

Ministry of Finance
BRIEFING DOCUMENT

To:	Honourable Selina Robinson Minister of Finance	Date Requested: March 9, 2022 Date Required: March 14, 2022
Initiated by:	Jennifer Michell Director Office of the Deputy Minister	Date Prepared: March 9, 2022
Ministry Contact:	Jordan Goss Assistant Deputy Minister Revenue Division	Phone Number: 250 387-0665 Email: Jordan.Goss@gov.bc.ca Cliff #: 491929

TITLE: Increased provincial sales tax rate on fossil fuel combustion systems

PURPOSE:

(X) FOR DECISION

COMMENTS:

DATE PREPARED: March 9, 2022

TITLE: Increased provincial sales tax rate on fossil fuel combustion systems

ISSUE:

At least two industry associations have written to Minister Robinson expressing concerns about the provincial sales tax (PST) exemption for heat pumps and tax rate increase on fossil fuel combustion systems announced in Budget 2022 and would like them delayed allowing for consultation.

BACKGROUND:

As part of Budget 2022, the government announced a PST exemption for heat pumps and a tax rate increase (12%, up from 7%) for fossil fuel combustion systems (FFCS), both effective April 1, 2022. A FFCS is a central forced air furnace, unit heater, fireplace, boiler, an air conditioner, a storage water heater, or instantaneous water heater that uses fossil fuel.

For industry stakeholders, as of April 1, they must identify components of their inventory that are subject to the higher 12% rate and update their point of sales systems to collect the correct amount of tax.

To help businesses, the Ministry issued a tax notice on February 22, 2022 (budget day) explaining the changes.¹

Two national industry associations (the Canadian Institute of Heating and Plumbing and the Heating, Refrigeration and Air Conditioning Institute of Canada) have written Minister Robinson expressing their concerns with the changes and requesting they be delayed.

The industry associations cite three specific concerns. First, there was a lack of consultation on the changes. Second, the short time between the announcement and the effective date makes it difficult for sellers to adjust their sales systems to collect the correct rate. Third, there is ambiguity in the proposed legislative wording that makes it hard to determine how the 12% rate applies.

DISCUSSION:

The relatively short implementation date was chosen to minimize people delaying heat pump purchases and, conversely, increasing FFCS sales before the rate increase. This is common for tax measures.

¹ Notice attached as Appendix A.

The Ministry has communicated that the change will be effective April 1. In the absence of a change to the proposed legislation, the Ministry does not have discretion to alter that date. However, in relation to compliance activities after April 1, the Ministry audit branch generally does not select sample months for testing during a transition period for new tax legislation to ensure its audit samples are representative of the period being audited. This practice is routinely communicated to businesses concerned about being prepared for a tax change.

There does appear to be some confusion in the industry on how the new rate applies. The Ministry has received several telephone calls and ruling requests asking how PST applies to parts for FFCSSs.

The intent of the exemption for heat pumps and higher tax rate for FFCSSs is to only include items sold by the manufacturer with the unit in question. The proposed legislation uses the phrase “parts or components included as part of the system on the initial purchase of the system.” The Ministry interprets the phrase to refer to those parts and components that are included with the actual FFSC unit itself (i.e., the natural gas furnace unit). For example, this might include (depending on the unit) a thermostat, condensate trap, and various unit installation components (screws, snap bushing etc.). In other words, the “system” is only intended to refer to the actual combustion unit or heat pump unit itself.

Parts and components that may be purchased together with the unit but ultimately come separately from the unit are not considered “parts or components included as part of the system on the initial purchase of the system.” If such separately-purchased parts and components *were* to be considered part of the initial purchase of the system and, by extension, to qualify for either the exemption for heat pumps or the 12% tax rate for FFCSSs, the tax measure would be much harder to administer. For example, retailers would need to inquire about the intended use of materials like ducting, apply an exemption if it is to be used with a heat pump or apply a 12% tax rate if it is to be used with a gas furnace, and maintain evidence of this inquiry for audit purposes. This design was intentional, to avoid complexity and confusion in the industry, but feedback received in recent days suggests that businesses have generally not taken note of this design.

In terms of the lack of consultations, the Ministry’s practice is to not consult on tax changes that could potentially distort economic behavior. In this case, consultation could have led the public to believe a change was imminent and cause purchasers to hold off on buying heat pumps and a rush to purchase FFCSSs. Although pre-budget consultations are generally not done, to help taxpayers understand tax changes the Ministry issues public information on budget day, provides support through its toll-free telephone help line, issues tax rulings explaining the change, and sends outreach emails to industry associations with public information and information on where to get further help.

To address confusion regarding the interpretation, the Ministry is updating the relevant tax notice to include specific information regarding parts and provide further examples explaining the rules. In addition, the Ministry is issuing rulings to specific questions from the industry on how the tax applies. Given the recent communications from industry, this work has been prioritized. Additionally, once the notice has been updated and published on the Ministry website, the Revenue Division outreach team intends to contact industry associations to promote understanding of the rules using the revised notice.

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OPTIONS:

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Option #2: Maintain the April 1 date and move quickly on an information campaign

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RECOMMENDATION:

- **Option #2**

APPROVED / NOT APPROVED

Selina Robinson
Minister of Finance

March 15, 2022

Date

Appendix A: Notice 2022-03



notice-2022-003-pro
vincial-sales-tax-on-fc

Ministry of Finance
BRIEFING DOCUMENT

To: Honourable Selina Robinson
Minister of Finance

Date Requested: February 25, 2022
Date Required: March 9, 2022

Initiated by: Joey Primeau
Executive Director
Financial and Corporate Sector
Policy Branch

Date Prepared: February 28, 2022
Phone Number: 778-698-5265
Email: joseph.primeau@gov.bc.ca

Ministry Contact: Tiffany Norman
Director, Real Estate
Financial and Corporate Sector
Policy Branch

Phone Number: 778-698-5271
Email: tiffany.norman@gov.bc.ca
Cliff #: 491688

TITLE: British Columbia *Land Owner Transparency Act* Fee Increase

PURPOSE:

(X) FOR INFORMATION

COMMENTS: The British Columbia Land Title and Survey Authority will increase transparency declaration and transparency report fees under the *Land Owner Transparency Act* effective May 1, 2022.

DATE PREPARED: February 28, 2022

TITLE: British Columbia *Land Owner Transparency Act* Fee Increase

ISSUE: The proposed fee increases will increase fees for all Land Owner Transparency Registry users.

BACKGROUND:

- The Land Title and Survey Authority (LTSA) operates on fee-for-service basis and proceeds from *Land Owner Transparency Act* (LOTA) fees are used to recoup the Land Owner Transparency Register (LOTR) design and build costs as well as ongoing operating costs incurred by the LTSA.
- The LTSA Board has the authority to set fees payable under LOTA for filing a transparency declaration (TD) or transparency report (TR). The operating agreement (“the LOTA Agreement”) between the LTSA and the Ministry of Finance (“the Ministry”) enables the LTSA Board of Directors to increase LOTA fees by “reasonable amounts,” as determined by the board.
- LOTA requires that when an application is made to the LTSA to register an interest in land, a TD must be filed to the LOTA administrator by the transferee. A transferee that is a reporting body – one that has beneficial owners – must also complete and file a TR. TRs must be filed by a legal professional (i.e., lawyer or notary public) who charge their own fees.
- Currently, LTSA bylaws set a flat fee of \$5.00 to file a TD and \$35.00 to file a TR, regardless of the number of parcels related to the filing.
- The LTSA anticipated an expected level of revenues in its original LOTR business case. The current fee level has yielded significantly less revenue for LTSA than anticipated. The LTSA advises that should it not raise its fees; it would be unable to fully recoup LOTR system build costs.
- On March 4, 2022, the LTSA advised the Ministry of its intention to increase the statutory fees charged under LOTA, effective May 1, 2022.

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DISCUSSION:

s.13; s.17

s.13; s.17

Current Proposal

• s.13; s.17

• s.13; s.17

Under the new proposal, effective May 1, 2022, the LTSA will increase the TD fee from \$5.00 to \$7.50 and the TR fee from \$35.00 to \$50.00.

- This increase is considered reasonable because when the initial fees were set, the Ministry recognized that the LOTR was a new system and that the actual costs to implement the registry were not fully known.

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- The revised proposal was presented to Ministry officials on March 4, 2022 – after the March 1 deadline for notification of fee changes under the LOTA Agreement. The LTSA sought and received approval to extend the deadline for the notification of a fee change from March 1 to March 28, 2022, to allow for the bylaw increasing the fees to be considered by the LTSA Board at its next meeting on March 28, 2022.

Ministry of Finance

BRIEFING DOCUMENT

To: Honourable Selina Robinson
Minister of Finance

Date Requested: March 16, 2022

Date Required: March 18, 2022

Date Prepared: March 16, 2022

Ministry Kari Toovey
Contact: Director, Financial Institutions
Financial and Corporate Sector
Policy Branch

Phone Number: 778 698-5262

Email: kari.toovey@gov.bc.ca

Cliff #: 492024

TITLE: National High Risk Flood Insurance Program

PURPOSE:

(X) FOR INFORMATION

COMMENTS:

- Staff from Emergency Management BC and several other BC organizations including the Ministry of Finance have been participating in the work of a national Task Force on High-Risk Flood Insurance and Relocation.
 - The Task Force on High-Risk Flood Insurance and Relocation is looking to develop a new, low-cost national flood insurance program for residential properties at high risk of overland flood.
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DATE PREPARED: March 16, 2022

TITLE: National High Risk Flood Insurance Program

ISSUE: The federal government convened a Task Force on Flood Insurance and Relocation and the Federal Minister of Emergency Preparedness, Bill Blair, has committed publicly to establishing a national flood insurance program for residential properties at high risk of overland flood within 18 months.

BACKGROUND:

- Residential overland flood (OLF) insurance is still a relatively new product in Canada and has only been available since 2015. Residential OLF insurance is not offered by all insurers and is generally only available in low to medium-risk areas.
- As a result of an increase in flooding events across the country, the federal government convened a Task Force on High-Risk Flood Insurance and Relocation (the Task Force) in November of 2020.
- The Task Force was established in response to the Prime Minister's instructions to the Minister of Public Safety and Emergency Preparedness and the Minister of Families, Children and Social Development to develop a new, low-cost national flood insurance program. The Task Force is also considering options for potential relocation for residents of areas at the highest risk of recurrent flooding. The Task Force is expected to present a statement of fact report in Spring 2022.
- The Task Force has engaged with representatives from provincial and territorial governments through a Provincial Territorial Task Team, as well as representatives from the insurance sector through an industry task team. Indigenous governments were consulted separately through Indigenous Services Canada.
- Representatives from Emergency Management BC (EMBC), the Ministry of Finance and the BC Financial Services Authority have participated in the Provincial-Territorial Task Team, supported by a BC Working Group that includes representatives from other ministries.

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DISCUSSION:

- A Globe and Mail article from March 16, 2022, indicates that federal Minister Bill Blair made an announcement while visiting flood-damaged communities in BC promising that Ottawa will bring in a national flood insurance program within 18 months. This national program would provide flood insurance to homes that are at high risk of flooding.
- The Globe and Mail article suggests that the program will be based on a private-public insurance model. Specific details of the program were not provided.

- s.13; s.16

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Ministry of Finance
BRIEFING DOCUMENT

To: Honourable Selina Robinson
Minister of Finance

Date Requested: March 1, 2022
Date Required: March 7, 2022

Initiated by: Treasury Board Staff

Date Prepared: February 14, 2022

Ministry
Contact: Shannon Griffin

Phone Number: (778) 698-5258
Email: Shannon.Griffin@gov.bc.ca

Cliff #: 491415

TITLE: New Infrastructure BC Framework Agreement

PURPOSE:
(X) DECISION REQUIRED

COMMENTS: A new Framework Agreement is recommended to reflect Infrastructure BC's current mandate and services, increase fees and modernize the contract language.

DATE PREPARED: February 14, 2022

TITLE: New Infrastructure BC Framework Agreement

ISSUE: Replacement of the 2010 IBC Government Services Contract to reflect IBC's current mandate and services, increase fees and modernize the contract language.

BACKGROUND:

The Province established Infrastructure BC (IBC) in 2002 by incorporation under the British Columbia *Business Corporations Act*. IBC is owned by the Province of British Columbia and governed by a Board of Directors reporting to its sole shareholder, the Minister of Finance.

IBC's mandate is to support the public sector in meeting its infrastructure needs by providing leadership, expertise and consistency in the planning, procurement and contract administration of complex, Provincially funded capital projects.

IBC operates on a fee-for-service basis with project owners and does not receive any operating grants from the Province.

In 2018, Cabinet directed the Ministry of Finance to review IBC's mandate. At the same time, the Province suspended the Capital Standard Policy, which required public-private partnerships (P3s) as the base case for projects over \$100M. In 2019, Cabinet approved the mandate review recommendations.

In 2020, the Minister of Finance approved updates to the IBC Government Services Contract (Contract) to reflect the provision of current and emerging services IBCs provides to the shareholder and clients.

Current Contract (Appendix A)

Services are provided under a Contract between IBC and the shareholder (the Ministry of Finance) effective since April 1, 2010. The current Contract is the second government services contract with IBC and has been automatically renewed since 2010.

The purpose of the current Contract is:

- to clarify the relationships, roles, responsibilities and obligations of the shareholder and IBC in respect to one another,
- to set out the services IBC provides to the shareholder,
- to enable IBC's fee-for-service model, and
- to set the fees, terms and the scope of engagement for client services.

