guarantees and/or other support which will be provided to the Proponent and enforceable by the Proponent, including: • the full name and any unique identification numbers of the organization(s) that will provide the support; • the scope of each guarantee and/or support, and how this guarantee and/ or support will work in practice if called on; • the proposed level of the guarantee and/or support; and • the duration of the guarantee and/or support.
1.5 Letter(s) of Support from Equity Provider(s)	For all providers of equity/ quasi-equity finance proposed as part of the financing package, the Proponent must provide a letter from each equity provider parent company, stating that: • it is able to provide a parent company guarantee in relation to the availability of the equity/ quasi-equity for the Project; and • it has adequate funds available to provide the contemplated equity/ quasi-equity financing. If any equity or quasi-equity finance is to be raised from external sources, these sources are to be specified and written confirmation given by the providers as to their willingness to offer funding and the amount of funding available.
1.6 Letter(s) of Support from Lender(s) or Financial Institution(s)	The Proponent shall provide a letter from its financial institution addressed to the Sponsor confirming: • the financial institution's commitment to provide the Proponent with a letter of credit in the amount of ten million dollars ($10,000,000) duly executed in the form set out and subject to the conditions in the RFP within three Business Days following the Proponent being notified that it has been selected as the Preferred Proponent; and • the issue of such letter of credit is not subject to any restrictions whatsoever, including approval by its credit committee. The Proponent shall also submit a signed letter confirming that it will furnish the Sponsor with the above-noted letter of credit. The Proponent shall submit a letter of support from its Lenders clearly indicating the conditions that must be met prior to obtaining

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		financing approval and a detailed timeline setting out how the Proponent proposes to achieve Financial Close on an expedited basis.
1.7	Proposal Summary	The Proponent shall provide a one-page Proposal summary which outlines the major elements of the Proposal, including: • major financial assumptions, including funding sources and amounts of committed funding; • Benchmark Rates; • Credit Spreads; • other premiums/spreads; • debt/equity gearing ratio, if applicable; • sources and uses of funds during the construction period and during the maintenance period; and • a breakdown of the Total Submission Price in accordance with Schedule 8 – Price Form.
2.0	**BASIS FOR FINANCIAL SUBMISSION**	The Proponent shall use the following as basis for the Financial Submission and the Financial Model. The Proponent is required to list the assumptions in this Section 2.0 and confirm they have been used in the Financial Submission and Financial Model.
2.1	Financial Close & Model Start Date	The Financial Close date to be used in the Proposal as the date for the start of construction is the Financial Close Target Date, as set out in the timetable contained in RFP Schedule 1.
2.2	Base Date	The base date to be used in developing the RFP Proposal is the Submission Deadline.
2.3	Currency	Where prices are requested in the RFP Documents those prices are to be submitted in Base Date prices and in Canadian dollars.
2.4	Price Validity	With the exception of an adjustment for movement in the relevant Benchmark Rate all prices in the Proposal shall remain firm and irrevocable for the Proposal Validity Period.
2.5	Inflation	Inflation applicable to the Annual Service Payment – Service Portion and the Lifecycle Payment is governed by the provisions of Schedule 19 – Payment Mechanism of the Project Agreement and is calculated based on two weighted indices that will form the basis of payment adjustments related to inflation. The two indices and their CANSIM table reference are as follows:

Index	CANSIM Reference	Maintenance Weighting	Lifecycle Weighting
Labour Industrial Aggregate	281-0063	**85.0%**	**80.0%**
CPIXFET	176-0003	**15.0%**	**20.0%**

