

## OTTAWA LIGHT RAIL TRANSIT PROJECT

### CONTRIBUTION AGREEMENT WITH THE FEDERAL GOVERNMENT

#### OVERVIEW OF STRUCTURE AND CONTENT

The Contribution Agreement (the “**Contribution Agreement**”) entered into between the City of Ottawa (the “**City**”) and Her Majesty the Queen in Right of Canada, represented by the Minister of Transport (“**Canada**”), in respect of a contribution of \$600 million by Canada for the Ottawa Light Rail Transit Project (the “**Project**”).

This document is intended to be a summary of the material terms in the Contribution Agreement, but does not describe all the terms of the Contribution Agreement. In the event of any inconsistency between the description of the material terms in this document and those in the Contribution Agreement, the terms of the Contribution Agreement will prevail.

<b>Material Term</b>	<b>Description</b>
<b>Term</b>	From the effective date until March 31, 2019, unless terminated early under the Contribution Agreement.
<b>Contribution Amount</b>	<p>Canada will contribute not more than 33.3% of the total eligible costs of the Project up to a maximum of \$600 million from the Building Canada Fund. Canada’s payments are on a dollar-for-dollar basis with the Province of Ontario and at no time shall Canada be the single largest public sector contributor towards the eligible costs of the Project.</p> <p>Canada will not sell or dispose of any real property to the City for the Project at less than fair market value, except as already provided for under certain pre-existing agreements.</p>
<b>Gas Tax</b>	A maximum of \$192 million from the Federal Gas Tax Fund may be used for the Project.
<b>Other Funding</b>	<p>Other funding received by the City for the Project must be disclosed to Canada</p> <p>The City agrees that funding received by it under the Building Canada Fund and the Federal Gas Tax Fund constitutes the entirety of Canada’s total financial assistance for the Project, and this funding shall be capped at a maximum of \$792 million of the Project’s total eligible costs. If Canada’s total financial assistance towards the Project is found to exceed \$792 million, or if the total financial assistance received or due in respect of the Project’s total Eligible Costs exceeds one hundred percent (100%) thereof, Canada may recover the excess from Ottawa or reduce its contribution by an amount equal to the excess.</p> <p>The City will repay to Canada all disallowed costs, surpluses, and overpayments.</p>

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<b>Appropriations and Budgeting</b>	Canada's contribution to the Project is subject to annual appropriations made by Parliament for the applicable fiscal year. The City releases Canada from any liability arising as a result of termination or reduction of funding due to appropriations. Subject to the Contribution Agreement, Canada will commit funds in a fiscal year towards the Project in accordance with the budget/payment forecast appended to the Contribution Agreement (Schedule B). If in a fiscal year an amount lesser than the estimated contribution is paid or payable by Canada, then Canada will, subject to the Contribution Agreement, make reasonable efforts to re-allocate the difference to a subsequent fiscal year. If any requested re-allocation of Project funding is not approved by the Federal Crown, the amount of Canada's contribution is so reduced, and the parties will review the effects of such reductions on the overall implementation of the Project and to adjust the terms and conditions of the Agreement as appropriate.
<b>Increase in Project Costs</b>	If it will not be possible to complete the Project unless the City expends amounts in excess of available funding, notification is to be provided, and the City will provide a plan to remedy the shortfall subject to Canada's ability to exercise its available remedies on a default if it is not satisfied with the plan.
<b>Obligation of Recipient</b>	<p>The City is responsible for complete, diligent, timely, and on budget Project implementation, any cost overruns and the operation, maintenance and repair for full lifecycle of infrastructure. The City will apply and ensure that all contractors and others participating in Project implementation comply with all applicable laws. The City will undertake and cause to be undertaken all Project construction and engineering work in compliance with prevailing industry standards.</p> <p>Canada's contribution is a financial contribution only and Canada will have no involvement whatsoever in the operation of the Project.</p>
<b>Agreement Management Committee</b>	A management committee will be established to administer and monitor the Agreement, and either party may request that the Province of Ontario attend committee meetings as an observer. The Committee will review procurement procedures, monitor the progress of the Project, review claims, review reports and cash flows, make non-significant amendments to the Project schedule and cost breakdown, establish subcommittees, resolve disputes between the parties, ensure the Contribution Agreement is implemented in accordance with its terms and obtain approval from Canada for any adjustments required to be made to Schedule B. The Committee will include a Canada co-chair along with an Ottawa co-chair and all decisions and recommendations of the Committee must be unanimous and recorded in writing.
<b>Change Control</b>	Changes with respect to the Project that are non-significant changes can be approved or rejected by the Committee. Significant changes shall be decided by Canada upon a recommendation by the Committee, and include any material change to the Project's location, scope or timing, changes that may require a further environmental assessment or aboriginal consultation, changes that increase in the total estimated eligible costs of a component by 20% or more, and changes that represent any increase to Canada's contribution to the Project.
<b>Procurement and Required provisions</b>	All contracts are to be awarded by the City and managed in accordance with defined requirements, including in a manner that is transparent, competitive, and consistent with value for money principles.
<b>Claim and Payment Structure</b>	A distinction is made between "Conventional" procurement costs (the supply of services under a project delivery model that is not a P3 model) and "P3 Procurement" costs (where a contractor designs, constructs, maintains and finances the Project under the long-term contract with the City).