The current Contract outlines the services IBC performs for the shareholder without remuneration. It currently sets two main areas of focus for IBC:

- Structure and implement P3 solutions which serve the public interest (including implementation of the Capital Standard Policy), and
- Encourage the development of the Partnership market in BC.

The Contract also contains the Engagement Letter between IBC and the client (i.e. project owner), which sets out the scope of services, schedule, project team, key deliverables, confidentiality, records management, dispute resolution and IBC's hourly rates for various positions.

If there are situations where extraordinary resources are required for shareholder services, the Ministry of Finance may also hire IBC for additional short-term services through an Engagement Letter.

DISCUSSION:

Since the suspension of the Capital Standard Policy, the shift away from the P3 procurement model for major capital projects and the maturation of IBC as an organization, the current Contract no longer reflects the services provided. The current Contract also does not outline the services which may be provided to the client in an Engagement Letter.

As a result of the mandate review, IBC has taken on more work to support Government priorities, assess market capacity, assist in the development of capital policy and support the shareholder in the review, monitoring and oversight of major capital projects.

New Framework Agreement (Appendix B)

Rate Increase

Approval of IBC's proposed rate increase is recommended to keep pace with inflation and maintain IBC's financial cushion. Since 2010, IBC's hourly rates to clients have not increased. Inflationary pressures are estimated at 23% since the introduction of its current rates (i.e. approximately 2% per year).

The current rates have enabled IBC to accrue a cumulative surplus projected at approximately \$19 million for the 2021/22 fiscal year.

The forecast for the 2021/22 fiscal year indicates IBC will be in a minor deficit position (estimated at \$20,000) largely due to COVID-19 and other illness-related staff absences. In Q4 of 2021/22, 25% of staff were off work on short-term disability or illness. This trend is expected to be transitory. IBC received approval from Treasury Board to draw on its surplus to fund the deficit.

Additional work performed for the shareholder without remuneration (developing and distributing the Provincial project brochure, serving as a Ministry of Finance representative on project boards and performing a pilot P3 contract management review of the Royal Jubilee Hospital) have also placed additional pressure on IBC's budget (estimated at an annual cost of \$385,000-\$510,000).

Upon ministerial approval of these additional services in June 2020, it was recognized that if IBC cannot absorb the cost of additional work under its current revenue model, Treasury Board may authorize IBC to enter a deficit and draw down its surplus at a sustainable rate as required.

The proposed increase in rates would equate to approximately \$500,000 per year in additional revenue. Without the rate increase IBC's projected surplus over the next three fiscal years is \$110,000-\$180,000 per year.

Ideally agencies operate on a break-even basis, with a reasonable amount of reserve funds established on a case-by-case basis.

There are no direct comparisons to IBC as it is a service delivery Crown with Provincial agencies as its main clients which operates on a fee-for-service basis. The

Transportation Investment Corporation delivers capital projects on behalf of the Ministry of Transportation, but it receives operating grants. Its surplus is approximately \$5 million.

Table 1: IBC's Summary Financial Outlook

(in millions of dollars)	2021/22 Forecast	2022/23 Budget	2023/24 Plan	2024/25 Plan
Revenue Before Fee Increase	9.92	11.86	12.19	12.53
Expenses	9.94	11.75	12.05	12.35
Annual Surplus (Deficit) Before Fee Increase	(0.02) ¹	0.11	0.14	0.18
Revenue from Fee Increase	0	0.50	0.50	0.50
Annual Surplus (Deficit) After Fee Increase	(0.02) ¹	0.61	0.64	0.68
Total Debt	Nil	Nil	Nil	Nil
Accumulated Surplus Before Fee Increase	19.27	19.38	19.52	19.70
Accumulated Surplus After Fee Increase	19.27	19.88	20.52	21.20

Source: Adapted from 2022/23 IBC Service Plan

¹The forecasted operating position for fiscal year 2021/22 will be funded by the organization's accumulated surplus as approved by Treasury Board.

IBC is proposing an increase in the hourly charge out rates for two positions – Project Director and Senior Associate. The hourly rates for the other positions will remain the same. The rationale for limiting the increase to the Project Director and Senior Associate positions is that these positions have generally lagged the advisory community – Deloitte, Ernst &Young, PricewaterhouseCoopers and KPMG.

Table 2: IBC's Current and Proposed Hourly Rates to Clients

Position	Current Hourly Rate	Proposed Hourly Rate
President and CEO	\$400	\$400
Vice-President	\$325	\$325
Assistant Vice-President	\$300	\$300
Project Director	\$240	\$260
Senior Associate	\$180	\$195
Administration	\$85	\$85

The suggested increase in hourly charge out rates for these positions is approximately 8%. Should IBC implement the increases for these two positions, the rates will still be lower than the current rates charged by the major advisory firms. If approved, the rate increases will take effect April 1, 2022.

Project Implementation

The new Agreement includes a provision that IBC may “be responsible for the implementation and management of select projects if directed in writing by [the Province or Treasury Board]”.

IBC is currently implementing the Stuart Lake project as an owner’s representative. IBC has also indicated it would like to establish an implementation division in fiscal 2022/23. Projects identified for potential IBC implementation are mainly projects owned by core government – in particular,^{s.12}

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Next Steps

IBC’s CEO Mark Liedemann has signed the Agreement attached in Appendix B. If the Agreement is approved, the Minister of Finance may sign the Agreement, as well as the letter attached in Appendix C advising IBC of its approval and the hourly charge out rate increase.

IBC will then send a letter (Appendix D) from IBC’s CEO to the twenty four affected clients whose active projects extend beyond March 31, 2022 (clients listed in Appendix E). The impact on project budgets is expected to be minimal given that most project budgets allocate more for IBC fees than are billed, and the impact on the typical project is estimated to be only about \$50,000.

The objective is for IBC to continue to deliver the scope of services within the existing fee caps under its active Engagement Letters without amendment. However, there may be circumstances where an amendment will be required to complete the engagement.

The communication of these increases will also be made by the Ministry of Finance to all BC capital ministries in the fourth quarter of fiscal 2021/22.

OPTIONS:

Option 1: Approve the new Agreement

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s.12; s.13

RECOMMENDATION:

Option 1

APPROVED / NOT APPROVED



Selina Robinson, Minister of Finance

March 11, 2022

Date

December 2, 2010

Ministry of Finance
PO Box 9469 STN PROV GOVT
Room 103, 617 Government St.
Victoria, BC
V8W9V8

Attention: Graham Whitmarsh, Deputy Minister

Dear Graham Whitmarsh:

Re: Government Services Contract (Formerly the "Public Private Partnership Agreement")

Partnerships British Columbia Inc. ("Partnerships BC") is pleased to assist Her Majesty the Queen in the Right of the Province of British Columbia, as represented by the Minister of Finance (the "Province") by providing the Services further to this Agreement.

The purpose of this Agreement is to clarify the respective relationships, roles, responsibilities and obligations of the Province and Partnerships BC under the Original Agreement and to set out the terms and scope of the engagement of Partnerships BC by the Province for services relating to the evaluation, structuring and implementation of public private partnerships for the Province and Government Ministries as further described in Schedule "B".

Accordingly, the Province and Partnerships BC agree that, without affecting anything done under the Original Agreement, as of April 1, 2010 the Original Agreement is rescinded and replaced by this Agreement, the terms of which are as follows:

Engagement

1. Definitions

- 1.1 Capitalized terms in this Agreement have the meaning set out in Schedule A, unless the context requires otherwise.

2. Term

- 2.1 Notwithstanding the actual date of execution and delivery, the term of this Agreement will commence on April 1, 2010 and will end on March 31, 2013, subject to renewal pursuant to section 2.2 or earlier termination pursuant to section 2.3.
- 2.2 From and after March 31, 2013, the Term of the Agreement will be deemed to be renewed for successive periods of one year, subject to earlier termination pursuant to section 2.3.

- 2.3 Notwithstanding sections 2.1 and 2.2, at any time during the Term or any renewed Term, either party may terminate this Agreement by giving at least 180 days prior written notice of termination to the other party, in which case this Agreement will terminate on the effective date of that notice.
- 2.4 Upon the expiry, or sooner termination of this Agreement for any reason, the terms and conditions of this Agreement shall continue in full force and effect in respect of any Engagement Documents entered into as a result of this Agreement.

3 SCOPE OF SERVICES

- 3.1 The Services provided by Partnerships BC pursuant to this Agreement are as described in Schedule B.
- 3.2 In addition, Partnerships BC will provide services pursuant to Engagement Documents with the Province and Government Ministries as may be agreed from time to time between Partnerships BC and the Province, or any Government Ministry, on the terms and conditions as may be set out in an Engagement Document.
- 3.3 If in the course of providing the Services, Partnerships BC is required to dispose of assets owned by the Province, then, if requested by Partnerships BC, the Province will seek a directive from Treasury Board pursuant to section 46(2) of the FAA authorizing the disposition and specifying the terms and conditions of the disposition.

4 REMUNERATION AND EXPENSES

- 4.1 Partnerships BC will receive no Remuneration for provision of the Services outlined in Schedule B.
- 4.2 Subject to sections 5.4 and 5.5, the Province will pay Partnerships BC any amount payable from time to time pursuant to a Province Engagement Document.
- 4.3 The Province will owe no Remuneration nor pay any expenses to Partnerships BC for services provided by Partnerships BC to the Province further to the Shareholders Letter of Expectation.
- 4.4 The Province may make provision for the payment of any remuneration in an Engagement Document.
- 4.5 If an Engagement Document authorizes Partnerships BC to collect, manage or receive public money, as defined in the FAA, then:
- (a) subject to paragraph (b), Partnerships BC will remit such public money to the Province within 30 days of the end of the month in which the public money is collected; and

- (b) if a regulation has been made authorizing Partnerships BC to retain fees or commissions pursuant to section 14(2) of the FAA, Partnerships BC may retain the fees or commissions authorized by that regulation.

5 INDEMNITIES

- 5.1 The Province will indemnify and save harmless Partnerships BC and its directors, officers and employees (the "Partnerships BC Parties") from and against all liabilities, losses, costs (including legal costs), actions or claims arising directly or indirectly from an act or omission of the Province and its officers and employees (the "Province Parties") in respect of:

- (a) the Services; or
 - (b) any other work pursuant to this Agreement or any Engagement Document
- (collectively called the "Partnerships BC Claims" in this and the following section) except to the extent that a Partnership BC Claim or Claims, as the case may be, was caused, or contributed to, by any act or omission of Partnerships BC Parties.

- 5.2 Nothing in section 5.1 entitles Partnerships BC Parties to recover from the Province:

- (a) any amount under section 5.1 where Partnerships BC Parties have insurance or an indemnification in place that covers Partnerships BC Claims; or
- (b) other than in respect of expenses arising from a Partnerships BC Claim, any amount in respect of expenses (including, without limitation, Eligible Expenses) which Partnerships BC is unable to recover under this Agreement
 - (i) from sources of revenue other than the Remuneration, as contemplated in section 4.4,
 - (ii) as a result of a dispute resolution process initiated under section 9.1.

- 5.3 Partnerships BC will indemnify and save harmless the Province Parties from and against all liabilities, losses, costs (including legal costs), actions or claims arising directly or indirectly from an act or omission of Partnerships BC Parties in respect of:

- (a) the Services; or
- (b) any other work under this Agreement or an Engagement Document

("collectively called the "Province Claims") except to the extent that a Province Claim or Claims, as the case may be, was caused or contributed by any act or omission of the Province Parties.

- 5.4 The provisions of sections 5.1 to 5.3 will survive the expiration or sooner termination of this Agreement.

6. CONFIDENTIALITY AND FREEDOM OF INFORMATION AND PROTECTION OF PRIVACY ACT

- 6.1 Partnerships BC will treat as confidential and will not, without the prior written consent of the Province, publish, release, disclose or permit to be published, released or disclosed any information supplied to, obtained by, or which comes to the knowledge of, Partnerships BC as a result of this Agreement except if:
- (a) the information is generally known to Partnerships BC or the public other than as a breach of this Agreement;
 - (b) the information has been received from a third party without restriction and without any breach of this Agreement; or
 - (c) the publication, release or disclosure is necessary to enable Partnerships BC to perform its obligations under this Agreement, or is required by law, including FOIPPA.

Further, Partnerships BC will take all reasonable steps to ensure the privacy of the Province's confidential information and to safeguard the confidential information against loss, theft, destruction or inadvertent disclosure.

- 6.2 Public disclosure of this Agreement and any documents or other records pertaining to this Agreement which are in the custody or control of the parties will be governed by FOIPPA.
- 6.3 The Province will co-ordinate all requests received pursuant to FOIPPA related to the Services outlined in Schedule B. If Partnerships BC can transfer a FOIPPA request to the Province, the Province will accept the transfer. If Partnerships BC is barred by FOIPPA from transferring a FOIPPA request to the Province, Partnerships BC will manage the request.
- 6.4 Partnerships BC and the Province each acknowledge that Section 6 continues in force indefinitely, even after this Agreement terminates.

7. RECORDS ACCESS AND MAINTENANCE

- 7.1 Partnerships BC may request and the Province will provide reasonable access to records maintained by the Province in respect of any of the Services. If the Province requires the use of a record in the possession or control of Partnerships BC, then Partnerships BC will return that record to the Province upon request, but Partnerships BC may review and copy the record as required by it to complete its obligations under this Agreement.
- 7.2 Upon reasonable notice, the Province shall have access, during Partnerships BC's regular business hours and subject to Partnerships BC's security requirements, to the records, books of account and supporting documents of

Partnerships BC relating to each Province Engagement and the Services under this Agreement for all reasonable purposes including copying or auditing (or both) the same.

