

SCHEDULE 3Part 2FINANCIAL SUBMISSION REQUIREMENTS**A. FINANCIAL SUBMISSION**

- 1.0** The Financial Submission must demonstrate that the Proponent's Financial Model and financing plan are well developed and robust and that it has firm committed financing from lenders and equity investors, if any, to satisfy the City. The City has a strong preference to receive submissions that have committed financing, where the funding of the project has already passed through the applicable lender(s) credit committee approval process. If the Proponent does not have such approval(s) in place, then the Financial Submission may receive a lower score.
- 2.0** The Financial Submission must also demonstrate that the Proponent's Financial Submission meets the Affordability Criteria set out in Section E, Subsection 2.23 of this Schedule 3, Part 2.

**B. ADJUSTMENT FOR CHANGES IN BENCHMARK RATE**

- 1.0** The Proponent shall specify in its Financial Submission the underlying benchmark interest rate(s) (the "**Benchmark Rate(s)**") that is used for pricing its short term and long term senior debt (being the debt funded under the terms of the Lending Agreements by the Senior Lenders to Project Co) financing instruments and that will be adjusted in the Preferred Proponent's Financial Model to reflect current market rates for the Benchmark Rate(s) on the date selected by the City in accordance with this Section B (the "**Benchmarking Date**"), as well as the detailed model and process for resetting and calculating the Benchmark Rate(s) on the date selected by the City. The Proponents should note that no changes to the selected Canadian/US Benchmark Rate(s) after the Financial Submission Deadline will be permitted.

For greater clarity, rates on any subordinated or junior debt, including equity bridge loans and similar non-senior debt facilities will not be adjusted on the Benchmarking Date.

- 2.0** The Benchmark Rate specified by the Proponent shall be consistent with either an observable rate through a publicly verifiable screen shot (e.g. include a Bloomberg screen or Reuters screen) or a clearly defined formula/calculation that is based on an observable rate through a publicly verifiable screen shot selected by the Proponent, and shall be any one or a combination of the following benchmark instruments:
- 2.1** The following Government of Canada and Government of Ontario and US Treasury bonds

Government of Canada 2.00% August 1, 2013  
Government of Canada 2.50% September 1, 2013

Government of Canada 1.50% November 1, 2013  
 Government of Canada 1.00% February 1, 2014  
 Government of Canada 2.00% March 1, 2014  
 Government of Canada 0.75% May 1, 2014  
 Government of Canada 5.00% June 1, 2014  
 Government of Canada 3.00% June 1, 2014  
 Government of Canada 2.25% August 1, 2014  
 Government of Canada 1.00% November 1, 2014  
 Government of Canada 2.00% December 1, 2014  
 Government of Canada 1.00% February 1, 2015  
 Government of Canada 2.50% June 1, 2015  
 Government of Canada 4.50% June 1, 2015  
 Government of Canada 1.50% August 1, 2015  
 Government of Canada 3.00% December 1, 2015  
 Government of Canada 2.00% June 1, 2016  
 Government of Canada 4.00% June 1, 2016  
 Government of Canada 2.75% September 1, 2016  
 Government of Canada 1.50% March 1, 2017  
 Government of Canada 4.00% June 1, 2017  
 Government of Canada 1.50% September 1, 2017  
 Government of Canada 4.25% June 1, 2018  
 Government of Canada 3.75% June 1, 2019  
 Government of Canada 3.50% June 1, 2020  
 Government of Canada 3.25% June 1, 2021  
 Government of Canada 2.75% June 1, 2022  
 Government of Canada 8.00% June 1, 2023  
 Government of Canada 9.00% June 1, 2025  
 Government of Canada 8.00% June 1, 2027  
 Government of Canada 5.75% June 1, 2029  
 Government of Canada 5.75% June 1, 2033  
 Government of Canada 5.00% June 1, 2037  
 Government of Canada 4.00% June 1, 2041  
 Government of Canada 3.50% December 1, 2045

Government of Ontario 5.38% December 2, 2012  
 Government of Ontario 4.75% June 2, 2013  
 Government of Ontario 5.00% March 8, 2014  
 Government of Ontario 3.25% September 8, 2014  
 Government of Ontario 4.50% March 8, 2015  
 Government of Ontario 3.15% September 8, 2015  
 Government of Ontario 4.40% March 8, 2016  
 Government of Ontario 3.20% September 8, 2016  
 Government of Ontario 4.30% March 8, 2017  
 Government of Ontario 1.90% September 8, 2017