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	Total: | 100.0% | 100.0% For evaluation purposes, the CPIXFET is assumed to be a rate of 2.25% per annum and the Labour Industrial Aggregate Index is assumed to be at a rate of 2.25% per annum. Indexation will be applied on an annual basis starting on January 1st and ending on December 31st.
2.6 Interest Rates	The Proponent shall provide in its Proposal the relevant Benchmark Rate(s) it has used as priced at 10:00 a.m. local Toronto time on the date set out in the Timetable in Appendix A of Schedule 1 to this RFP. The Proponents shall provide clearly defined, verifiable and transparent supporting information on source and composition of the Benchmark Rate(s) identified through publicly observable screen shots (for example, include a Bloomberg Screen or Reuters Screen) from which the Benchmark Rate(s) was extracted, average life, drawdown and repayment profile and where applicable, formulas and calculations that would allow the Sponsor to verify the reference interest Benchmark Rate(s) at Financial Close. For financing solutions that involve swap(s), the Proponent shall complete the information in the Appendix A Swap Term Sheet attached to this RFP Schedule 3 – Part 2. The Proponent shall define, describe and provide details and explanations of any spread, premium, Lenders' margins and any other adjustments (for example, flex rates, liquidity premiums or margins for executable rates, etc.) over and above the Benchmark Rate(s) that the Proponent considers necessary. Any such additional interest rate risk over and above the Benchmark Rate(s) should be clearly quantified in the Proposal and will not be adjusted at Financial Close. For greater clarity, any hedge premium, delayed draw premium or swap counterparty credit premium will not be adjusted at Financial Close. The verifiable Benchmark Rate(s) will be the only rate(s) that will be changed for Financial Close on the Benchmarking Date.
2.7 Equity Returns Rates and Distributions to Equity	The Proponent shall provide a clear delineation of equity distributions made during the Maintenance Period, and the annual pre-tax IRR, and confirm that corresponding annual distributions to equity during the Maintenance Period shall meet the Threshold Capital Coverage Ratio defined in Section 1, Schedule 4 – Funding Requirements of the Project Agreement.
2.8 Cash Allowance	The Proponent must include a cash allowance, in its Financial Model, for the following cash allowance items and associated amounts: • Utility Self-Performed Works: **$5,100,000.00** Proponents should reflect these amounts in their Financial Models in the period on which Financial Close occurs and should ensure that the cash allowance amount is not been financed in the Financial

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	Model. For additional certainty, the cash allowance amount is not part of the Total Submission Price or the Affordability Criteria calculation**.**
2.9 Indicative Credit Spread Benchmark(s)	If the Proponent desires to participate in future Credit Spread Lock-in Dates (i.e., the First and Final Credit Spread Lock-in Dates), the Proponent, in accordance with the RFP Section 5.5, shall submit an Indicative Credit Spread Benchmark(s) and formula that will be used to justify and assess the reasonableness and consistency of the Credit Spread and any changes to or confirmation of the Credit Spread at future Credit Spread Lock-in Dates. The Indicative Credit Spread Benchmark(s) shall consist of publicly verifiable, liquid and observable bonds or indices or basket of bonds or indices used to measure the movement and consistency of the Credit Spread (for example, may include basket of Corporate Bonds, Provincial Bonds etc.). Proponents shall ensure that in respect of any applicable basket of bonds and/or indices that at each of the First Credit Spread Lock-in Date and the Final Credit Spread Lock-in Date, there shall be a minimum of seven bonds and/or indices in the basket(s) for the calculation of the Indicative Credit Spread Benchmark after excluding the bond and/or index with the least change and the bond and/or index with the greatest change (if the Proponent so chooses to exclude such outliers): • since the Submission Deadline for the First Credit Spread Lock-in Date; • since the First Credit Spread Lock-in Date for the Final Credit Spread Lock-in Date; and • there shall be not more than one bond of the same issuer or any Affiliate of that issuer. For greater clarity: • for the calculation of the Indicative Credit Spread Benchmark at the Final Credit Spread Lock-in Date, the bonds and/or indices excluded from the basket (if the Proponent chose to exclude the outliers) for the calculation of the Indicative Credit Spread Benchmark at the First Credit Spread Lock-in Date shall be reinstated for the purpose of determining which bonds and/or indices to exclude from the basket as described above; and • after the Financial Submission Deadline, the basket of bonds and/or indices used to calculate the Indicative Credit Spread Benchmark(s) and formula shall not change. If in the Sponsors sole discretion the Indicative Credit Spread Benchmark(s) and/or formula are unsatisfactory, the Sponsors reserves the right to request that the Proponent clarify the submitted Indicative Credit Spread Benchmark(s) and/or formula and/or to require the Proponent to resubmit the Indicative Credit Spread Benchmark(s) and/or formula.