- 7.3 Partnerships BC will maintain electronic files in accordance with the Partnerships BC corporate file structure except that all records loaned to Partnerships BC under section 7.4 will remain the property of the Province and Partnerships BC acknowledges that the *Document Disposal Act*, R.S.B.C. 1996, c. 99 applies to all such records.
- 7.4 If any record obtained by Partnerships BC under section 7.1 contains personal information (as that term is defined in FOIPPA), Partnerships BC will use that information only for the purpose for which it was obtained or compiled by the Province or for a use consistent with that purpose.
- 7.5 Upon the expiration or sooner termination of this Agreement, Partnerships BC will deliver to the Province, upon request, all records maintained by Partnerships BC in respect of Services performed pursuant to this Agreement excluding any Province Engagement. The records will be provided to the Province in electronic form unless the Province requests in writing that Partnerships BC provide the Province with paper copies of all records. The cost of providing the paper copies will be negotiated separately.
- 7.6 Partnerships BC will provide records maintained by Partnerships BC in relation to a Province Engagement to the Province upon completion of the Province Engagement subject to the terms of the Province Engagement Document.
- 7.7 The Province will provide Partnerships BC with reasonable access to government records and personnel for the purposes of carrying out the Services, any Province Engagement and any other obligations under this Agreement.

8.0 CONFLICT OF INTEREST

- 8.1 Partnerships BC will not, during the Term, perform a service for or provide advice to any person, where the performance of the service or the provision of the advice may or does, in the reasonable opinion of the Province, give rise to a conflict of interest between the obligations of Partnerships BC to the Province under this Agreement and the obligations of Partnerships BC to such other person.

9. DISPUTE RESOLUTION

- 9.1 The parties to this Agreement will work cooperatively to resolve any issues or disagreements which may arise during the Term. In the event that the parties are unable to resolve such disputes, Partnerships BC, represented by the President & Chief Executive Officer, and the Province, represented by the Deputy Minister of Finance, shall enter into negotiations, in good faith, to resolve the dispute.

9.2 If one person fills the positions noted in section 9.1, that person shall resolve the dispute.

9.3 If the condition in section 9.2 does not apply and the parties in section 9.1 are unable to resolve the dispute, the matter will be taken to the Minister of Finance for resolution.

10. ASSIGNMENT

10.1 This Agreement may not be assigned by either party without the prior written consent of the other party.

11. NOTICES

11.1 Any notice, payment, or any or all of the material that either party may be required or may desire to give or deliver to the other will be conclusively deemed validly given or delivered to and received by the addressee, if delivered personally on the date of such delivery or, if mailed, on the third business day after the mailing of the same in British Columbia by prepaid post addressed, if to:

to the Province:

Ministry of Finance
PO BOX 9469 STN PROV GOVT
Room 103, 617 Government St.
Victoria, B.C.
V8W9V8

Attention: Deputy Minister

to Partnerships BC:

Partnerships British Columbia Inc.
2320 - 1111 West Georgia Street
Vancouver, BC V6E 4M3

Attention: Chief Executive Officer

11.2 Either party may, from time to time, advise the other by notice in writing of any change of address of the party giving such notice and from and after the giving of such notice the address therein specified will, for the purposes of section 11, be conclusively deemed to be the address of the party giving such notice.

12. MISCELLANEOUS

12.1 Nothing in this Agreement prevents Partnerships BC from independently entering into an agreement with a Government Body, provided that the provisions of that agreement do not conflict with the terms of this Agreement.

- 12.2 Unless otherwise agreed in writing, any property whatsoever provided by or on behalf of the Province to Partnerships BC as a result of this Agreement will be the exclusive property of the Province and will be delivered by Partnerships BC to the Province forthwith on demand or upon the expiration or sooner termination of this Agreement.
- 12.3 Neither party will knowingly commit any act or enter into any agreement which would cause the other party to be in breach of any agreement to which the other party is a party or commit or purport to commit the other party to the payment of money to any person unless expressly agreed in writing by the other party.
- 12.4 This Agreement constitutes the entire agreement between the parties in respect of the subject matter of this Agreement.
- 12.5 This Agreement, including each signed Engagement Document, may only be amended by written agreement executed by both parties.

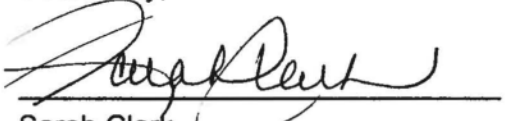
13. INTERPRETATION

- 13.1 Each signed Province Engagement Document is an integral part of this Agreement as if set out at length in the body of this Agreement.
- 13.2 This Agreement will be governed by and construed and interpreted in accordance with the laws of the Province of British Columbia.

If the above terms reflect your understanding of the Agreement, please sign where indicated below, and return a copy to me.

We are very pleased to be working with the Province on this exciting and challenging area.

Yours truly,



Sarah Clark
President and Chief Executive Officer
Partnerships British Columbia Inc.

I confirm and accept the conditions and terms of engagement with PBC on behalf of Her Majesty the Queen in right of the Province of British Columbia as represented by the Minister of Finance



Graham Whitmarsh
Deputy Minister
Ministry of Finance
Province of British Columbia

SCHEDULE A - DEFINED TERMS

Unless the context otherwise requires, the following definitions will apply to this Agreement:

"Agreement" means this agreement;

"Engagement" means any undertaking or assignment on which Partnerships BC is engaged by the Province (excluding the Services mentioned in Schedule B) or ministries and includes a Province Engagement.

"Engagement Document" means a document in the form, or substantially in the form, set out in Schedule C, signed by the parties and describing the activities and services to be provided by Partnerships BC in respect of an Engagement, which may include:

- (a) a description of the Engagement;
- (b) the objectives and approach of the Engagement;
- (c) Engagement tasks, deliverables and timelines;
- (d) fees to be paid to Partnerships BC for the provision of services as defined ,
- (e) expenses,
- (f) reporting obligations and requirements, and
- (g) the authority granted to Partnerships BC by the Province in respect of the project, including, as applicable, a Treasury Board directive issued pursuant to section 46(2) of the FAA authorizing the disposition or loan of public property, as defined in the FAA, and authorization for Partnerships BC to retain fees or commissions as Remuneration for services performed in respect of the disposition or loan of public property, as defined in the FAA;

"FAA" means the Financial Administration Act, R.S.B.C. 1996, c. 138, as amended from time to time;

"Fiscal Year" means the fiscal reporting year for government and begins on April 1 of any calendar year and ends on March 31 of the following calendar year;

"FOIPPA" means the *Freedom of Information and Protection of Privacy Act*, RSBC 1996, c. 165, as amended from time to time;

"Government" means Her Majesty the Queen in right of the Province of British Columbia, as represented by any member of the Executive Council (as that term is defined in Section 9 of the Constitution Act, R.S.B.C. 1996, c. 66);

“Government Body” means government body as defined in the FAA;

“Government Ministry” means a BC government ministry other than the Ministry of Finance

“Original Agreement” means the agreement dated April 1, 2002, as amended by an amending agreement dated April 23, 2008;

“Province Engagement” means an Engagement entered into between the Province and Partnerships BC.

“Province Engagement Document” means an Engagement Document in respect of a Province Engagement.

“Provincial Capital Standard” is the provincial guidance for public sector agencies which states for projects with \$50 million or more of provincial funding, a partnership delivery model will be considered the base case in procurement options analysis and will be the preferred option unless there is a compelling reason to select otherwise. For projects with \$20 million to \$50 million of provincial funding, a preliminary project screening will be undertaken to determine if the project has any characteristics that would make it suitable for the partnership delivery model.

“Quarter” means any three month segment of a Fiscal Year beginning on the first day of each of April, July, October and January of each respective year;

“Remuneration” has the meaning given that term in section 4.4 of this Agreement.

“Services” means the services to be provided by Partnerships BC to the Province, set out in Schedule B;

“Shareholders Letter of Expectation” means the Shareholder Letter of Expectations between Partnerships BC and the Minister of Finance.

“Term” means the period described in section 2.1 and includes any renewal of the Term under section 2.2; and

“Treasury Board” has the meaning given to it in the FAA.

SCHEDULE B - Services

Partnerships BC will provide services to the Province (Ministry of Finance) as set out below. In situations where extraordinary effort or resources are required beyond that which is contemplated by this Schedule B, a separate Province Engagement may be entered into.

Goal 1: Structure and Implement public private partnership solutions which serve the public interest.

Services related to Goal 1:

- a. provide support to the Province (Ministry of Finance) on
 - i. implementation of the Provincial Capital Standard, and
 - ii. general infrastructure procurement advice as required;
- b. provide support or lead on partnership project communications initiatives and responses including coordination of communications with Public Affairs Bureau and Government Ministries; and
- c. provide recommendations on procurement options analysis.

Goal 2: Encourage the development of the partnership market in British Columbia.

Services related to Goal 2:

- a. undertake general partnership market development with the public and private sector market participants within British Columbia to improve public sector knowledge, and increase private sector confidence in partnership projects. This includes
 - i. providing seminars, workshops and presentations for Government Ministries and Government Bodies to develop a stronger appreciation for the benefits, process and challenges related to partnership projects, generally;
 - ii. developing and implementing initiatives and events aimed at introducing and attracting British Columbia and national and international businesses to participate in major projects, and
 - iii. working with other provinces and the federal government to develop an attractive, homogenous, Canadian partnership market);
- b. acting as a "window into government" for all domestic and international enquiries in the British Columbia market for partnership related business opportunities;
- c. developing and implementing best practices to achieve a strong market by having consistent practices and streamlined procurement processes both within British Columbia and throughout Canada;
- d. supporting the Province and Government Ministries through legislative and government committee processes such as Estimates, Public

Accounts Committee and the Select Standing Committee of Crown Corporations; and

- e. developing, when requested by the Province, communications strategies and providing support where the costs cannot reasonably be recovered from a sponsoring Government Ministry.

SCHEDULE C – STANDARD ENGAGEMENT DOCUMENT

FOR USE ON MINISTRY PROJECTS ONLY

[Date]

[Client]

[Client Address]

[City]

[Postal Code]

Dear [Client Contact]:

Re: Engagement Letter – [Subject of Agreement]

Partnerships British Columbia Inc. (Partnerships BC) is pleased to be able to assist [Client] to achieve [Subject of Agreement].

The purpose of this engagement letter (the Engagement Contract) is to set out the terms and scope of the engagement of Partnerships BC by [Client] for services relating to the [Project] (the Project).

Engagement

The terms of our engagement under this Engagement Contract are as follows:

1. Public Private Partnership Agreement

- 1.1 This Engagement Contract constitutes a Province Engagement Document for the purposes of the Government Services Contract between the Province of British Columbia (the Province) and Partnerships BC dated for reference April 1, 2010 and as amended from time to time. The terms and conditions of the Government Services Contract apply to and are included by reference in this Engagement Contract except as may be expressly stated otherwise in this Engagement Contract..

2. Scope of Services Provided by Partnerships BC

- 2.1 Reporting to [Client Rep], a representative of [Client], Partnerships BC will provide the services described in Schedule A (the Services). The respective responsibilities of Partnerships BC and [Client] are described in the Project Scope Split (Schedule B to this Engagement Contract). *(Drafting Note: Complete Schedule B - Generic Scope Split Template under Project Management Toolkit-Phase 3 on the KM Site)*

**Partnerships
British Columbia Inc.**

Vancouver
2320 – 1111 West Georgia Street
Vancouver, BC V5E 4M3

Victoria
3rd floor, 707 Fort Street
Victoria, BC V8W 3G3

Mailing Address:
PO BOX 9478, STN PROV GOVT
Victoria, BC V8W 9W6

3. Schedule

- 3.1 Subject to timely receipt of information from [Client] as described in Schedule B, it is anticipated that the Services will be delivered according to the following schedule:

Key Deliverable [LIST KEY PROJECT DELIVERABLES]	Target Date
Work with Stakeholders to confirm funding	
Finalize and release RFEI	
Finalize and release RFQ	
Finalize and release RFP to shortlist	
Initiate negotiations with Preferred Proponent	
Finalize Project Agreement and Financial Close	
Project Report: Achieving Value for Money and Disclosure of Project Agreement	

IF ENGAGEMENT IS TO PROVIDE ONE DELIVERABLE, THE FOLLOWING LANGUAGE MAY BE USED IN PLACE OF SECTION 3.1 ABOVE:

- 3.1 Subject to timely receipt of information from [Client] as described in Schedule B, the Partnerships BC services are estimated to be completed within (insert time) of approval of this Agreement.

4. Project Team

- 4.1 The Services will be provided by the Partnerships BC advisory services and project team (the Project Team) under the direction of the executive sponsor, [Name & Title].
- 4.2 The Project Team will be led by [Name & Title], who will also provide overall day-to-day responsibility for the engagement.
- 4.3 The Project Team will consist of:
- (a) Partnerships BC staff and consultants on an as-required basis.
 - (b) Representatives from [Client] and [Client]'s Consultants.
 - (c) External business advisors and specialized consultants as agreed to by the parties to this Engagement Contract.

- 4.4 [Client] will ensure that representatives from [Client] and [Client]'s Consultants:
- (a) Complete the tasks for which [Client] has responsibility as listed in Schedule B.
 - (b) Are available to assist the Project Team as needed.

5. Relationships and Accountability

- 5.1 Partnerships BC will report to, and take instructions from the [Client Contact].