**Ottawa Light Rail Transit Project**

Government of Ontario 4.20% March 8, 2018  
 Government of Ontario 4.40% June 2, 2019  
 Government of Ontario 4.20% June 2, 2020  
 Government of Ontario 4.00% June 2, 2021  
 Government of Ontario 3.15% June 2, 2022  
 Government of Ontario 8.10% September 8, 2023  
 Government of Ontario 7.60% June 2, 2027  
 Government of Ontario 6.50% March 8, 2029  
 Government of Ontario 6.20% June 2, 2031  
 Government of Ontario 5.85% March 8, 2033  
 Government of Ontario 5.60% June 2, 2035  
 Government of Ontario 4.70% June 2, 2037  
 Government of Ontario 4.60% June 2, 2039  
 Government of Ontario 4.65% June 2, 2041  
 Government of Ontario 3.50% June 2, 2043

US Treasury 0.375% July 31, 2013  
 US Treasury 0.125% August 31, 2013  
 US Treasury 0.125% September 30, 2013  
 US Treasury 0.25% March 31, 2014  
 US Treasury 0.25% April 30, 2014  
 US Treasury 0.625% July 15, 2014  
 US Treasury 0.5% August 15, 2014  
 US Treasury 0.25% September 15, 2014  
 US Treasury 0.375% March 15, 2015  
 US Treasury 0.375% April 15, 2015  
 US Treasury 1.5% July 31, 2016  
 US Treasury 1% August 31, 2016  
 US Treasury 1% September 30, 2016  
 US Treasury 1% March 31, 2017  
 US Treasury 0.875% April 30, 2017  
 US Treasury 1.375% September 30, 2018  
 US Treasury 1.25% April 30, 2019  
 US Treasury 3.625% February 15, 2021  
 US Treasury 3.125% May 15, 2021  
 US Treasury 2.125% August 15, 2021  
 US Treasury 4.75% February 15, 2041  
 US Treasury 4.375% May 15, 2041  
 US Treasury 3.75% August 15, 2041  
 US Treasury 3.125% November 15, 2041  
 US Treasury 3.125% February 15, 2042

**Schedule 3-2 to Request for Proposals**  
**RFP Version 4.0**

**Ottawa Light Rail Transit Project**

- 2.2** The first four contracts appearing on the BAX Futures screen, as traded on the Montreal Exchange or any successor thereto.
- 2.3** The following notional interest rate swaps (or forward swap rates calculated from these rates), maturities and the terms of the benchmark swaps (for greater clarity all rates will be on an inter-bank basis and will not include any credit concession):

Maturity dates	1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 12, 15, 20 and 30 years after the effective date, respectively
Fixed leg payment frequency	Semi-annual monthly and quarterly
Floating leg basis	30-day or 90-day Bankers' Acceptance Rates (CDOR)
Floating rate spread	Flat
Floating rate reset frequency	Quarterly, compounded at BAs flat
Floating rate payment frequency	Semi-annual, monthly and quarterly
Notional structure	Constant notional, accreting notional, or amortizing notional
Day count convention	Actual/365
Business day convention	Modified following Toronto business day

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



## Ottawa Light Rail Transit Project

Table A

Interest Rate	Value	Explanation	Treatment
Benchmark Rate	5.00%	Pricing reference rate. May be developed from one or a combination of the eligible instruments listed in the RFP Financial Submission Requirements. Excludes all credit spreads, swap credit spreads, fees and other types of pricing premiums.	WILL BE ADJUSTED ONLY on the Benchmarking Date (i.e. prior to or on Financial Close) to account for movement in the Benchmark Rate. No changes are allowed to the specific benchmark reference rate(s) used to build this rate, but adjustments will be made to reflect the adjusted pricing of those instruments at the Benchmarking Date.
Credit Spread	1.00%	Financing premium/spread over Benchmark Rate	WILL BE ADJUSTED ONLY, if applicable, at First Credit Spread Lock-in Date, or at Final Credit Spread Lock-in Date as applicable.
Hedge premium or delayed draw premium	0.04%	Hedge credit charge (where applicable)	WILL NOT BE ADJUSTED
Swap counterparty credit premium	0.04%	Hedge credit charge (where applicable)	WILL NOT BE ADJUSTED
Other fees (as applicable)	0.00%	Specific to the financing solution provided	WILL NOT BE ADJUSTED.
Interest rate	6.08%	Sum of benchmark rate, credit spread and all other premiums, fees, etc.	ADJUSTED PER THE MOVEMENT (IF ANY) AS SPECIFIED ABOVE.