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2.10 Discount Rate	For purposes of the net present value (“NPV”) calculation, the Proponent is required to use a 4.0% discount rate discounted to the Base Date in all cases unless specifically required otherwise by the RFP.
2.11 Payment Date	For purposes of calculating the NPV, payments by the Sponsor are assumed to be made on the last day of the calendar month in which the payment occurs.
2.12 Tax and Accounting	The Proponent must provide details of its taxation assumptions to demonstrate to the Sponsor that the Proponent has actively considered all tax implications of the Project Agreement on the Proponent. The Proponent is solely responsible for the completeness and correctness of tax and accounting assumptions underlying their Financial Model and Proposal.
2.13 Payment Mechanism	The Payment Mechanism described in Schedule 19 – Payment Mechanism of the Project Agreement is to be used without exception for the Proposal.
2.14 Net Present Value Calculation	The NPV must be calculated using Microsoft Excel’s XNPV formula using the monthly payment schedules (including Lifecycle Payments and other expected payments), based on the assumptions listed in this Schedule 3, Part 2. Schedule 8 – Price Form to this RFP automatically calculates the NPV. Proponents are encouraged to review Schedule 8 to this RFP and NPV calculation therein and advise the Sponsor of any inconsistencies, inaccuracies, or coding errors.
2.15 Independent Certifier Fees	The Financial Model submitted in the Proponent’s Financial Submission shall include $220,000 for Independent Certifier fees distributed equally throughout the period commencing on Financial Close and ending on the Scheduled Substantial Completion Date. This amount will be used for evaluation purposes only and will be adjusted before Commercial Close to reflect the actual fees to be charged by the Independent Certifier after the joint procurement of the Independent Certifier by the Preferred Proponent and the Sponsor.
2.16 Construction Period Payments	The Proponent will receive Construction Period Payments from the Sponsor in accordance with Schedule 20 – Construction Period Payments of the Project Agreement. The Proponent may determine the timing and amount of Construction Period Payments, subject to the following criteria and constraints: • for each Payment Period, a Projected Eligible Construction Period Payment shall represent 85% of the sum of (Adjusted Total Capital Costs to date minus the Initial Capital Investment Amount) minus Projected Eligible Construction Period Payments (Cumulative) as at the end of the previous period; • the Sponsor shall not be obliged to make any Construction Period Payments until Project Co has achieved the Initial Capital

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	Investment, as certified by the Independent Certifier; • each projected Construction Period Payment shall be determined using the formula set out in Schedule 20 – Construction Period Payments to the Project Agreement; and • the Proponent can receive up to one Construction Period Payment per month. For modeling purposes, Construction Period Payments should occur on the last calendar day of each month the payment is made. For clarity, the timing and frequency of the Construction Period Payments will be in accordance with Schedule 20 – Construction Period Payments. The Proponent is required to invest an **"Initial Capital Investment Amount"** equivalent to 10% of the Adjusted Total Capital Cost of the Project**.** **"Adjusted Total Capital Costs"** refers to the Total Capital Cost excluding Revenue Vehicle Contract Costs. **"Total Capital Costs"** refers to the total amount of cost related to construction and financing of the Project (including Revenue Vehicle Contract costs). For clarity, such amounts include all hard construction costs including the holdback, special purpose vehicle costs during construction and financing costs, net of any interest earned from any investment instruments, financing fees, and SPV costs. "**Initial Capital Investment**" has meaning given to it in Schedule 20 – Construction Period Payments of the Project Agreement.
2.17 Substantial Completion Payment	Once all preconditions to eligibility for payment have been satisfied in accordance with the provisions of the Project Agreement, the Sponsor shall pay to Project Co the Substantial Completion Payment. The Proponent must include the Substantial Completion Payment in the Proponent's Financial Submission, Financial Model and Price Form in accordance with the Scheduled Substantial Completion Date. The Substantial Completion Payment shall act as a "take-out" payment, such that the amount of the payment shall be sized to reduce the amount of Private Capital Invested to be no less than $35,000,000 ("**Maintained Private Capital**"). Proponents shall structure their Construction Period Payments (as defined in Section 2.16) and the Substantial Completion Payment to ensure that a minimum of $35,000,000 remains financed by Private Capital Invested following receipt of the Substantial Completion Payment and the Construction Period Payments.