6. Remuneration and Eligible Expenses

IF AN HOURLY FEE, USE THE FOLLOWING LANGUAGE:

- 6.1 Unless otherwise agreed in writing by the parties to this Engagement Contract in relation to the Project, [Client] will pay Partnerships BC the hourly fees listed below (the Fee) for the Services provided by Partnerships BC under the terms of this Engagement Contract. The following Partnerships BC staff and consultants will be on the Project Team and will be invoiced to the Project at the stated Fee:

Partnerships BC Project Resource	Hourly Rate
President & CEO	\$400.00
VPs	\$325.00
Assistant VPs	\$300.00
Directors	\$240.00
Senior Consultants	\$180.00
Consultants	\$135.00
Project Liaison	\$110.00
Administration	\$85.00

It is estimated that the total Partnerships BC fee for this project is hourly fees to a maximum of \$[]. It is estimated that the total Partnerships BC expenses for this project (excluding third party consulting costs) is to a maximum of \$ [].

Partnerships BC will notify [Client] [X] months(s) prior to reaching the maximum fees or expenses if this will result in the maximum estimates in the preceding paragraph being exceeded. At that time, Partnerships BC and [Client] will review and discuss the reasons for the estimates being exceeded and determine whether a new estimate is required.

If the scope of the Services or the Schedule is amended, [Client] agrees that the maximum fees and expenses will be revised accordingly.

DRAFTING NOTE: PLEASE NOTE THAT IF A FIXED FEE IS USED, THE SCOPE OF THE SERVICES MUST BE CLEARLY DEFINED AND AN AMENDMENT TO THE SCOPE OF

SERVICES AND FEES MUST BE SOUGHT FROM THE CLIENT IF THE SCOPE OF SERVICES DEVIATES FROM THAT IN THE ENGAGEMENT LETTER. IF A FIXED FEE IS USED, VP BUSINESS DEVELOPMENT, VP FINANCE & ADMIN, & CORPORATE LEGAL COUNSEL MUST BE INVOLVED IN THE DRAFTING OF SECTION 6 AND SCHEDULE A OF THE ENGAGEMENT LETTER.

IF A FIXED FEE (LUMP SUM), USE THE FOLLOWING LANGUAGE:

6.1 Unless otherwise agreed in writing by the parties to this Engagement Contract in relation to the Project, [Client] will pay Partnerships BC a fee of [\$XX] (the Fee), for the Services provided by Partnerships BC under the terms of this Engagement Contract. The Fee will be payable in equal monthly instalments during the term of the engagement as defined in section 7.1 of the Engagement Contract.

IF A FIXED FEE (MILESTONE PAYMENTS), USE THE FOLLOWING LANGUAGE:

6.1 Unless otherwise agreed in writing by the parties to this Engagement Contract in relation to the Project, [Client] will pay Partnerships BC a fee of [\$XX] (the Fee), for the Services provided by Partnerships BC under the terms of this Engagement Contract. The Fee will be payable by [Client] upon completion of each key deliverable as follows:

Key Deliverable [LIST KEY PROJECT DELIVERABLES]	Fee Payable upon Completion
Work with Stakeholders to confirm funding	
Finalize and release RFE	
Finalize and release RFQ	
Finalize and release RFP to shortlist	
Initiate negotiations with Preferred Proponent	
Finalize Project Agreement and Financial Close	
Develop and Publish Project Report: Achieving Value for Money and Disclose Project Agreement	

6.2 [Client] will reimburse Partnerships BC for expenses as follows:

- (a) Reasonable in-province travel expenses incurred by Partnerships BC in providing the Services.

- (b) Where approved by [Client] or their delegate, out-of-pocket expenses including third-party consulting costs incurred by Partnerships BC in providing the Services.
- 6.3 [Client] will pay a funding analysis levy (the Levy) in addition to the fees and expenses as set out in section 5.1 and 5.2. The Levy will be billed monthly and will be a charge of 3% of the total Partnerships BC fees (exclusive of expenses) for the billing period. The Levy will apply to Partnerships BC fees which are incurred on or after September 1, 2010.
- 6.4 Partnerships BC will bill [Client] monthly, in arrears, for services provided. Partnerships BC will submit the invoices to the [Contact Name].
- 6.5 If [Client] is satisfied that the fees and expenses claimed in an invoice were necessarily and properly incurred by Partnerships BC, [Client] will pay such invoices within 30 days of receipt. A monthly interest charge of 1% will be incurred by [Client] for late payments after 30 days.

7. Term & Termination of the Engagement

- 7.1 The term of the engagement will commence on [Commencement Date] and will terminate on [Termination Date].
- 7.2 Either party may terminate the engagement with 30 days written notice. If such option is exercised, [Client] will be under no further obligation to Partnerships BC except [Client] will pay Partnerships BC any outstanding work fees for work completed up to and including the date of termination, will reimburse Partnerships BC for properly incurred expenses for the period up to the effective date of such termination and will pay fees for any services required pursuant to section 9.2 which obligation continues indefinitely.

IF THERE IS A COMPLETION/FIXED FEE FOR THE PROJECT, THE FOLLOWING LANGUAGE SHOULD BE USED:

- 7.3 Notwithstanding Section 7.2, if [Client], in its discretion, terminates the Project, [Client] will pay to Partnerships BC [XX%] of the completion fee, if any.

IF THERE IS A BREAK FEE FOR THE PROJECT, THE FOLLOWING LANGUAGE SHOULD BE USED:

- 7.3 Notwithstanding Section 7.2, if [Client], in its discretion, terminates the Project, [Client] will pay to Partnerships BC a break fee of [\$XXXX].

8. Disclosure

- 8.1 Partnerships BC is committed to a policy which ensures an open and transparent procurement process for the Project, in order to serve the public interest without jeopardizing the best value agreement for taxpayers.
- 8.2 Partnerships BC has established best practices guidelines with respect to procurement disclosure and will apply these guidelines to develop an approach to disclosure for the Project that is consistent with the Partnerships BC best practices guidelines. The project best practices include a Project Report: Achieving Value for Money and the review of the executed Concession Agreement for public disclosure.

9.0 Confidentiality and *Freedom of Information and Protection of Privacy Act*

9.0 Partnerships BC will treat as confidential and will not, without the prior written consent of [Client], publish, release, disclose or permit to be published, released or disclosed any information supplied to, obtained by, or which comes to the knowledge of, Partnerships BC as a result of this Engagement Contract except if:

- (d) The information is generally known to Partnerships BC or the public other than as a breach of this Engagement Contract;
- (e) The information has been received from a Third Party without restriction and without any breach of this Engagement Contract; or
- (f) The publication, release or disclosure is necessary to enable Partnerships BC to perform its obligations under this Engagement Contract, or is required by laws including the Freedom of Information and Protection of Privacy Act, RSBC 1996, c. 165 (FOIPPA) as amended from time to time.

Further, Partnerships BC will take all reasonable steps to ensure that privacy of [Client]'s confidential information and to safeguard the confidential information against loss, theft, destruction or inadvertent disclosure.

9.1 [Client] is responsible for co-ordinating all requests related to the Project which are received pursuant to FOIPPA. If Partnerships BC is barred by FOIPPA from transferring a FOIPPA request to [Client], [Client] will be responsible for all costs incurred by Partnerships BC in relation to any FOIPPA-related request received by Partnerships BC in relation to the Project. The management of a FOIPPA-related request will be included in the Services provided by Partnerships BC to [Client] for the purposes of remuneration. This will include both Partnerships BC fees for service and third-party consultant costs incurred by Partnerships BC in the management of the request.

IF PARTNERSHIPS BC HAS PROVIDED THE CLIENT WITH MAXIMUM FEES FOR THE ASSIGNMENT, ADD THE FOLLOWING AT THE END OF SECTION 9.1 ABOVE.

The cost incurred for the management of any FOIPPA-related request will be in addition to the maximum fees quoted by Partnerships BC for the provision of the Scope of Services in section 6 of this Engagement Contract.

9.2 Partnerships BC and [Client] each acknowledge that Section 9 continues in force indefinitely, even after this Engagement Contract terminates.

10. Records Management

10.1 [Client] and Partnerships BC agree and acknowledge that all Project records are produced by or for [Client]. Partnerships BC agrees and acknowledges that all Project records are in the control of [Client] from the time of creation,. At the termination of this Engagement Contract, copies of all project files in the custody of Partnerships BC will be provided to [Client] as per section 10.2.

10.2 Partnerships BC will maintain electronic Project files in accordance with the Partnerships BC corporate file structure. Upon the termination of this Engagement Contract, unless otherwise agreed to by the parties to this Engagement Contract, Partnerships BC will provide all records related to the Project in the custody of Partnerships BC to [Client] on a computer disk.

- 10.3 At [Client]'s request, Partnerships BC will provide [Client] with paper copies of all records related to the Project. The cost of providing the paper copies will be included in the Services provided by Partnerships BC to [Client] for the purposes of remuneration and the cost will be negotiated separately. The cost will include both Partnerships BC fees for service and third-party consultant costs incurred by Partnerships BC in the management of the request.

IF PARTNERSHIPS BC HAS PROVIDED THE CLIENT WITH MAXIMUM FEES FOR THE ASSIGNMENT, ADD THE FOLLOWING AT THE END OF SECTION 10.2 ABOVE:

The cost incurred for the management of the provision of the paper copies will be in addition to the maximum fees quoted by Partnerships BC for the provision of the Scope of Services in section 6 of this Engagement Contract.

11. Assignment

- 11.1 This Engagement Contract may not be assigned by either party without the prior written consent of the other party.

12. Dispute Resolution

- 12.1 The parties to this Engagement Contract will work cooperatively to resolve any issues or disagreements which may arise over the term of the Engagement Contract. In the event the parties are unable to resolve such disputes, Partnerships BC, represented by the CEO, and [Client], represented by [Client Contact], shall enter into negotiations to resolve the dispute.
- 12.2 If the disagreement cannot be resolved in good faith, they may seek resolution by the respective decision-makers, the Minister of Finance and the Minister [responsible for Client].

13. Amendments

- 13.1 No amendment or modification to this Engagement Contract shall become effective unless and until the same shall have been reduced to writing and duly executed by the parties to this Engagement Contract.

14. Notices

- 14.1 Any notice, payment, or any or all of the material that either party may be required or may desire to give or deliver to the other will be conclusively deemed validly given or delivered to and received by the addressee, if delivered personally on the date of such delivery or, if mailed, on the third business day after the mailing of the same in British Columbia by prepaid post addressed, if to [Client]:

[Client Name]
[Address]
[Attention: Client Contact]

and, if to Partnerships BC:

Partnerships BC
Suite 2320

**1111 West Georgia Street
Vancouver, BC V6E 4M3
Attention: [Contact Name]**

- 14.2 Either party may, from time to time, advise the other by notice in writing of any change of address of the party giving such notice and from and after the giving of such notice the address therein specified will, for the purposes of section 14, be conclusively deemed to be the address of the party giving such notice.

[Drafting note: the following sections/signature blocks of the agreement must be on the same page]

If the above terms and attached schedules reflect your understanding of the terms of engagement, please sign where indicated below, and return a copy to me.

We are very pleased to be working with [Client] on this Project.

Yours truly,

Sarah Clark
President & Chief Executive Officer

I confirm and accept the conditions and terms of engagement with Partnerships BC on behalf of [Client].

[NAME]
[TITLE]



THIS FRAMEWORK AGREEMENT dated for reference the 11th day of February, 2022

BETWEEN:

HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF BRITISH COLUMBIA, as represented by the Ministry of Finance

PO Box 9469 Station Provincial Government
Room 103, 617 Government St
Victoria, BC V8W 9V8

(the "**Province**")

AND:

INFRASTRUCTURE BC INC, a corporation incorporated under the laws of British Columbia

1220-800 West Pender Street
Vancouver, BC V6C 2V6

(the "**Infrastructure BC**")

WHEREAS:

- A. The Province and Partnerships British Columbia Inc. entered into a Government Services Contract on December 2, 2010 (the "Government Services Contract"), which set out the parties respective roles, responsibilities and obligations with respect to the evaluation, structure and implementation of public private partnerships in British Columbia. The Government Services Contract was amended by the parties by a Recission and Replacement Agreement dated for reference September 9, 2011.
- B. On or about August 27, 2020, Partnerships British Columbia Inc. legally changed its name to Infrastructure BC.
- C. The Province is the sole shareholder of Infrastructure BC.
- D. The parties have agreed to expand and amend the scope of the responsibilities and mandate of Infrastructure BC and wish to rescind and replace the Government Services Contract, and any amendments thereto, with this Framework Agreement.