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

**5.0** The Benchmarking Date shall be selected by the City at its sole discretion to occur on a day and at a time within three (3) Business Days following the completion of all other conditions precedent to Financial Close and, for greater certainty, Financial Close may be

achieved on one of such days. At the City's sole discretion, the Benchmarking Date may be changed to another day and/or another time within five (5) Business Days following the completion of all other conditions precedent to Financial Close. If, for any reason, the parties fail to set the Benchmark Rate within the specified time-period, a third party will be appointed by Infrastructure Ontario to set the rate.

- 6.0** If, as a result of any change to the Benchmark Rate(s) at Financial Close or any change to the Credit Spreads at the First Credit Spread Lock-in Date or at the Final Credit Spread Lock-in Date, the Equity IRR and Debt Service Coverage Ratios have changed in the Preferred Proponent's Financial Model, then the Annual Service Payment and, if necessary, the debt-equity gearing ratio will be adjusted in the Preferred Proponent's Financial Model to restore both Equity IRR and Debt Service Coverage Ratios to the same levels as in the Financial Model that was included in the RFP Financial Submission (the "**Adjusted ASP**"). This optimization procedure highlighted above to refresh the Financial Model to arrive at the Adjusted ASP should be detailed in the Financial Model Specification Booklet as specified in Section 3.4 of Part E (Financial Submission Requirements) of this Part 2 of Schedule 3 of the RFP as provided by the Preferred Proponent. The City requires the optimization procedure to be performed on the Preferred Proponent's audited Financial Model.

### **C. ADJUSTMENT FOR CHANGES IN SPREAD**

- 1.0** Following the process set out in Section B of this Part 2 of Schedule 3 of the RFP for adjustments to the Benchmark Rate, the City will, if applicable, make another adjustment on the Benchmarking Date if the Preferred Proponent or any Affiliate of the Preferred Proponent has secured financing for the Project on terms more favourable than the terms presented in the Preferred Proponent's Financial Model.
- 2.0** Any such adjustment will be made in accordance with the following principles:
- 2.1** at Financial Close, an adjustment to the financing terms in the Preferred Proponent's Financial Model will be made for any decrease in financing rates, including effective interest rate spread, margins or any other cost of borrowing other than a decrease in the Benchmark Rate, compared to the financing rates specified in the Preferred Proponent's Financial Submission (the "**Spread Decrease**"), which adjustment shall be made without changing the Adjusted ASP;
  - 2.2** the Equity IRR will be calculated at this point, and any increase from the original Equity IRR will be considered a Financial Close Refinancing Gain;
  - 2.3** the Adjusted ASP will be reduced to result in an Equity IRR that includes 50% of the Financial Close Refinancing Gain, without reducing the Debt Service Coverage Ratios below the levels specified in the Preferred Proponent's Financial Submission; and

Ottawa Light Rail Transit Project

2.4 any indirect refinancing by an Affiliate of the Preferred Proponent that results in a Spread Decrease to the Preferred Proponent or its Affiliate will result in an adjustment to the Preferred Proponent's Financial Model in accordance with this Section C.

3.0 For greater clarity, the intent is that there will be an equal sharing of the Spread Decrease between the City and Project Co and there will be no adjustment for any increase in the effective interest rate spread.