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	For additional clarity, and notwithstanding anything else to the contrary in the Project Agreement, Project Co shall retain Maintained Private Capital of no less than $35,000,000 subject only to the permitted reduction of the Maintained Private Capital during the Maintenance Period. For calculation purposes, "Substantial Completion Payment", "Private Capital Invested" and "Maintained Private Capital" has the meaning given to it in Schedule 20 – Construction Period Payments of the Project Agreement. The above parameters shall be used to calculate the value of the Substantial Completion Payment based on the Proponent's Financial Model as at the date of Financial Close. The Price Form will calculate compliance with the above noted constraint and indicate an error message if the constraint is breached.
2.18 Utility Costs	Proponents shall provide in their completed Schedule 8 – Price Form the annual target consumption rates for utilities subject to the pricing adjustment mechanism outlined in Section 6 of Part B in Schedule 19 – Payment Mechanism. Annual consumption targets shall be provided for a full year and will be adjusted for partial years as required for purposes of calculating the Annual Utilities Consumption Adjustment.
2.19 Total Submission Price	Proponents must include a breakdown of the Total Submission Price in accordance with Schedule 8 – Price Form. NPV Bonus: • In the event that a Proponent's Scheduled Substantia Completion Date as identified in its Proposal falls on, or before, the Early Schedule Substantial Completion Eligibility Date, the Early Scheduled Substantial Completion NPV Bonus shall be applied as a negative amount in the calculation of the Proponent's Total Submission Price for evaluation purposes only. For clarity, if the Scheduled Substantial Completion Date falls on a data that is later than the Early Scheduled Substantial Completion Eligibility Date, no Early Scheduled Substantial Completion NPV Bonus shall apply. • "**Early Scheduled Substantial Completion Eligibility Date**" shall be December 1, 2021 • "**Early Scheduled Substantial Completion NPV Bonus**" shall be an amount of $5,000,000
2.20 Base Relevant Insurance Cost	Proponents shall carry and clearly identify as a cost item Base Relevant Insurance Cost (the "**BRIC**") as part of the Financial Model. The BRIC shall be an annual number for each Contract Year during the Maintenance Period equally distributed over the months of that particular Contract Year. For clarity, the BRIC may vary Contract Year to Contract Year but should be equally distributed for the

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	months in that particular Contract Year. The BRIC carried as part of the Financial Model will be subject to benchmarking per the methodology outlined in Schedule 24 – Insurance and Performance Security Requirements of the Project Agreement.
2.21 Project Affordability	The Sponsor will undertake an Affordability Determination as part of the evaluation process as outlined in the RFP. The Affordability Determination will assess each Proposal to determine if it satisfies the Capital Cost Affordability Criteria and the Maintenance Period Affordability Criteria (an “Affordable Proposal”). In respect of the Affordability Determination process, the following definitions apply: **Capital Cost Affordability Criteria** means the sum of aggregate Construction Period Payments and the Substantial Completion Payment is less than or equal to the Capital Cost Affordability Cap; **Capital Cost Affordability Cap** is $613,100,000.00; **Maintenance Period Affordability Criteria** means the aggregate of Annual Service Payment – Capital Portion, Annual Service Payment – Service Portion, Lifecycle Payments and Base Relevant Insurance Costs for the Maintenance Period is less than or equal to the Aggregate Maintenance Period Affordability Cap; and **Maintenance Period Affordability Cap** is $1,120,100,000.00.
2.22 Aggregate Target Lane Closure Cost	The Aggregate Target Lane Closure Cost, as defined in Schedule 7 of the Project Agreement, will be calculated in accordance with Schedule 8 – Price Form to this RFP and Schedule 7 – Mobility Matters of the Project Agreement using the applicable unit rate prices set out in the “Lane Closure” sections of Schedule 8 – Price Form. The Proponent shall ensure that the assumptions outlined in the draft Lane Closure Target Letter align with the calculations and assumptions included in Schedule 8 – Price Form. Aggregate Target Lane Closure Cost will be in included in the Proponent’s Total Submission Price.