NOW THEREFORE in consideration of the mutual covenants and agreements set out in this Agreement and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by the parties, the parties agree as follows:

ARTICLE 1 - INTERPRETATION

1.1 In this Agreement, unless something in the subject matter or context is inconsistent therewith, capitalized terms will have the following meanings:

- (a) “**Accounting Standards**” means those accounting standards approved by the Canadian Accounting Standards Board in effect from time to time, in each case applied on a consistent basis, acceptable to the Province;
- (b) “**Agreement**” means this framework agreement made as of the Effective Date between the Province and Infrastructure BC, including all schedules thereto, as may be amended from time to time pursuant to the terms of this Agreement;
- (c) “**Applicable Laws**” means all applicable provisions of laws, statutes, rules, policies, directives and regulations of any Governmental Authority in effect from time to time having the force of law;
- (d) “**Business Day**” means a day on which Provincial government offices are open for business, other than a Saturday, Sunday or statutory holiday in the Province;
- (e) “**Client Services**” means the services to be provided by Infrastructure BC, as described in Schedule A;
- (f) “**Communication**” has the meaning ascribed thereto in section 19.1;
- (g) “**Effective Date**” is April 1, 2022;
- (h) “**Engagement Contract**” means the standard engagement contract entered into by Infrastructure BC and one or more Ministry or a Government Body for Client Services to be provided by Infrastructure BC in relation to a particular infrastructure project, on substantially the terms and conditions set out in Schedule C;
- (i) “**Events of Default**” has the meaning ascribed thereto in section 13.1;
- (j) “**FAA**” means the *Financial Administration Act* [R.S.B.C. 1996] c.138, as amended from time to time;
- (k) “**FOIPPA**” means the *Freedom of Information and Protection of Privacy Act* [RSBC 1996] c. 165, as amended from time to time;
- (l) “**Fiscal Year**” means the fiscal reporting year for government and begins on April 1 of any calendar year and ends on March 31 of the following calendar year;
- (m) “**Governmental Authority**” means any government, parliament, legislature or commission or board of any government, parliament or legislature, or any political subdivision thereof, or any court or (without limitation to the foregoing) any other law, regulation or rule-making entity having or purporting to have jurisdiction in the relevant circumstances, or any person acting or purporting to act under the authority of any of the foregoing (including any arbitrator) or any other authority charged with the administration or enforcement of Applicable Laws;
- (n) “**Government Body**” has the meaning ascribed to it in the *FAA*;
- (o) “**Materials**” means all findings, data, reports, documents, records and material (both printed and electronic, including hard disk or diskettes) whether complete or otherwise, that have been

produced, received, compiled or acquired by Infrastructure BC as a result of the administration of the Shareholder Services, or provided by or on behalf of the Province to Infrastructure BC, as a direct result of this Agreement;

- (p) **“Material Adverse Effect”** means any fact, event or circumstance that, alone or when taken with other events or conditions occurring or existing concurrently with such event or condition (i) has or is reasonably expected to have a material adverse effect on the business, operations, condition (financial or otherwise), assets, liabilities, prospects or properties of a party, (ii) has or is reasonably expected to have any material adverse effect on the validity or enforceability of this Agreement or any agreement related hereto and/or (iii) materially impairs or is reasonably expected to materially impair the ability of such party to either pay or otherwise perform its obligations under this Agreement or any agreement related hereto;
- (q) **“Ministry”** has the meaning given to it under the *FAA*, and includes the Ministry of Finance with respect to Client Services;
- (r) **“Shareholder Services”** means the services to be provided by Infrastructure BC, as described in Schedule B;
- (s) **“Refund”** means any rebate, refund or remission of federal or provincial tax or duty available with respect to any items or services paid for or agreed to be paid for under this Agreement;
- (t) **“Services”** means, collectively, the Shareholder Services and the Client Services;
- (u) **“Term”** means the Term of this Agreement set out in section 2.1; and
- (v) **“Treasury Board”** has the meaning given to it under the *FAA*.

1.2 For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

- (a) the headings preceding the text, articles, sections and/or other subdivisions hereof are for convenience only and do not form part of this Agreement and are not intended to interpret, define or limit the scope, extent or intent of this Agreement or any provisions hereof;
- (b) all accounting terms not otherwise defined herein have the meanings assigned to them in accordance with Accounting Standards;
- (c) all references to “dollar” or “\$” refer to the lawful currency of Canada;
- (d) any reference to a statute or a section of a statute will include and will be deemed to be a reference to such statute or section and to the regulations made pursuant thereto, with all amendments made thereto and in force at the relevant time, and to any statute, section of a statute or regulation that may be passed which has the effect of supplementing or superseding the statute or section so referred to or the regulations made pursuant thereto;
- (e) the word “party” means a party to this Agreement and the word “parties” means all parties to this Agreement; and
- (f) words in the singular include the plural and vice versa.

1.3 The following Schedules attached hereto are incorporated by reference and form part of this Agreement.

Schedule “A” Client Services
Schedule “B” Shareholder Services
Schedule “C” Engagement Contract

- 1.4 Any discretion or obligation of the Province under this Agreement may be exercised or performed by the Minister of Finance, or any person authorized to act for, or on behalf of, the Minister of Finance.
- 1.5 Except as otherwise specifically provided for herein, where any payment is required to be made or any other action is required to be taken on a particular day and such day is not a Business Day then this Agreement will be deemed to provide that such payment will be made or such action will be taken on the first Business Day after such day.

ARTICLE 2 – TERM AND EXTENSIONS

- 2.1 Subject to the early termination of this Agreement in accordance with sections 14.1 and 14.2, the term of this Agreement will start on the Effective Date and end on the date that is 15 years after the Effective Date (the “**Term**”).
- 2.2 On the 3rd Anniversary of the Effective Date and on each successive 3rd anniversary after that date, the parties will meet and review the respective obligations of each party under this Agreement and the sufficiency of fees being charged for Client Services. Upon such review, the parties will, in good faith, negotiate and attempt to conclude any amendments the parties identify as being necessary as a result of the foregoing review.

ARTICLE 3 – SERVICES

- 3.1 Infrastructure BC will provide the Shareholder Services to the Province in accordance with the terms and conditions of this Agreement.
- 3.2 Infrastructure BC may provide Client Services as may be agreed on from time to time between Infrastructure BC and one or more Ministry or a Government Body, in which case the Client Services will be provided on substantially the terms and conditions set out in the Engagement Contract attached hereto as Schedule C. Notwithstanding the foregoing, Infrastructure BC may modify the terms and conditions set out in an Engagement Contract (other than fees) provided such modifications are commercially reasonable and necessary to accommodate the particular circumstances of a project.
- 3.3 Infrastructure BC may provide Client Services to entities not referred to in section 3.2, including entities outside of British Columbia, on terms and conditions no more favorable than the terms and conditions set out in an Engagement Contract, including with respect to fees.
- 3.4 The parties acknowledge and agree that if there is an inconsistency or conflict between an Engagement Contract and this Agreement, this Agreement will prevail.
- 3.5 The Province may from time to time audit the Services related to this Agreement and any Engagement Contract, and Infrastructure BC agrees to comply with such audit. The Province will provide Infrastructure BC with a copy of the auditor’s report upon receipt of same and the costs of such audit will be paid for by the Province.

ARTICLE 4 - PERFORMANCE MANAGEMENT

- 4.1 From time to time, the Province or Treasury Board may provide a mandate letter or other form of written direction to Infrastructure BC which sets out the Province's priorities for the upcoming year.
- 4.2 Infrastructure BC will create a service plan (the "Service Plan") in accordance with Part 3 of the *Budget Transparency and Accountability Act* ("BTAA") and set out how it intends to address the priorities set out in such mandate letter, written direction or letter of direction and will use reasonable efforts to achieve the goals necessary to meet these priorities.

ARTICLE 5 - REPORTING

- 5.1 Infrastructure BC will provide ongoing reporting to the Province on the Services, in a format acceptable to the Province, which includes the following:
 - (a) Quarterly Reports- quarterly reports in accordance with section 10 of the *BTAA*; and
 - (b) Annual Service Plan Report- an annual service plan report in accordance with Part 4 of the *BTAA*.
- 5.2 Infrastructure BC acknowledges and agrees that each of the reports referred to above in section 5.1 will be certified by a senior financial officer (at a director level or higher) of Infrastructure BC attesting to the correctness and completeness of the financial information provided.
- 5.3 Notwithstanding the formal reporting requirements set out in this Article 5, the Province may from time to time request ad hoc reports and additional information relating to the Services and Infrastructure BC will take reasonable efforts to respond to such requests, advising the Province as to the availability of the data and reports requested. Where the data is available, Infrastructure BC will provide such ad hoc reports and additional information in a timely manner.
- 5.4 If Infrastructure BC becomes aware of an event or potential event that may impede its ability to meet the deliverables and timelines set out herein, Infrastructure BC will advise the Province of such event or potential event immediately.

ARTICLE 6 - REMUNERATION AND EXPENSES

- 6.1 Infrastructure BC will receive no remuneration for providing the Shareholder Services set out in Schedule B and the Province will not be liable for any expenses related thereto.
- 6.2 If a Ministry enters into an Engagement Contract with Infrastructure BC for Client Services, that Ministry will be entirely responsible for any and all remuneration and expenses payable under such Engagement Contract. The parties acknowledge and agree that the Province will not be liable for any remuneration or expenses owing from time to time under an Engagement Contract for Client Services in which the Province is not a direct party to that Engagement Contract. For certainty, any specific service provided to the Province and included in both Schedule A and Schedule B will be deemed a Shareholder Service unless otherwise agreed in an Engagement Contract executed by both parties.

ARTICLE 7 - REPRESENTATIONS AND WARRANTIES

- 7.1 Infrastructure BC represents and warrants to the Province, with the intent that the Province rely on it in entering into this Agreement, as follows:
 - (a) it has full power and authority to accept, execute and deliver this Agreement;

- (b) this Agreement constitutes a valid and binding obligation of Infrastructure BC, enforceable against it in accordance with its terms;
- (c) no Event of Default has occurred and is continuing and no event has occurred which would constitute an Event of Default;
- (d) there are no actions, suits or proceedings pending, or to the best of the knowledge of Infrastructure BC, threatened against or affecting Infrastructure BC, at law, in equity or before any arbitrator or before or by any Governmental Authority which could reasonably be expected, if determined adversely, to materially and adversely affect the ability of Infrastructure BC to perform any of its obligations under this Agreement;
- (e) Infrastructure BC has not omitted to disclose to the Province any matter, event, circumstance or thing relating to the Services of which it is aware which could reasonably be expected to have a Material Adverse Effect;
- (f) all information, statements, certificates, reports or other documents furnished or submitted by Infrastructure BC to the Province in connection with this Agreement are true and correct as of the date such information, statement, certificate, report or document was furnished or submitted to the Province to the best of Infrastructure BC's knowledge;
- (g) Infrastructure BC has no knowledge of any fact that materially adversely affects, or so far as it can foresee, might materially adversely affect, Infrastructure BC's properties, assets, condition (financial or otherwise), business or operations or its ability to fulfill its obligations under this Agreement; and
- (h) Infrastructure BC is not in breach of, or in default under, any Applicable Laws in any material respect.

ARTICLE 8- COVENANTS

- 8.1 For the full duration of the Term, Infrastructure BC covenants and agrees with the Province that, unless the Province otherwise consents in writing, it will:
- (a) comply with all Applicable Laws including FOIPPA and *Information Management Act* [RSBC 2015] c.27;
 - (b) allocate or hire and retain only qualified staff to provide the Services;
 - (c) supply, at its own cost, all labour, subcontractors, materials, equipment, facilities, licenses and approvals necessary to carry out the Shareholder Services;
 - (d) carry out the Shareholder Services in accordance with the terms of this Agreement;
 - (e) unless otherwise agreed to by the parties, retain ownership to all assets acquired or intangible property created or modified in the process of carrying out the Shareholder Services; and
 - (f) Infrastructure BC will promptly (and in any event within five (5) Business Days) give written notice to the Province: (i) forthwith upon becoming aware of any default in the performance of any covenant or agreement or default in the satisfaction of any condition contained in this Agreement, the occurrence of an Event of Default or any event that with the giving of notice, lapse of time or both would become an Event of Default, specifying such default(s) and Event(s) of Default, (ii) any material

litigation, proceeding or dispute, (iii) any other matter which has resulted in or could have a Material Adverse Effect, and (iv) such other information respecting the Shareholder Services as the Province may reasonably request in order to determine compliance by Infrastructure BC with this Agreement, or otherwise in connection with the administration or enforcement hereof.

ARTICLE 9 – RELIANCE

- 9.1 All representations, warranties, covenants and agreements made in this Agreement and all documents delivered by or on behalf of Infrastructure BC are material and will conclusively be deemed to have been relied on by the Province, notwithstanding any prior or subsequent investigation by the Province.

ARTICLE 10 – RECORDS AND REPORTS

- 10.1 Infrastructure BC will:

- (a) establish and maintain in accordance with Accounting Standards, accurate accounting and administrative records related to the Services, in form and content satisfactory to the Province;
- (b) establish and maintain books of account, invoices, receipts and vouchers for all; costs and expenses incurred in relation to this Agreement or any Engagement Contracts, in form and content satisfactory to the Province;
- (c) permit the Province, for contract monitoring and audit purposes, during regular business hours and subject to Infrastructure BC's security requirements, on reasonable notice, to enter any premise used by Infrastructure BC to provide the Services or where Materials are kept, in order for the Province to inspect, audit, examine, review and copy any of the books of account and other records (including original supporting documents) referred to in subsection (a) and (b) of this section.

- 10.2 Infrastructure BC will:

- (a) provide copies of Materials to the Province, upon receipt of a written request by the Province from time to time;
- (b) within 30 days of the completion of all Shareholder Services under this Agreement, return or transfer all Materials to the Province, with the exception of any Materials related to ongoing Engagement Contracts reasonably required to be retained by Infrastructure BC to carry out the services under such Engagement Contract;
- (c) upon copying, returning or transferring any Materials to the Province, provide the Materials in a reasonable order by a secure means of shipment or electronic transfer, as directed by the Province in its sole discretion. If the Province requires paper copies of any of the Materials, the parties will separately negotiate responsibility for the costs of providing paper copies;
- (d) not retain any personal information as defined in FOIPPA related to this Agreement after completion of the Shareholder Services under this Agreement, with the exception of any information Infrastructure BC otherwise had in its custody or control prior to this Agreement, personal information that is reasonably required to

carry out services under ongoing Engagement Contract, or is destroyed in accordance with section 10.2(e) or as otherwise permitted under this Agreement;

- (e) not destroy any personal information or Materials subject to the terms of this Agreement, without the written authorization of the Province, and ensure that any destruction of personal information as defined in FOIPPA is carried out in a manner authorized by the Province in writing; and
- (f) immediately return or transfer to the Province all Materials if Infrastructure BC is unable to fulfil the terms of this Agreement for any reason, with the exception of any Materials related to an Engagement Contract and reasonably required to be retained by Infrastructure BC to carry out the services under such Engagement Contract.