**D. TAX ISSUES**

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

2.0 The Proponent is advised that the City of Ottawa is subject to HST.

**E. FINANCIAL SUBMISSION REQUIREMENTS**

Financial Submission Requirements	
Title	Contents
<p><b>1.0 DESCRIPTION OF FINANCING PLAN</b></p>	<p>The Proponent will receive a score related to the quality of its proposed financing plan. The evaluation of the proposed financing plan will be based on the following financing information required to be submitted by the Proponent:</p> <ul style="list-style-type: none"> <li>• Description of each investor (lenders, equity funders, subordinated lenders etc.) along with the amount of committed funds and timing of investment of these funds. This description should also include, but not be limited to, clearly defining the sources of funds, confirmation of commitments (e.g. underwritten, agency best efforts, ‘club based’ syndication etc.) and if the required credit committee approval(s) are in place.</li> <li>• Description of the proposed financing structure including, but not limited to, identification of all investors, lenders, funding structure, organizational chart of the consortia and role of its investors.</li> <li>• Description of any internally generated or other funds that may be used to finance the Project or any part of the Project.</li> </ul>
<p><b>1.2 Achievability and Robustness of the Financing Plan as</b></p>	<p><b>Lenders (senior and subordinated)</b></p> <ul style="list-style-type: none"> <li>• Provide a plan that details and ensures committed financing from potential debt providers for a timely and successful Financial Close.</li> </ul>

<b>Financial Submission Requirements</b>	
<b>Evidenced by:</b>	<ul style="list-style-type: none"> <li>• Assessment of risks associated with Lenders’ terms and conditions that may impact Proponent’s ability to reach Financial Close, including among others: (i) Lenders’ conditions precedent to Financial Close, (ii) any material adverse condition clauses, (iii) the level of direct or indirect conditions that might conflict with or affect the existing Project Documents (such as the Lenders' Direct Agreement), and (iv) any flex conditions or any other terms or conditions that might put the financing commitment at risk, whether at Financial Close or after.</li> <li>• Provide a plan of bond distribution by underwriters (where applicable).</li> </ul>
	<p><b>Equity providers</b></p> <ul style="list-style-type: none"> <li>• Identify the source(s) of equity capital (i.e. specific fund or investing entity) and the current financial position of each source including:                             <ul style="list-style-type: none"> <li>• overview of recent financial performance (supported by financial statements of the most recent quarter and updated, where available);</li> <li>• fund performance report (if applicable);</li> <li>• ratings report (if available, or any other financial documents to support the financial analysis); and</li> <li>• detailed process and internal approval procedures/timelines for allocation of funding, and anticipated timeline for committing funding for this specific project.</li> </ul> </li> <li>• Provide a plan that details how the source(s) of equity capital shall provide adequate funding by Financial Close (including anticipated third party support or guarantees).</li> <li>• Provide a plan that details how funding of all development costs leading up to Financial Close will be secured (including financing commitment, process for internal approvals, etc.).</li> <li>• Description of the security provided at Financial Close guaranteeing future injection of equity (including, but not limited to, sources, amount, type and level of guarantees).</li> <li>• Provide a description of any short-term equity or contingent equity required during the construction period.</li> </ul> <p>Proponents may provide relevant information to support responses to the points above (e.g. financial statements, letters of support from funding sources, etc.).</p> <ul style="list-style-type: none"> <li>• Letter from the CFO of each equity funder contributing at least 10% of the required equity capital, confirming that there have</li> </ul>



<b>Financial Submission Requirements</b>	
	<p>been no material changes in the financial position of the relevant equity funder since the last financial statements. In the event relevant material changes have occurred in the financial position of the relevant equity funder, the letter should be supported by any recent updates related to financial statements, letters of support from funding sources etc.</p> <ul style="list-style-type: none"> <li>• A detailed plan of action to eliminate or mitigate risks associated with: (i) Lenders’ conditions precedent to Financial Close, (ii) any material adverse condition clauses, (iii) the level of direct or indirect conditions that might conflict with or affect the existing Project Documents (such as the Lenders' Direct Agreement), (iv) any flex conditions, or (v) any other terms or conditions that might put the financing commitment at risk, whether at Financial Close or after.</li> </ul>
	<p><b>Contingency plans</b></p> <ul style="list-style-type: none"> <li>• Proponent’s contingency financing plans as evidenced by one or more of the following: (i) commitment by Lenders to top up their respective share(s) (to replace any Lender who might fail to advance), (ii) level of diversification in pool of Lenders, (iii) strength of relationships with committed Lenders, as well as other non-participating Lenders, (iv) any other contingency plans to ensure Financial Close is achieved under the same conditions, or (v) ability of equity funders to meet any condition(s) that might be required by Lenders leading up to Financial Close.</li> </ul> <p><b>Achieving Financial Close</b></p> <ul style="list-style-type: none"> <li>• The Proponent’s plan for achieving Financial Close, including the level of completeness of lending agreements (and acceptance by Lenders), as well as the assessment of risks associated with uncommitted syndications or any other processes or conditions that might put Financial Close at risk.</li> <li>• The Proponent’s commitment and/or plan to minimize the period between Commercial Close and Financial Close.</li> </ul>
<p><b>1.3 Stability of Financial Structure as Evidenced by:</b></p>	<ul style="list-style-type: none"> <li>• Description of the level of involvement of various risk investors during the high risk periods of the concession term (e.g. the pattern of loan amortization and equity returns).</li> <li>• Assessment of all risks stranded at the Project Co level and the Proponent’s plans to ensure adequate management/mitigation of such risks to be supported by copies of all relevant agreements, where applicable.</li> <li>• Description of the security documents proposed by the Proponent Team Members and/or other associated third party subcontractors</li> </ul>