Financial Submission Requirements	
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3.0 **FINANCIAL MODEL**	The Proponent shall provide the Financial Model in Microsoft Excel format, showing all cash flows in sufficient detail to determine the source and use of funds on a monthly basis over the Project Term (as defined in the Project Agreement) and to calculate the Cost of the Financing. The file must meet the requirements below and must allow the viewer access to all internal formulas, data and assumptions together with a full print out of all model sheets. This computer model will ultimately become the Financial Model forming Schedule 30 to the Project Agreement.
3.1 Audit Letter	On the Submission Deadline, the Sponsor requires the Proponent to provide a Financial Model audit letter that confirms the logic and integrity of the Financial Model (including the model reference number) and that this logic is materially consistent with the RFP and Project Agreement. The complete audit letter must be included as part of the Financial Submission, including any attachments, appendices or schedules. The Financial Model should not include any disclaimers or qualifications. All errors or inconsistencies in formulas or assumptions contained in the Financial Model are solely the responsibility of the Proponent. The Proponent should note that the Financial Model will be reviewed in advance of the Benchmarking Date and at that time or any time prior to the Benchmarking Date, if requested, the Proponent must submit a revised Financial Model audit letter.
3.2 General Model Requirements	The Proponent's Financial Model shall: • provide financial projections (cost and revenue projections) on a monthly basis from Financial Close until the end of the Project Agreement; • be expressed in Canadian dollars; • include a print option macro; • not incorporate any password protection (or the password protection must be disclosed); • not include hidden sheets or areas; • not contain any circular references or balancing numbers and no input numbers in the calculation worksheets; • include the optimization process to refresh the Cost of the Financing in the Financial Model; and • use a start date for the Project that corresponds to the Financial Close Date as specified above in Section 2.1 of Part D of this Schedule 3 Part 2.

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3.3 Specific Financial Model Requirements	The Financial Model should show details of sources and uses of funds, both in total nominal and NPV terms, including debt and equity injection and repayments, interest payments, financing costs, dividends, other fees and costs, design costs, construction costs, lifecycle costs and maintenance costs. The Financial Model should separately list insurance premiums on insurance coverage required in accordance with the Project Agreement, insurance premiums on additional insurance coverage required by the Proponent's lenders, taxes, Project Co / SPV specific costs and legal fees. Proponents should note that insurance is not subject to indexation or inflation and this should be clearly reflected in the Financial Model submitted by the Proponent. The Financial Model shall contain the following: • a list of all assumptions, upfront fees, costs such as legal fees, development fees, and insurance coverage (where applicable); • projected draw-down monthly schedule including dates and amounts for all sources of funds; • project financing sources and amount; • project equity return cost in respect of the project financing amount(s) used to calculate the Cost of the Financing portion of the Total Capital Cost; • all applicable equity rates as required by the equity investors in the Section 2.6 - Equity Returns Rates and Distributions to Equity, of this Part 2 to Schedule 3 to RFP, including equity injected, returns and internal rate of return, if applicable ; • weighted average cost of capital; • all related fee costs; • all costs allocated to performance of Project Co's warranty obligations under the Project Agreement; • projected income statements; • projected balance sheet; • cash flow projections; and • cash cascade in order of seniority (which must be consistent with any funding term sheets). The Financial Model must also, at a minimum, produce the following outputs: • project internal rate of return (IRR), in both real terms and nominal terms, on a pre-tax and post-tax basis; • return on equity and sub-debt, in both real terms and nominal terms, and a blended equity return, that incorporates all sub-senior debt finance on both a pre-tax and post-tax basis; • debt to equity ratio at the time of Financial Close and at the Substantial Completion Date, defined as total financial debt divided by total shareholders' funds;

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	• drawdown and repayment schedules, including dates and amounts for all sources of finance (on a monthly basis);
	• weighted average cost of capital calculated on a before-tax basis and based on the overall debt / equity structure of the Project, as estimated on the day of Financial Close (i.e. including all debt and equity injection during the life of the Project);
	• annual debt service coverage ratio and loan life cover ratio, if applicable, for each year of the Project Agreement, with minimum and average ratios;
	• any other ratios that are considered relevant to the proposed financial structure, financial covenants or financing agreements;
	• the precise timing of any equity injections, which cannot be later than Substantial Completion and details of the phasing, if appropriate;
	• the construction price that is included in the Financial Model will be the Proponent's estimated construction price at Financial Close (i.e. input nominal construction costs);
	• a schedule of projected maintenance and lifecycle reserves on a monthly basis, if applicable;
	• revenues and costs on a monthly basis;
	• maintenance expenditure; and
	• a breakdown of the Proponent's revenues and costs, including but not limited to:
	    • special purpose vehicle running costs;
	    • other operating costs; and
	    • revenue and capital flows.
	• As a separate calculation, Proponents must clearly demonstrate how any hedge credit charges are calculated in the Financial Model, including the formula(s) to calculate the hedge credit charge and all relevant supporting data to allow the Sponsors to verify the calculation.
	• In a separate sheet, provide a breakdown of all projected payments by the Sponsor to Project Co, including all: (i) Monthly Service Payments, (ii) monthly Lifecycle Payments, (iii) Construction Period Payments, and (iv) the Substantial Completion Payment, and the associated expected HST that would be payable on each such payment by Contracting Authority throughout the Project Term. Please also provide all assumptions and other details used to calculate all such expected HST amounts.
	