For certainty, Infrastructure BC may retain copies of Materials in accordance with Infrastructure BC's "Document Management Protocol" provided and to the extent that such document retention complies with Applicable Laws, including FOIPPA and the *Information Management Act*, [SBC 2015] c. 27.

- 10.3 Upon receipt of a written request by Infrastructure BC, the Province will provide reasonable access to findings, data, reports, documents, records and materials maintained by the Province with respect to the Services.
- 10.4 The Province will have control, for the purpose of the *Freedom of Information and Protection of Privacy Act*, of the Materials held by Infrastructure BC.
- 10.5 Infrastructure BC will provide the reporting set out in Article 5 of this Agreement on the timelines set out therein.

ARTICLE 11 - CONFLICT OF INTEREST

- 11.1 Infrastructure BC will not, during the Term, perform a service for or provide advice to any person or entity if the performance of that service or the provision of the advice may, in the reasonable opinion of the Province, give rise to a conflict of interest between the duties and obligations of Infrastructure BC to the Province under this Agreement and the duties and obligations of Infrastructure BC to such other person or entity.

ARTICLE 12 - CONFIDENTIALITY

- 12.1 Infrastructure BC will treat as confidential all Materials supplied to or obtained by Infrastructure BC as a result of this Agreement. Infrastructure BC will not, without the prior written consent of the Province, permit the disclosure of Materials or information in any Material, except:
 - (a) if it is information that is generally known to the public other than as result of a breach of this Agreement,
 - (b) as required by Applicable Laws, or
 - (c) to the extent that disclosure is necessary to enable Infrastructure BC to fulfill its obligations under this Agreement, provided that in the latter case, Infrastructure BC will ensure the person or entity that Infrastructure BC has disclosed the Materials to has agreed to keep such Materials confidential and will not permit its further disclosure except to the extent necessary to fulfill the obligations under this Agreement.

- 12.2 The Province will coordinate all requests received pursuant to FOIPPA and related to this Agreement or the Shareholder Services set out in Schedule B. If Infrastructure BC is able under FOIPPA to transfer a FOIPPA request to the Province, the Province will accept the transfer, otherwise Infrastructure BC will manage such request.
- 12.3 The parties acknowledge and agree that this Article 12 will continue in force indefinitely even after termination of this Agreement.

ARTICLE 13 – EVENTS OF DEFAULT

- 13.1 Any of the following events constitute an “**Event of Default**” under this Agreement:
- (a) Infrastructure BC fails to comply with any provision of this Agreement and has not cured the failure to comply within ten (10) Business Days of notice from the Province, or such longer period as specified by the Province in its sole discretion;
 - (b) any representation or warranty made by Infrastructure BC is untrue or incorrect;
 - (c) any information, statement, certificate, report or other document furnished or submitted by or on behalf of Infrastructure BC pursuant to or as a result of this Agreement with respect to the performance of Infrastructure BC’s obligations under this Agreement is untrue or incorrect;
 - (d) Infrastructure BC ceases, in the opinion of the Province, to exist as a corporation in British Columbia; or
 - (e) a change occurs with respect to the business or operations of Infrastructure BC which, in the opinion of the Province, materially adversely affects the ability of Infrastructure BC to fulfill its obligations under this Agreement.
- 13.2 Upon the occurrence of any Event of Default and at any time after that, the Province may, despite any other provision of this Agreement, at its option elect to do any one or more of the following:
- (a) terminate this Agreement on the date determined by the Province in its sole discretion;
 - (b) if the Event of Default is one that can be cured, require the Event of Default be remedied within a time period specified by the Province and suspend any payment that may be due to Infrastructure BC by the Province under an Engagement Contract until such time as the Event of Default has been remedied as determined by the Province in its sole discretion;
 - (c) waive the Event of Default; and
 - (d) pursue any other remedy available at law or in equity.

ARTICLE 14 –TERMINATION

- 14.1 The Province may terminate this Agreement:
- (a) in accordance with section 13.2(a); or
 - (b) at any time and for any reason with one hundred and eighty (180) days’ written notice to Infrastructure BC.

- 14.2 Infrastructure BC may terminate this Agreement at any time and for any reason with one hundred and eighty (180) days' written notice to the Province.
- 14.3 Upon expiry or earlier termination of this Agreement in accordance with sections 14.1 and 14.2, the terms and conditions of this Agreement that relate to any existing Engagement Contracts entered into as a result of this Agreement will survive and continue in full force and effect.
- 14.4 Unless otherwise agreed to in writing, any property provided by or on behalf of the Province to Infrastructure BC as a result of this Agreement will be the exclusive property of the Province and will be delivered by Infrastructure BC to the Province forthwith on demand or upon the expiration or earlier termination of this Agreement.

ARTICLE 15 – DISPUTE RESOLUTION

- 15.1 In the event of any dispute between the parties arising out of or in connection with this Agreement, the following dispute resolution process will apply unless the parties otherwise agree in writing:
- (a) the parties agree to first refer the dispute to senior officers of the parties and attempt to resolve the dispute through collaborative negotiation; and
 - (b) if the dispute is not resolved through collaborative negotiation within thirty (30) Business Days of the dispute arising, the Minister of Finance will resolve the dispute.

ARTICLE 16 – INSURANCE

- 16.1 Infrastructure BC will obtain, maintain and pay for any insurance which Infrastructure BC is required by law to carry, or which Infrastructure BC considers necessary to cover risks associated with this Agreement in Infrastructure BC's sole discretion.

ARTICLE 17 - INDEMNITIES

- 17.1 The Province hereby indemnifies and saves harmless Infrastructure BC, its agents, employees, officers or directors or approved subcontractors, from and against any and all losses, claims, damages, actions, causes of action, costs and expenses that the Infrastructure BC or any of the Infrastructure BC's agents, employees, officers or directors or approved subcontractors may sustain, incur, suffer or be put to at any time either before or after the expiration or termination of this Agreement, if the same or any of them are based on, arise out of or occur, directly or indirectly, by reason of any act or omission of the Province, or of the Provinces' agents, employees or subcontractors pursuant to or in connection with this Agreement.
- 17.2 Infrastructure BC hereby indemnifies and saves harmless the Province, its agents, employees and subcontractors, from and against any and all losses, claims, damages, actions, causes of action, costs and expenses that the Province or any of the Province's agents, employees or subcontractors may sustain, incur, suffer or be put to at any time either before or after the expiration or termination of this Agreement, if the same or any of them are based on, arise out of or occur, directly or indirectly, by reason of any act or omission of Infrastructure BC, or of Infrastructure BC's agents, employees, officers or directors pursuant to or in connection with this Agreement or any Engagement Contract
- 17.3 The provisions of section sections 17.1 and 17.2 above will survive termination of this Agreement.

ARTICLE 18 – ASSIGNMENT AND SUB-CONTRACTING

- 18.1 Neither party may assign this Agreement without the prior written consent of the other party.
- 18.2 Infrastructure BC will not, without the prior written consent of the Province sub-contract any obligation of Infrastructure BC under this Agreement. Notwithstanding the foregoing, Infrastructure BC may subcontract Shareholder Services with prior written notice to the Province, which written notice will include the name of the subcontractor and the scope of Shareholder Services subcontracted.

ARTICLE 19- NOTICES

- 19.1 Any notice, request, document, statement, report, demand, claim or other communication (a “**Communication**”) required to be given or made under this Agreement will be in writing and will be given or made by (i) personal delivery to the party to whom it is to be given or made, (ii) certified or registered mail (first class postage pre-paid), (iii) guaranteed delivery by recognized national courier or (iv) e-mail, addressed as follows:

- (a) if to the Province:

Ministry of Finance
P.O Box 9469
Room 103, 617 Government St
Victoria, BC V8W 9V8

Attention: Deputy Minister

E-mail: FIN.DeputyMinister@gov.bc.ca
Phone: 250-387-3184

- (b) if to Infrastructure BC:

2320- 1111 West Georgia Street
Vancouver, BC
V6E 4M3

Attention: Chief Executive Officer

E-mail: mark.liedemann@infrastructurebc.com
Phone: 604.806.4171

Any such Communication so made or given by personal delivery, courier or e-mail to the party to whom it is addressed as provided above will be deemed given to and received on the day it is so delivered at such address or in the case of an e-mail, the day in which the e-mail is sent. If such day is not a Business Day, or if the Communication is received after 4:00 p.m. (addressee’s local time), then the Communication will be deemed to have been given and received on the next Business Day. Any Communication sent by prepaid registered mail will be deemed to have been given and received on the fifth (5th) Business Day of mailing of the same, except in the event of disruption of postal services in Canada, in which case any such Communication will be deemed given to and received by the addressee when actually delivered to the address of the addressee set out above.

- 19.2 Either party may, from time to time, advise the other party, by notice in the manner in section 17.1, of any change of address or e-mail, and from and after the giving of such notice, such address or e-

mail will, for the purposes of this Agreement, deemed to be the address or e-mail of the party giving such notice.

ARTICLE 20- MISCELLANEOUS


- 20.1 Nothing in this Agreement is to be construed as interfering with, or fettering in any manner, the exercise by the parties of any statutory power or duty.
- 20.2 This Agreement will be governed by and construed in accordance with the laws of the Province of British Columbia.
- 20.3 Changes to this Agreement are only effective if made in writing and by both parties.
- 20.4 All of the provisions of this Agreement in favour of the Province and all of the rights and remedies of the Province, either at law or in equity, survive any expiration or earlier termination of this Agreement.
- 20.5 Nothing in this Agreement operates as a consent, permit, approval or authorization by the Province to or for anything related to the Services that by Applicable Laws, Infrastructure BC is required to obtain unless it is expressly stated to be.
- 20.6 This Agreement will enure to the benefit of and be binding upon the respective successors and permitted assigns.
- 20.7 Each of the parties will, upon the reasonable request of the other, make, do, execute or cause to be made, done or executed all further and other lawful acts, deeds, things, devices, documents, instruments and assurances whatsoever for the better and absolute performance of the terms and conditions of this Agreement.
- 20.8 Any provision of this Agreement that is or becomes unenforceable will be unenforceable to the extent of such unenforceability without invalidating the remaining provisions hereof. To the extent permitted by Applicable Laws, each of the parties hereby waives any provision of any Applicable Laws that renders any provision hereof unenforceable in any respect.
- 20.9 No term or condition of this Agreement and no breach by Infrastructure BC of any term or condition of this Agreement is waived unless the waiver is in writing signed by the Province. A written waiver by the Province of any breach by Infrastructure BC of any provision of this Agreement is not a waiver of any other provision or of any subsequent breach of the same or any other provision of this Agreement. A failure to enforce any breach of this Agreement by the Province does not constitute a waiver of such breach or any provision of this Agreement by the Province.
- 20.10 This Agreement constitutes the entire Agreement between the parties with respect to the subject matter of this Agreement, with the exception of any Engagement Contracts entered into by Infrastructure BC and one or more Ministries. For greater certainty, any Engagement Contracts entered into by Infrastructure BC and a Ministry will incorporate by reference the applicable terms of this Agreement.
- 20.11 This Agreement may be executed in any number of counterparts, each of which will be deemed to be an original and all of which taken together will be deemed to constitute one and the same instrument. Delivery of an executed counterpart of this Agreement by e-mail or other electronic means will be equally effective as delivery of a manually executed counterpart thereof.

ARTICLE 21 - ACCEPTANCE

21.1 The parties indicate their agreement by executing this Agreement in the space and manner indicated below and returning it to the contact shown above, free of any conditions.

The parties have executed this Agreement to be effective as of the Effective Date:

HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF BRITISH COLUMBIA,
represented by the Minister of Finance, by its authorized signatory:



Authorized Signatory:

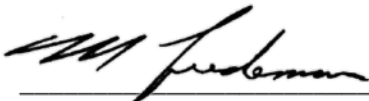
Selina Robinson

Name

Minister of Finance

Title

INFRASTRUCTURE BC INC, by its authorized signatory:



Authorized Signatory:

Mark Liedemann

Name

President & CEO

Title

SCHEDULE A
CLIENT SERVICES

1. POLICY OVERVIEW

- 1.1 The purpose of Client Services is to support the public sector in meeting its infrastructure needs by providing leadership, expertise and consistency in the planning, procurement and contract administration of complex capital projects that deliver benefits for taxpayers.
- 1.2 The Client Services set out below are not exhaustive, it being understood that, subject to its obligations section 2.2 of Schedule A, Infrastructure BC may continue to expand revenue-generating opportunities consistent with its mandate, Service Plan and any written direction from the Province to ensure it maintains on-going financial self-sufficiency.

2. SERVICES

- 2.1 Infrastructure BC may provide the following Client Services as set out in the Agreement and in accordance with Engagement Contract:

Capital Project Planning

- (a) assist in writing concept plans and business cases for capital projects;

Procurement

- (b) create standardized procurement process for capital projects;
- (c) assist with planning and procuring capital projects on both an individual project basis and portfolio project basis;
- (d) manage the procurements for capital projects;

Contract Management

- (e) assist with managing contracts for capital projects during the design and construction phase;
- (f) be responsible for the implementation and management of select projects if directed in writing by [the Province or Treasury Board];
- (g) assist with the management of FOIPPA requests relating to procurement for capital projects managed by Infrastructure BC;
- (h) assist with vendor management; and
- (i) conduct market research.