<b>Financial Submission Requirements</b>	
	<p>as might be required for this Project and how the security documents address the various levels of risks assigned to the Proponent Team Members including the stranded risks at the Project Co. level.</p> <ul style="list-style-type: none"> <li>• Evidence and confirmation of the extent of support (including performance guarantees) that is to be provided in respect of the obligations and liabilities of the Proponent by each of the Proponent's equity capital providers, subcontractors and associated third parties. This is to include details of the parent and ultimate parent company involvement in any and all such elements of support and details of how the Proponent will satisfy any terms of the guarantees.</li> <li>• If the financing plan is dependent on a credit rating, an indicative credit rating report from one or more credit reference agencies.</li> <li>• Description of the benchmarking efforts, if any, undertaken by the Proponent to ensure competitive terms and conditions for its financing partners.</li> <li>• Confirmation letter from the Proponent or the Proponent's financial advisor stating that (i) the financing plan is achievable and robust and (ii) the Proponent has not entered into any exclusivity arrangements with respect to the Project with any Lenders, including prospective Lenders or, in the alternative, a confirmation letter from the Proponent that the Proponent has not entered into any exclusivity arrangements with respect to the Project with any Lenders, including prospective Lenders.</li> </ul>
<b>1.4 Supporting Documentation</b>	<p>The Proponent must provide a high-level description of key attributes of funding terms and term sheets, support letters and heads of agreements for all the financing providers including, at a minimum, the information specified below:</p> <ul style="list-style-type: none"> <li>• The identity of the arranger or underwriter.</li> <li>• Type of facility.</li> <li>• Purpose of facility.</li> <li>• Availability period.</li> <li>• The amount of financing proposed or committed and currency in which it is to be provided.</li> <li>• The drawdown schedule.</li> <li>• Details of grace periods, including duration and contingency.</li> <li>• Repayment or redemption schedules, maturity dates and prepayment terms including make-whole clauses which are expected to be in line with industry practices and standards.</li> </ul>

Financial Submission Requirements	
	<ul style="list-style-type: none"> <li>• Security, bonding or guarantee requirements and costs (from either parents or third parties).</li> <li>• Arrangement, underwriting, commitment, agency and all other fees.</li> <li>• Interest rates (whether fixed or floating) specifying the benchmark mark rate spreads thereon and margins, including a ratchet mechanism, if any.</li> <li>• Requirements for reserve accounts.</li> <li>• Any proposed hedging arrangements in respect of interest rates.</li> <li>• Events of default and other similar arrangements.</li> <li>• Step-in arrangements.</li> <li>• Conditions precedent.</li> <li>• Covenants</li> <li>• Due diligence requirements.</li> <li>• Any other restrictions, requirements or conditions that may materially impact the Proponent's ability to raise financing or drawdown on committed financing after Financial Close.</li> <li>• If the financing plan is dependent on a credit rating, an indicative credit rating from one or more credit reference agencies.</li> </ul>
<p><b>1.5 Letter of Support for Construction</b></p>	<p>The Proponent must provide a letter from the guarantor and/or other supporting entity describing any and all parent company guarantees and/or other support which will be provided to the Proponent and enforceable by the Proponent, including:</p> <ul style="list-style-type: none"> <li>• The full name and any unique identification numbers of the organization(s) that will provide the support.</li> <li>• The scope of each guarantee and/or support, and how this guarantee and/or support will work in practice if called on.</li> <li>• The proposed level of the guarantee and/or support.</li> <li>• The duration of the guarantee and/or support.</li> </ul>