	The Proponents Financial Model, must also include, as separate output sheets the following:
	
	• Schedule 8 to this RFP.

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3.4	Financial Model Specification Booklet	The Proponent must provide a detailed and comprehensive Financial Model specification booklet, including, at a minimum, instructions for using the Financial Model, including:
		• how changes to input variables should be entered;
		• how to run the model following changes to inputs;
		• how to run sensitivities;
		• the use of all macros, if any, contained in the Financial Model should be minimized. If macros are used, a detailed description of the macros and their functionalities must be included. The detailed description for each macro must include the following:
		    • reasons why this macro is used;
		    • which operations and functions are accomplished through the macro;
		    • which cells are modified by the macro;
		    • the macro's results;
		    • explanation of how the optimization and macro steps are carried out, particularly with regards to input modifications; and
		    • instructions pertaining to the necessary modifications of a macro following modifications in the Financial Model such as adding or deleting lines or columns in the Financial Model;
		• how to print key reports and the entire Financial Model;
		• details of the optimization procedure(s) that is in line with the methodology described in Section B.6.0 of this Schedule 3 Part 2; and
		• construction of the model, including:
		    • contents list of sheets and data contained within; and
		    • details of complex or unusual formulae.

3.5	Inputs Booklet	The Proponent must provide a detailed and comprehensive inputs booklet, which, at a minimum, identifies and provides details of all inputs used in the Financial Model, including: • for each source of finance: the drawdown timetable; grace period; repayment schedules; debt maturity profile; costs of finance, including margins and fees and all success fees; and any variations to margins or fees over the life of the loans; • macro-economic assumptions, including interest and inflation rates; • taxation assumptions and associated sensitivities on model; • the assumptions made in relation to the tax liabilities and recoverability; • accounting policies, including depreciation by asset type, and working capital requirements; and • all other assumptions that have been necessary in order to construct the Financial Model. The inputs booklet must be consistent with, and reconcile to, the Financial Model.

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Title		**Contents**
3.6	Sensitivity Analysis	As part of the review of the Proposal, the Proponent is required to provide the sensitivity analyses listed below. Effect on Total Submission Price and Capital Coverage Ratio projections of change in inflation by (assuming that base case inflation is 2.25%): • 1% increase (for whole Project); • 3% increase (for whole Project); and • 5% increase (for whole Project). Effect on the Total Submission Price of a change in Benchmark Rate(s) by: • 10 basis points and decrease in underlying benchmark rates; • 50 basis points and decrease in underlying benchmark rates; and • 100 basis points and decrease in underlying benchmark rates. The Sponsor reserves the right to conduct additional sensitivities. For the purpose of clarity, the Sponsor may wish to test the hypothetical impact of the sensitivities listed above on the results of the Financial Model, regardless of the risk transfer contemplated in the Project Agreement. The Sponsors' advisors will be using the Financial Model and sensitivity analysis as part of the overall evaluation of whether the Proposal represents a financing plan is achievable and realistic.
3.7	Completion of Schedule 8 - Price Form	Each Proponent shall complete all forms set out in Schedule 8 – Price Form, including all worksheets.
3.8	Cost-Loaded Works Schedule	• The Proponent must provide a detailed cost-loaded schedule showing completion of the Works and such cost-loaded schedule shall meet the requirements of PBS-1 as defined in Schedule 12 – Works Scheduling Requirements of the Project Agreement. For clarity, an identical schedule which excludes any costs is to be submitted as part of the Technical Submission. • The cost loaded schedule included in the Financial Submission is to be provided to enable the Sponsor the ability to confirm that the financial data included in it reflects the financial data included in the Proponent's Schedule 8 – Price Form and Financial Model. • In the event of discrepancies between the cost-loaded included in a Proponent's Financial Submission and their Schedule 8 – Price Form, the latter will govern.
3.9	Equity Distributions and Annual Service Payment – Capital	• The Financial Model shall include continuity tables to show the annual interest changes, annual payments to equity (i.e. equity distributions), and principal outstanding, as required by the