SCHEDULE B SHAREHOLDER SERVICES

1. POLICY OVERVIEW

- 1.1 The purpose of the Shareholder Services is to support the Province in meeting its infrastructure needs by providing leadership, expertise and consistency in the procurement, planning and contract administration of complex capital projects that deliver benefits for taxpayers.
- 1.2 Infrastructure BC will provide the Shareholder Services throughout the Term to the Province in accordance with provincial policies provided in writing to Infrastructure BC, the applicable Mandate Letter and this Agreement.

2. SERVICES

- 2.1 Infrastructure BC will provide the following Shareholder Services for the Province:

Policy and Advisory Work:

- (a) provide guidance and policy advice relating to capital projects;
- (b) when requested by the Province, participate on Deputy Ministers' Cabinet Committee and attend Treasury Board and Cabinet meetings;
- (c) support the Province in the development and implementation of capital policy frameworks including without limitation the Capital Asset Management Framework;

Procurement:

- (d) create standardized procurement process for capital projects;

Contract Management

- (e) assist with stakeholder relations and communications including without limitation attending the Deputy Minister Industry Infrastructure Forum and Budget Estimates debates;
- (f) assist with the management of FOIPPA requests relating to procurement for capital projects managed by Infrastructure BC;
- (g) assist with vendor management;
- (h) conduct market research;
- (i) publish a brochure biannually to promote projects that are \$50,000,000 or more in the planning and procurement stages;
- (j) collect feedback of lessons learned during and after a capital project and perform performance audits as required, or as directed by the Province, and use reasonable efforts to ensure that these lessons are applied to future projects that it is involved in on behalf of the Province;
- (k) support the Province in the approach to the management of cross-project force majeure events or other unforeseen events that impact the procurement, design, construction or operations of capital projects; and

Education

- (l) provide presentations and educational sessions to clients and stakeholders relating to best practices in capital planning, procurement and contract management.

Miscellaneous

- (m) such other services as may be set out a mandate letter or other form of written direction from the Province, including Treasury Board.
- 2.2 Infrastructure BC will use reasonable efforts to ensure that it is self-sufficient and may from time to time secure contracts with organizations that are not Ministries or a Government Body provided that:
- (a) it has capacity to take on additional work;
 - (b) such contracts will be secondary to the services provided to the Province under this Agreement and to Ministries and a Government Body under Engagement Contracts; and
 - (c) if a contract is for an organization situated outside of Canada, Infrastructure BC will obtain the prior written consent of the Province before entering into the contract.
- 2.3 Infrastructure BC will participate on project boards, as directed by the Province, as agent for the Province.

SCHEDULE C
ENGAGEMENT CONTRACT
(attached)

[Insert Date]

[Insert Client Name]
[Insert Client Address]
[Insert City, Province]
[Insert Postal Code]

Dear [Insert Client Contact]

Re: Engagement Letter – [Insert Subject of Engagement Contract]

Infrastructure BC Inc. ("Infrastructure BC") is pleased to be able to assist [Insert Client] to achieve [Insert Subject of Engagement Contract].

The purpose of this engagement letter (the "Engagement Contract") is to set out the terms and scope of the engagement of Infrastructure BC by [Insert Client] for services relating to the [Insert Project Name] (the "Project").

Engagement

The terms of our engagement under this Engagement Contract are as follows:

1 Framework Agreement

1.1 This Engagement Contract constitutes an Engagement Contract for the purposes of the Framework Agreement between the Her Majesty the Queen in the Right of the Province of British Columbia as represented by the Minister of Finance (the "Province") and Infrastructure BC Inc. (Infrastructure BC) dated [NTD: update upon execution of the Framework Agreement], 2022 and as amended from time to time. The terms and conditions of the Framework Agreement apply to and are included by reference in this Engagement Contract except as may be expressly stated otherwise in this Engagement Contract.

2 Scope of Services Provided by Infrastructure BC

2.1 Reporting to [Insert Client Rep], a representative of [Insert Client], Infrastructure BC will provide the services described in Schedule A (the "Services"). The respective responsibilities of Infrastructure BC and [Insert Client] are described in the Project Scope Split (Schedule B to this Engagement Contract).

3 Schedule

3.1 Subject to timely receipt of information from [Insert Client] as described in Schedule B, it is anticipated that the Services will be delivered according to the following schedule (the "Schedule"):



Key Deliverables	Target Date
Work with stakeholders to confirm funding	
Finalize and release request for expressions of interest (RFEI)	
Finalize and release request for qualifications (RFQ)	
Finalize and release request for proposals (RFP) to shortlist	
Initiate negotiations with Preferred Proponent	
Finalize Project Agreement and Financial Close	
Project Report: Achieving Value for Money and Disclosure of Project Agreement	

- 3.2 Subject to timely receipt of information from [Insert Client] as described in Schedule A, the Services are estimated to be completed within [Insert Time] of approval of this Engagement Contract (the “Schedule”). *[NTD: Use this language for Section 3.1 if the engagement is to provide **ONE DELIVERABLE.**]*

4 Project Team

- 4.1 The Services will be provided by the Infrastructure BC advisory services and project team (the “Project Team”) under the direction of the executive sponsor [Insert Name & Title].
- 4.2 The Project Team will be led by [Insert Name & Title], who will also provide overall day-to-day responsibility for the engagement.
- 4.3 The Project Team will consist of:
- (a) Infrastructure BC staff and consultants on an as-required basis.
 - (b) Representatives from [Insert Client] and [Insert Client's] consultants.
 - (c) External business advisors and specialized consultants as agreed to by the parties to this Engagement Contract.
- 4.4 [Insert Client] will ensure that representatives from [Insert Client] and [Insert Client's] Consultants:
- (a) Complete the tasks for which [Insert Client] has responsibility as listed in Schedule B.
 - (b) Are available to assist the Project Team as needed.

5 Relationships and Accountability

- 5.1 Infrastructure BC will report to, and take instructions from, the [Insert Client Contact].

6 Remuneration and Eligible Expenses

- 6.1 Unless otherwise agreed in writing by the parties to this Engagement Contract in relation to the Project, [Insert Client] will pay Infrastructure BC the hourly fees listed below (the “Fee”) for the Services provided by Infrastructure BC under the terms of this Engagement Contract. The following Infrastructure BC staff and consultants will be on the Project Team and will be invoiced to the Project at the stated Fee: *[NTD: Use this language for Section 6.1 if an Hourly Fee is used. This is the standard remuneration approach used by IBC.]*

Infrastructure BC Project Resource	Hourly Rate
President and CEO	\$400.00
Vice-Presidents	\$325.00
Assistant Vice-Presidents	\$300.00
Directors	\$240.00
Senior Associates	\$180.00
Administration	\$85.00

The Fees are established by, and subject to change at the discretion of, the Province.

[Insert Client] agrees that, in the event that the Province adjusts the Fees during the term of this Engagement Letter, this section will be amended accordingly.

It is estimated that the total Infrastructure BC fee for this project is hourly fees to a maximum of \$[Insert Value]. It is estimated that the total Infrastructure BC expenses for this project (excluding third-party consulting costs) is to a maximum of \$[Insert Value].

Infrastructure BC will notify [Insert Client] X [Insert Value] months(s) prior to reaching the maximum fees or expenses if this will result in the maximum estimates in the preceding paragraph being exceeded. At that time, Infrastructure BC and [Insert Client] will review and discuss the reasons for the estimates being exceeded and determine whether a new estimate is required.

If the scope of the Services or the Schedule is amended, [Insert Client] agrees that the maximum fees and expenses will be revised accordingly.

- 6.1 Unless otherwise agreed in writing by the parties to this Engagement Contract in relation to the Project, [Insert Client] will pay Infrastructure BC a fee of \$[Insert Value] (the “Fee”), for the Services provided by Infrastructure BC under the terms of this Engagement Contract. The Fee will be payable in equal monthly instalments during the term of the engagement as defined in Section 7.1 of the Engagement Contract. *[NTD: Use this language for Section 6.1 if a Fixed Fee (Lump Sum) is used.]*

- 6.1 Unless otherwise agreed in writing by the parties to this Engagement Contract in relation to the Project, [Insert Client] will pay Infrastructure BC a fee of \$[Insert Value] (the “Fee”), for the Services provided by Infrastructure BC under the terms of this Engagement Contract. The Fee will be payable by [Insert Client] upon completion of each key deliverable as follows: *[NTD: Use this language for Section 6.1 if a **Fixed Fee (Milestone Payments)** is used.]*

Key Deliverables	Fee Payable upon Completion
Work with stakeholders to confirm funding	
Finalize and release RFEI	
Finalize and release RFQ	
Finalize and release RFP to shortlist	
Initiate negotiations with Preferred Proponent	
Finalize Project Agreement and Financial Close	
Develop and Publish Project Report: Achieving Value for Money and Disclose Project Agreement	

- 6.2 [Insert Client] will reimburse Infrastructure BC for expenses as follows:
- (a) Reasonable in-province travel expenses incurred by Infrastructure BC in providing the Services.
 - (b) Where approved by [Insert Client] or their delegate, out-of-pocket expenses including third-party consulting costs incurred by Infrastructure BC in providing the Services.
- 6.3 Infrastructure BC will bill [Insert Client] monthly, in arrears, for services provided. Infrastructure BC will submit the invoices to [Insert Contact Name].
- 6.4 If [Insert Client] is satisfied that the fees and expenses claimed in an invoice were necessarily and properly incurred by Infrastructure BC, [Insert Client] will pay such invoices within 30 days of receipt. A monthly interest charge of 1% will be incurred by [Insert Client] for late payments after 30 days.
- 6.5 Infrastructure BC will promptly apply for any rebate, refund or remission of federal or provincial tax or duty available with respect to any items paid for or agreed to be paid for by Infrastructure BC under this Engagement Contract, and upon receipt or credit of such rebate, refund or remission, will remit that amount to [Insert Client]. The parties agree that this section continues in force and effect indefinitely even even after this Engagement Contract terminates

7 Term and Termination of the Engagement

- 7.1 The term of the engagement will commence on [Insert Commencement Date] and will terminate on [Insert Termination Date].
- 7.2 Either party may terminate the engagement with 30 days' written notice. If such option is exercised, [Insert Client] will be under no further obligation to Infrastructure BC except [Insert Client] will pay Infrastructure BC any outstanding work fees for work completed up to and including the date of termination, will reimburse Infrastructure BC for properly incurred expenses for the period up to the effective date of such termination, and will pay fees for any services required pursuant to Section 9.2 which obligation continues in force and effect indefinitely, even after this Engagement Contract terminates.
- 7.3 Notwithstanding Section 7.2, if [Insert Client], in its discretion, terminates the Project, [Insert Client] will pay to Infrastructure BC [Insert Value]% of the Fee, if any. *[NTD: Include this as Section 7.3 if there is a Completion Fee for the project]*
- 7.3 Notwithstanding Section 7.2, if [Insert Client], in its discretion, terminates the Project, [Insert Client] will pay to Infrastructure BC a break fee of \$[Insert Value]. *[NTD: Include this as Section 7.3 if there is a Break Fee for the project]*

8 Disclosure

- 8.1 Infrastructure BC is committed to a policy which ensures an open and transparent procurement process for the Project, in order to serve the public interest without jeopardizing the best value for taxpayers.
- 8.2 Infrastructure BC has established best practices guidelines with respect to procurement disclosure and, when engaged in relation to the Project procurement, will apply these guidelines to develop an approach to disclosure for the Project that is consistent with the Infrastructure BC best practices guidelines. The project best practices include a project report and the review of the executed project agreement for public disclosure.

9 Confidentiality and Freedom of Information and Protection of Privacy Act

- 9.1 Infrastructure BC will treat as confidential any findings, data, reports, documents, records and material (both printed and electronic, including hard disk or diskettes) whether complete or otherwise, that have been produced, received, compiled or acquired by Infrastructure BC, or provided by or on behalf of the [Insert Client] to Infrastructure BC, as a direct result of this Engagement Contract (the "Material") ; and will not permit the disclosure of any Material or information in any Material, without the prior written consent of [Insert Client] except if:
- (a) The information is generally known to the public other than as a breach of this Engagement Contract;



- (b) As required by all applicable provisions of laws, statutes, rules, policies, directives and regulations of any authority charged with the administration or enforcement of such, in effect from time to time having the force of law; or
- (c) To the extent that disclosure is necessary to enable Infrastructure BC to fulfill its obligations under this Engagement Contract, provided that in the latter case, Infrastructure BC will ensure the person or entity that Infrastructure BC has disclosed the Materials to has agreed to keep such Materials confidential and will not permit its further disclosure except to the extent necessary to fulfill the obligations under this Agreement.

9.2 [Insert Client] is responsible for co-ordinating all requests related to the Project which are received pursuant to FOIPPA. If Infrastructure BC is barred by FOIPPA from transferring a FOIPPA request to [Insert Client], [Insert Client] will be responsible for all costs incurred by Infrastructure BC in relation to any FOIPPA-related request received by Infrastructure BC in relation to the Project. The management of a FOIPPA-related request will be included in the Services provided by Infrastructure BC to [Insert Client] for the purposes of remuneration. This will include both Infrastructure BC fees for service and third-party consultant costs incurred by Infrastructure BC in the management of the request.