<b>Financial Submission Requirements</b>	
<b>1.6 Letter of Support from Equity Provider(s)</b>	<p>For all providers of equity/quasi-equity finance proposed as part of the financing package, the Proponent must provide a letter from each equity provider parent company, stating that:</p> <ul style="list-style-type: none"> <li>• It is able to provide a parent company guarantee in relation to the availability of the equity/quasi-equity for the Project.</li> <li>• It has adequate funds available.</li> </ul> <p>If any equity or quasi-equity finance is to be raised from external sources, these sources are to be specified and written confirmation given by the providers as to their willingness to offer funding and the amount of funding available.</p>
<b>1.7 Letter of Support from Lender(s) or Financial Institution(s)</b>	<p>The Preferred Proponent must provide a letter of credit in the amount of twenty million dollars (\$20,000,000) in accordance with the RFP.</p> <p>The Proponent must provide a letter from its financial institution addressed to the City confirming:</p> <ul style="list-style-type: none"> <li>• The financial institution's commitment to provide the Proponent with a letter of credit in the amount of twenty million dollars (\$20,000,000) duly executed in the form set out and subject to the conditions in the RFP within three (3) Business Days of the Proponent being notified that it has been selected as the Preferred Proponent.</li> <li>• The issue of such letter of credit is not subject to any restrictions whatsoever, including approval by its credit committee.</li> </ul> <p>The Proponent must also submit a signed letter confirming that it will furnish the City with the above-noted letter of credit.</p> <p>The Proponent should submit a letter of support from its Lenders clearly indicating the conditions that must be met prior to obtaining financing approval and a detailed timeline setting out how the Proponent proposes to achieve Financial Close on an expedited basis.</p>
<b>1.8 Letters of Support from Subcontractors</b>	<p>The Proponent must provide letters of support for all major sub-contractors including, at a minimum:</p> <ul style="list-style-type: none"> <li>• Prime team members.</li> <li>• All applicable parties responsible for design, construction and maintenance.</li> </ul>
<b>1.9 Proposal Summary</b>	<p>The Proponent must provide a one-page Proposal summary which outlines the major elements of the Proposal, including:</p> <ul style="list-style-type: none"> <li>• Major financial assumptions.</li> <li>• Benchmark Rates.</li> <li>• Credit Spreads.</li> </ul>

<b>Financial Submission Requirements</b>	
	<ul style="list-style-type: none"> <li>• Other premiums/spreads.</li> <li>• Debt/equity gearing ratio.</li> </ul>
<b>2.0 BASIS FOR FINANCIAL SUBMISSION</b>	The Proponent should use the following as basis for the Financial Submission and the Financial Model. The Proponent is required to list the assumptions in this Section 2.0 and confirm they have been used in the Financial Submission and Financial Model.
<b>2.1 Base Date</b>	The base date to be used in developing the RFP Proposal is the Financial Submission Deadline.
<b>2.2 Financial Close Date</b>	The Financial Close date to be used in the Proposal as the date for the start of construction is February 14, 2013.
<b>2.3 Duration of Project Agreement</b>	The Project Agreement provides for an expiry date that is on the 30 <sup>th</sup> anniversary of the Required Revenue Service Availability Date, subject to early termination.
<b>2.4 Currency</b>	Where prices are requested in the RFP those prices are to be submitted in Base Date prices and in Canadian dollars.
<b>2.5 Price Validity</b>	With the exception of an adjustment for movement in the relevant Benchmark Rate all prices in the Proposal must remain firm and irrevocable for the Proposal Validity Period.