Financial Submission Requirements	
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Portion	equity investors in the Section 2.7 - Equity Returns Rates and Distributions to Equity, of this Part 2 to Schedule 3 to RFP, including equity injected, returns and internal rate of return, if applicable. • The Financial Model shall also include clear delineation of equity distributions made during the Maintenance Period, and the annual pre-tax IRR and post-tax IRR in real and nominal terms. No distributions to equity during the Construction Period are permitted. • The Financial Model shall include on a monthly basis throughout the Maintenance Period a calculation of the Capital Coverage Ratio in accordance with Schedule 4 – Funding Requirements of the Project Agreement. • "**Capital Coverage Ratio**" shall be calculated as the quotient of (i) the aggregate Actual Monthly Project Co Payments for the relevant Capital Coverage Ratio Calculation Period, and (ii) the aggregate Actual Monthly Project Co Costs for the relevant Capital Coverage Ratio Calculation Period. Actual Monthly Project Co Payments, Actual Monthly Project Co Costs and Capital Coverage Ratio Calculation Period has the meaning set out in Section 1, Schedule 4 – Funding Requirements of the Project Agreement. • The Financial Model shall show Project Co maintaining a minimum annual Capital Coverage Ratio equal to 1.15 or, for Service Levels other than Service Level 1, such lower value as calculated in the Financial Model ("**Threshold Capital Coverage Ratio**"). In no cases shall the Threshold Capital Coverage Ratio be less than 1.08. For clarity, Annual Service Payment – Capital Portion payments may vary from month to month but proponents must demonstrate that the Threshold Capital Coverage Ratio is maintained for the Capital Coverage Ratio Reporting Period. • Annual Service Payment – Capital Portion shall be limited to capture only repayment of Maintained Private Capital that has been invested by Project Co during the Construction Period. Maintained Private Capital has the meaning set out in Section 1, Schedule 20 – Construction Period Payments of the Project Agreement. • Equity distributions in a Contract Year shall not exceed the aggregate amount of Annual Service Payment – Capital Portion payments that Project Co is projected to receive for such Contract Year.

APPENDIX A

SWAP TERM SHEET

The below swap term sheet (Table A) is to be incorporated into the Proponent's Financial Model as a separate sheet and linked to the appropriate parts of the Financial Model to reflect the interest rate hedging arrangements. If more than one interest rate swap is planned, please include the appropriate number of swap term sheets, each of these as a separate sheet, to reflect the financing solution. Please note that the number of periods in the below term sheet indicating the beginning of the period, the end of the period and the opening balance of the principal outstanding should reflect the unique financing solution of the Proponent.

Table A

Interest Rate Swap Term Sheet
INDICATIVE TERMS AND CONDITIONS
Private and Confidential

Fixed Swap Rate Payer:	Insert name
Fixed Swap Rate Receiver:	Insert name
Notional Amount:	Insert amount as follows "CAD$ [insert amount] as per attached schedule"
Trade Date:	Insert date
Effective Date:	Insert date
Maturity Date:	Insert date
Initial Notional Amount:	Insert amount
Fixed Swap Rate:	**[xx]%**
Floating Rate:	**1m CDOR until (incl.): Insert date**
	3m CDOR thereafter
Spread over CDOR	**none**
Compounding	**Inapplicable**
Fixed Rate Payer Dates:	The dates are as per the attached schedule commencing on the Effective Date
Floating Rate Payer Dates:	The dates are as per the attached schedule commencing on the Effective Date
Fixed Rate Day Count:	ACT/365, Fixed Adjusted
Floating Rate Day Coung:	ACT/365, Fixed Adjusted
Business Days	Toronto,
Payment Dates	Last day of interest period
	Modified Following

Notional Payment Schedule

Period Begin	Period End	Principal Outstanding (Open Bal.)