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	<p>For both Conventional and P3 Procurement, Canada will pay up to a maximum of 40% of eligible costs towards each claim submitted by the City, to a maximum of 33% of total eligible costs or \$600 million</p> <p>Canada's contribution is not to exceed the cumulative value of the Province of Ontario's contribution towards eligible costs.</p> <p>The City is required to submit supporting information in support of both Conventional and P3 Procurement claims. In the case of Conventional costs, this includes: (i) a statement confirming the accuracy of the claim information being submitted; (ii) confirmation of Ontario's contribution amount as at the date of submission; (iii) a breakdown of eligible costs; (iv) a statement of any deferred payment amounts; and (v) a copy of the corresponding invoice along with a statement containing the date on which the claim was incurred, the date it was paid and the category of eligible costs to which it corresponds. In the case of the P3 Procurement, this includes: (i) a description of the Project milestone claimed along with their respective current and past eligible costs previously claimed; (ii) confirmation of Ontario's contribution amount as at the date of submission; (iii) written certification that the claimed payment is due and payable, or has already been paid in full and confirming compliance with the Contribution Agreement; (iv) a certificate of an independent engineer declaring that the Project milestone is completed, the work has been completed as per the standards set out in the Agreement, the claimed costs are eligible costs and the Project milestone did not change in scope.</p> <p>Ten percent of the contribution will be held back pending a final joint reconciliation and any required adjustments therefrom.</p> <p>All debts owed to Canada may be set-off against any amounts payable by Canada to the City, and interest will accrue at the federal rate.</p>
<b>Dispute Resolution</b>	<p>Either party may refer a disagreement or contentious issue to the Committee and thereafter to their respective management for resolution. Any obligations, including payments, related to the issue in dispute will be suspended until the dispute is resolved. If the parties cannot resolve a dispute, they may explore other alternative dispute resolution mechanisms.</p>
<b>Default by the City</b>	<p>If the City defaults by: (i) not completing the Project on the terms and conditions in the Agreement; (ii) submitting false or misleading information or making a false or misleading representation (excluding errors in good faith); (iii) not complying with any condition, undertaking or term of the Contribution Agreement; (iv) not making required payments to Canada, then Canada may after 30 days' notice (remedy period) suspend or terminate any obligation to contribute to the Project and require the City to reimburse all or part of the contribution already paid.</p>
<b>Indemnity</b>	<p>The City will indemnify Canada (and its officers, servants, employees and/or agents) for defined matters in respect of the Project and the Contribution Agreement, subject to breaches of the Contribution Agreement by Canada and the negligence of an officer, servant or employee of Canada in the performance of their duties.</p>
<b>Environmental Assessment (EA)</b>	<p>The City, at its own expense, will comply to the satisfaction of Canada with all conditions arising out of the environmental assessment already conducted. The City will allow Canada and any of its representatives to enter onto any of its property for the purposes of ensuring that any mitigation measures are implemented for the Project.</p> <p>If a subsequent environmental assessment is required under the <i>Canadian Environmental Assessment Act, 2012</i>, the City agrees that all of Canada's</p>

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	obligations will be suspended as soon as Canada informs the City and the City will be responsible under the Contribution Agreement to comply with all conditions included in the decision statement arising out of the subsequent environmental assessment. Failure to comply with and implement any mitigation measures resulting from any environmental assessment may be a cause for default.
<b>Aboriginal Consultation</b>	Aboriginal consultation by the City is to be in accordance with the requirements of the Contribution Agreement. Canada has no obligation to reimburse eligible costs until satisfied that any legal duty to consult with, and where appropriate, to accommodate aboriginal groups is met and continues to be met
<b>Restrictions on Disposal of Assets</b>	Subject to certain exclusions, during the 25 years following substantial completion of the Project, if the City wishes to sell, lease, encumber or use assets acquired, constructed, repaired, rehabilitated or improved upon using Canada's contribution in a manner differently than described in the Contribution Agreement, the City will have to repay a proportionate amount of Canada's contribution, as determined by the date of such disposition and according to the type of asset.
<b>Audit and Reporting</b>	Financial audits, compliance audits, audit plans and other progress reports are to be conducted and provided in accordance with the Contribution Agreement. The City shall also submit an annual progress report to Canada by June 30 <sup>th</sup> of each year. The City will provide Project related information to Canada during and after termination of the Contribution Agreement in order for Canada to evaluate the Building Canada Fund program. The City will also submit a retrospective report to Canada, following Project completion which will be used to determine whether the objectives of the Project were met.
<b>Communications</b>	The parties have established a detailed communications protocol in respect of the Project.
<b>Assignment</b>	The City may not assign its rights under the Contribution Agreement without the prior written consent of Canada.
<b>Amendments</b>	Other than non-significant changes made by the above-described committee, all amendments to the Contribution Agreement must be made in writing by the parties.