<b>Financial Submission Requirements</b>	
<b>2.6 Inflation</b>	<p>Proponents are to develop two inflation indices: (a) one to be used as the Escalation Factor in the Payment Mechanism; and (b) another to be used as the Lifecycle Escalation Factor in the Payment Mechanism.</p> <p>Proponents shall develop the Escalation Factor and the Lifecycle Escalation Factor, using from one to six of the available indices below. The weighted indices selected will form the basis of payment adjustments related to inflation, as described in Schedule 20 – Payment Mechanism. The indices available for selection, the CANSIM table reference, and related constraints are as follows:</p> <p>a) Labour Industrial Aggregate (281-0028) – the Proponent may apply a weighting of 0%-100%</p> <p>b) CPIXFET (176-003) – the Proponent may apply a weighting of 0%-100%</p> <p>c) Machinery Manufacturing (329-0057)</p> <p>d) Electrical Equipment Manufacturing (329-0057)</p> <p>e) Machinery and Equipment (329-0064)</p> <p>f) Durable Manufacturing (281-0028)</p> <p><b>Constraint #1</b> - For the Escalation Factor, the Proponent may apply a total weighting of 0%-20% for items c,d,e,f in aggregate. For the Lifecycle Escalation Factor, the Proponent may apply a total weighting of 0%-40% for items c,d,e,f in aggregate.</p> <p><b>Constraint #2</b> - The Proponent's weighting of the Labour Industrial Aggregate index must not materially exceed the proportion of labour costs to its total annual maintenance costs. The Proponent's overall weighting of items (c) to (f), inclusive, must not materially exceed the proportion of materials, components, parts, and related costs to its total annual maintenance costs.</p> <p><b>Constraint #3</b> - The total weighting of (a) – (f) must equal 100%.</p> <p>The Proponent shall submit:</p> <ul style="list-style-type: none"> <li>• A table clearly defining its selected indices and weighting, for the Escalation Factor;</li> <li>• A table clearly defining its selected indices and weighting, for the Lifecycle Escalation Factor; and</li> <li>• A summary table demonstrating the Proponent's compliance with Constraint #2. This table should include breakdown of annual nominal costs for: labour; materials, components, parts, and related costs; other maintenance cost categories; and total maintenance costs. Relevant percentages should also be provided.</li> </ul>



<b>Financial Submission Requirements</b>	
	For evaluation purposes, the Escalation Factor and Lifecycle Escalation Factor are to be assumed to be at a rate of increase of 2.5% per annum and indexation will be applied on an annual basis starting on January 1 <sup>st</sup> and ending on December 31 <sup>st</sup> .
<b>2.7 Interest Rates</b>	<p>The Proponent is required to provide, in its Proposal, the relevant Benchmark Rate(s) it has used as priced at 10:00 a.m. local Toronto time on the date set out in the Timetable, Section 3.1(1)(II) of Schedule 1 of the RFP for the Financial Submission Deadline. The Proponents are required to provide clearly defined, verifiable and transparent supporting information on source and composition of the Benchmark Rate(s) identified through publicly observable screen shots (e.g. include a Bloomberg screen or Reuters screen) from which Benchmark Rate(s) was extracted, average life, drawdown and repayment profile and where applicable, formulas and calculations that would allow the City to verify the reference interest Benchmark Rate(s) at Financial Close.</p> <p>For financing solutions that involve swap(s), the Proponent is required to complete the information in the Appendix A Swap Term Sheet attached to this Part 2 of Schedule 3 of the RFP.</p> <p>The Proponent must define, describe and provide details and explanations of any spread, premium, Lenders' margins and any other adjustments (for example flex rates, liquidity premiums or margins for executable rates, etc.) over and above the Benchmark Rate that the Proponent considers necessary. Any such additional interest rate risk over and above the Benchmark Rate(s) should be clearly quantified in the Proposal and will not be adjusted at Financial Close. For greater clarity, any hedge premium, delayed draw premium or swap counterparty credit premium will not be adjusted at Financial Close.</p> <p>The verifiable Benchmark Rate(s) will be the only rate(s) that will be changed for Financial Close on Benchmarking Date in accordance with this Part 2 of Schedule 3 of the RFP. The Proponent should refer to Section B of this Part 2 of Schedule 3 of the RFP for the City's approach to interest rate adjustment and the City's parameters for acceptable Benchmark Rates.</p>