The costs incurred for the management of any FOIPPA-related request will be in addition to the maximum fees quoted by Infrastructure BC for the provision of the Scope of Services in Section 6 of this Engagement Contract.*[NTD: NTD: If Infrastructure BC has provided the client with Maximum Fees for the assignment, then include this paragraph at the end of Section 9.2.]*

9.3 Infrastructure BC and [Insert Client] each acknowledge that Section 9 continues in force and effect indefinitely, even after this Engagement Contract terminates.

10 Infrastructure BC Name and Logo

10.1 [Insert Client] acknowledges and accepts that Infrastructure BC Branded Project Documents will:

- (a) Be peer reviewed by Infrastructure BC prior to being finalized;
- (b) Contain Infrastructure BC material advice and lessons learned from other projects as recommended by Infrastructure BC; and
- (c) Not be amended from the final documents reviewed by Infrastructure BC pursuant to Section 10.1 (a) without the consent of [insert name], the responsible Infrastructure BC Assistant Vice President;

10.2 For the purposes of Section 10.1, Infrastructure BC Branded Project Documents means any Project documents that include or reference the Infrastructure BC logo or name (whether alone or in combination with the logo or name of [Insert Client] or any other consultant or advisor) including:



- (a) Any document prepared by Infrastructure BC for [Insert Client];
- (b) Any document expected to be released publicly (e.g., RFQ, RFP, Project Agreement, Project Reports); and
- (c) Any document that is seeking approval from Treasury Board, Ministry of Finance or Infrastructure BC board of directors (e.g., concept plan, business case).

10.3 [Insert Client] understands and agrees that the Infrastructure BC logo will not be used on Project documents without the express consent of Infrastructure BC. If the conditions set out in Section 10.1 are breached, Infrastructure BC reserves a right to request the removal of Infrastructure BC logo and/or name from the Infrastructure BC Branded Documents. [Insert Client] agrees to comply with such a request upon receipt. *[NTD: To be used if Infrastructure BC is not the procurement manager]*

11 Records Management

11.1 [Insert Client] and Infrastructure BC agree and acknowledge that all Project records are produced by or for [Insert Client]. Infrastructure BC agrees and acknowledges that all Project records are in the control of [Insert Client] from the time of creation. At the end of each Project phase as defined in Schedule A and upon the termination of this Engagement Contract, copies of all Project files in the custody of Infrastructure BC will be provided to [Insert Client] as per Section 11.2.

11.2 Infrastructure BC will maintain electronic Project files in accordance with the Infrastructure BC corporate file structure. At the end of each Project phase as defined in Schedule A and upon the termination of this Engagement Contract, unless otherwise agreed to by the parties to this Engagement Contract, Infrastructure BC will provide all records related to the Project in the custody of Infrastructure BC to [Insert Client] in digital format.

11.3 At [Insert Client's] request, Infrastructure BC will provide [Insert Client] with paper copies of all records related to the Project. The cost of providing the paper copies will be included in the Services provided by Infrastructure BC to [Insert Client] for the purposes of remuneration and the cost will be negotiated separately. The cost will include both Infrastructure BC fees for service and third-party consultant costs incurred by Infrastructure BC in the management of the request.

The cost incurred for the management of the provision of the paper copies will be in addition to the maximum fees quoted by Infrastructure BC for the provision of the Scope of Services in Section 6 of this Engagement Contract. *[NTD: If Infrastructure BC has provided the client with Maximum Fees for the assignment, then include this paragraph at the end of Section 10.3.]*

12 Assignment

12.1 This Engagement Contract may not be assigned by either party without the prior written consent of the other party.



13 Dispute Resolution

- 13.1 The parties to this Engagement Contract will work co-operatively to resolve any issues or disagreements which may arise over the term of the Engagement Contract. In the event the parties are unable to resolve such disputes, Infrastructure BC, represented by the President and CEO, and [Insert Client], represented by [Insert Client Contact], will enter into negotiations to resolve the dispute.
- 13.2 If the disagreement cannot be resolved in good faith, they may seek resolution by the respective decision-makers, the Minister of Finance and the Minister of [Insert responsible for Client].

14 Amendments

- 14.1 No amendment or modification to this Engagement Contract will become effective unless and until the same will have been reduced to writing and duly executed by the parties to this Engagement Contract.

15 Notices

- 15.1 Any notice, payment, or any or all of the material that either party may be required or may desire to give or deliver to the other will be conclusively deemed validly given or delivered to and received by the addressee, if delivered personally on the date of such delivery or, if mailed, on the third business day after the mailing of the same in British Columbia by prepaid post addressed, if to [Insert Client]:

[Insert Client Name]
[Insert Address]
Attention: [Insert Client Contact]

and, if to Infrastructure BC:

Infrastructure BC
1220 – 800 West Pender Street
Vancouver, BC V6C 2V6
Attention: [Insert Contact Name]

Alternatively, any notice will be deemed to be validly given or delivered to and received by the addressee if delivered by electronic mail to:

[Insert Contact Name] for Infrastructure BC at [Insert Email Address] or
[Insert Client Contact] for [Insert Name of Client] at [Insert Email Address].



15.2 Either party may, from time to time, advise the other by notice in writing of any change of address of the party giving such notice, and from and after the giving of such notice the address therein specified will, for the purposes of Section 15, be conclusively deemed to be the address of the party giving such notice.

If the above terms and attached schedules reflect your understanding of the terms of the engagement, please sign where indicated below, and return a copy to me.

We are very pleased to be working with [Insert Client] on this Project.

Yours truly,

[Insert Name]
President and Chief Executive Officer

I confirm and accept the conditions and terms of engagement with Infrastructure BC on behalf of
[Insert Client]

Name

Title

March 2, 2022
491415

Mark Liedemann
President and CEO
Infrastructure BC
12th floor – 800 West Pender St.
Vancouver BC V6C 2V6

Dear Mr. Liedemann,

I am writing to provide an update on Infrastructure BC's (IBC) review and mandate implementation. In July 2019, the Ministry of Finance (Finance) completed a review of IBC's mandate with Cabinet approving several recommendations for implementation by IBC and Ministries. As a final step, Finance has approved the new Framework Agreement between Finance and IBC to better reflect IBC's mandate and provision of services to both the Province and IBC's clients.

In addition, the Ministry of Finance has approved an inflationary rate increase to IBC's hourly charge out rates, effective April 1, 2022. The rate increases are as follows:

Position	Previous Hourly Rate	New Hourly Rate
Director	\$240	\$260
Senior Associates	\$180	\$195

The hourly charge out rates for the other senior positions (President and CEO, Vice-Presidents and Assistant Vice-Presidents) remain unchanged.

I would like to thank IBC for supporting the public sector in meeting its infrastructure needs by providing leadership, expertise and consistency in the planning, procurement and contract administration of complex, Provincially-funded capital projects.

I look forward to a continued successful working relationship and I appreciate IBC's efforts to build a better BC.

Sincerely,



Honourable Selina Robinson
Minister of Finance

cc: Dana Hayden
Board Chair
Infrastructure BC



[Date]

Delivered via email

[Contact Person
Ministry
Address
City, B.C.
Postal Code]

Dear [Contact Person's First Name]:

Re: Infrastructure BC Inc. Increase in Hourly Rates for Directors and Senior Associates

We would like to take this opportunity to thank you for your continued business and support. At Infrastructure BC we are committed to delivering the best service and highest value to you and your project teams.

For the past eleven years Infrastructure BC has managed to absorb cost increases despite significant inflationary pressures of approximately 23% between 2010 and 2021. However, these continuing pressures have forced us to revisit our business model and as a result, after having received approval from the Minister of Finance, effective April 1, 2022, Infrastructure BC will increase the hourly charge out rates for our Directors and Senior Associates as follows:

Position	Previous Hourly Rate	New Hourly Rate
Director	\$240	\$260
Senior Associates	\$180	\$195

The hourly charge out rates for the other senior positions (President and CEO, Vice-Presidents and Assistant Vice-Presidents) remain unchanged. An amendment to your existing engagement is not required as we will continue to work with you and your project team to meet all deliverables under the current fee cap for the engagement. If we are unable to meet the full scope of our services within the current fee cap, we will ensure to communicate this, or any challenge, as early as possible.

Infrastructure BC remains committed to delivering outstanding service, quality and value for your project planning and procurement requirements. Again, we thank you for your continued support.

Yours truly,

Mark Liedemann
President and CEO
Infrastructure BC Inc.

Enclosure: Letter from Minister of Finance to Infrastructure BC Inc.

Infrastructure BC Inc.

Vancouver
Suite 1220, 800 West Pender Street
Vancouver, BC V6C 2V6

Victoria
300 - 707 Fort Street
Victoria, BC V8W 3G3

Mailing Address:
PO BOX 9478, STN PROV GOVT
Victoria, BC V8W 9W6

Appendix C: IBC Projects Affected by Potential Rate Increase

Project	Engagement Expires
1. New Surrey Hospital & Cancer Ctr	Mar 31/24
2. Asset Management Plan	July 31/22
3. Cariboo Memorial Hospital	June 30/22
4. Child Care Design Standards	Dec 31/22
5. Nanaimo Correctional Centre - CPO	Mar 31/23
6. Belleville Terminal	Feb 28/23
7. George Massey Crossing	Dec 31/25
8. Surrey Langley Skytrain	Dec 31/22
9. 264th Street to Whatcom Rd	Mar 31/23
10. Taylor Bridge Concept Plan	Mar 31/23
11. TCH Jumping Creek to MacDonald	Dec 31/23
12. Strategic Advisory Services	Oct 31/22
13. Collections & Research Building	Dec 31/22
14. Dawson Creek Hospital	Dec 31/22
15. Stuart Lake Hospital	Dec 31/24
16. UHNBC Redevelopment	Aug 31/22
17. NHA LTC Program	June 30/22
18. New St Paul's Clinical Support	Oct 31/22
19. Concept Plan for the North	Oct 9/22
20. Due Diligence Advisor Services	Dec 31/24
21. Implementation Period Advisory	Dec 31/24
22. Cowichan District Hospital	June 30/22
23. Haisla Bridge Advisory Services	July 31/23
24. Secure Medical Unit	June 30/23

Ministry of Finance

BRIEFING DOCUMENT

To: Honourable Selina Robinson
Minister of Finance

Date Requested: March 17, 2022

Initiated by: Fisnik Preniqi, TBS
Ministry of Finance

Date Prepared: March 15, 2022

Ministry Contact: Fisnik Preniqi, TBS

Phone Number: 778-698-1533
Email:

Cliff #: 492026

TITLE: Reporting changes to the composition of the Government Reporting Entity

PURPOSE: DECISION REQUIRED

ISSUE:

- There is a reporting requirement for changes to the composition of the government reporting entity when those changes amount to an impact greater than \$25 million to the operating surplus or deficit.
- The Real Estate Errors and Omissions Insurance Corporation is no longer considered a government organization due to legislative changes made last spring, resulting in a \$29 million impact to the 2021/22 operating results.
- A decision is required to approve a draft notification (submitted as an attachment to this note) for the purpose of reporting the change in the composition of the government reporting entity, as mandated by legislation.

DISCUSSION:

- Among legislative amendments to the *Real Estate Services Act* last spring¹, there was a change on the composition of the board of directors for the Real Estate Errors and Omissions Insurance Corporation (REEOIC), where the majority of the directors is no longer appointed by the government. As a result, REEOIC is no longer considered a government organization and is removed from the government reporting entity during the fiscal year 2021/22, as required by the generally accepted accounting principles.
- This reporting change is not a cash transaction in the core government, and no appropriation or contingencies access is required to enable the reporting change.
- However, the removal of the REEOIC assets from the government's consolidated balance sheet will result in a one-time negative impact of \$29 million to the fiscal plan (lower surplus or higher deficit in the 2021/22 year-end operating results).
- The change results in a reporting requirement, in accordance with section 11(1) of the *Budget Transparency and Accountability Act* (BTAA), which states that,
"11(1) If
a) there is a change in the composition of the government reporting entity, and
b) the estimated impact of the change on the forecast deficit or surplus for the fiscal year in which the change first applies, or for any of the following 3 fiscal years, is greater than \$25 million,
as soon as practicable after the change, the minister must make public a report on that impact."
- A draft notification to be made public is attached.
- Although the change was a result of legislative amendments from one year ago, only recently it became evident that the impact amounted to over \$25 million, and staff have brought forward the draft notification as soon as practicable.

RECOMMENDATION: Approve the draft Notification (attached) to be made public, as required by section 11(1) of BTAA.

APPROVED / NOT APPROVED

Selina Robinson
Minister of Finance

March 18, 2022

Date

¹ Amendments were made through Bill 8, *Finance Statutes Amendment Act, 2021*

Ministry of Finance

Notification of the impact of a change in the composition of the government reporting entity pursuant to the *Budget Transparency and Accountability Act*, Section 11(1)


- **Change in the composition of the government reporting entity with the removal of the Real Estate Errors and Omissions Insurance Corporation.**

On March 25, 2021, legislative amendments were made to the *Real Estate Services Act*, which resulted in the Real Estate Errors and Omissions Insurance Corporation no longer meeting the criteria for being included as part of the government reporting entity. These changes were effective August 1, 2021, resulting in accounting impacts in the 2021/22 fiscal year.

This change has been made in accordance with generally accepted accounting principles, which require organizations that are controlled by the government be included in the government reporting entity. Control is the power to govern the financial and operating policies of another organization with expected benefits or the risk of loss to the government from the other organization's activities.

This change has the following effect on the Province's summary financial statements in the Public Accounts for the 2021/22 fiscal year: \$29 million reduction in the net income of self-supported Crown corporations and agencies.

Respectfully submitted,



Honourable Selina Robinson
Minister of Finance

March 18, 2022

Date