<b>Financial Submission Requirements</b>	
<b>2.8 Indicative Credit Spread Benchmark(s)</b>	<p>If the Proponent desires to participate in future Credit Spread Lock-in Dates (i.e. the First and Final Credit Spread Lock-in Dates), the Proponent, in accordance with RFP Section 5.5(1)(c), shall submit an “<b>Indicative Credit Spread Benchmark(s)</b>” that will be used to justify and assess the reasonableness, volatility and consistency of the Credit Spread and any changes to or confirmation of the Credit Spread at future Credit Spread Lock-in Dates. The Indicative Credit Spread Benchmark(s) shall be priced at 10:00 am local Toronto time on the date specified in the First and/or Final Credit Spread Lock-in-Notice and shall consist of publicly verifiable and observable tools/rates or basket of tools/rates used to measure the movement and consistency of the Credit Spread (e.g. may include basket of corporate bonds, GTAA, 407, provincial bonds etc.). For greater clarity, after the Financial Submission Deadline the Indicative Credit Spread Benchmark(s) shall not change.</p> <p>If in the Sponsors’ sole discretion the Indicative Credit Spread Benchmark(s) is unsatisfactory, the Sponsors reserve the right to request that the Proponent clarify the submitted Indicative Credit Spread Benchmark(s) and/or require the Proponent to resubmit the Indicative Credit Spread Benchmark(s). The Sponsors reserve the right to score the quality of the Credit Spread Benchmark(s) if they are considered to be unreasonable (e.g. asymmetrical).</p>
<b>2.9 Discount Rates</b>	<p>The Proposal will be evaluated using a discount rate based on the City’s estimated required project internal rate of return (or weighted average cost of capital) for a project of this nature. For purposes of the net present value (“NPV”) calculation, the Proponent is required to use a 3.5% discount rate discounted to the Base Date in all cases unless specifically required otherwise by the RFP.</p>
<b>2.10 Payment Date</b>	<p>For purposes of calculating the NPV, all monthly payments by the City are assumed to be made on the last day of the Contract Month in which that payment occurs.</p>
<b>2.11 Tax</b>	<p>The Proponent must provide details of its taxation assumptions to demonstrate to the City that the Proponent has actively considered all tax implications of the Project Agreement on the Proponent. The Proponent is solely responsible for the completeness and correctness of these assumptions.</p>

**Schedule 3-2 to Request for Proposals  
RFP Version 4.0**

**Ottawa Light Rail Transit Project**

<b>Financial Submission Requirements</b>	
<b>2.12 Coordination Fee, Design and Bid Fee and Submission Fee</b>	<p>The Proponent must include the payment of the Coordination Fee in its Financial Model as per RFP Section 10.3.5.</p> <p>The Proponent <u>shall not</u> include the Design and Bid Fee or the Submission Fee in its Financial Model as per RFP Section 10.3.2 or RFP Section 10.3.4.</p>
<b>2.13 Payment Mechanism</b>	<p>The Payment Mechanism as described in Schedule 20 - Payment Mechanism of the Project Agreement is to be used without exception for the Proposal (unless the change is included as an accepted Innovation).</p>
<b>2.14 Refinancing</b>	<p>The Proponent must describe any plans for refinancing in its Proposal including, for greater clarity, any Mandatory Refinancing(s) (as defined in Schedule 28 - Refinancing of the Project Agreement). Where it is intended that debt will be refinanced, the Proponent must provide details of any assumptions about the structure and the timing of refinancing, interest rates, margins, timing of repayments, reserve accounts and cover ratios.</p> <p>The Proponent must describe the maturity of any original interest rate hedges (swaps) entered into at Financial Close and Proponent's plans and contractual rights related to these swaps if the refinancing(s) described above take place.</p>
<b>2.15 NPV Calculation</b>	<p>The NPV must be calculated using Microsoft Excel's XNPV formula using the monthly payment schedules (including Monthly Service Payments and other expected payments), based on the assumptions listed in Section 4.0 below. Schedule 6 – Price Form automatically calculates the NPV, for convenience. Proponents are encouraged to review the Price Form and NPV calculation in the Price Form and advise the City if any inconsistencies, inaccuracies, or coding errors exist.</p>
<b>2.16 Revenue Service Availability Payment</b>	<p>The City will pay, on the date that is the later of five days after receipt of an invoice therefor and the fifth (5<sup>th</sup>) Business Day after the Revenue Service Availability Date, the “<b>Revenue Service Availability Payment</b>” the amount of which shall be calculated in accordance with the parameters set out below and included in the Proponent's Financial Submission. The amount of the Revenue Service Availability Payment may be adjusted by agreement between the Parties prior to Commercial Close.</p> <p><b>Revenue Service Availability Payment Calculation Parameters:</b> The Revenue Service Availability Payment shall act as a “take-out” payment, such that the amount of the payment shall be sized to reduce the amount of Private Capital Invested to a balance of between \$300 million and \$400 million. The balance of Private Capital Invested</p>

<b>Financial Submission Requirements</b>	
	<p>following the Revenue Service Availability Payment Date shall not be less than \$300 million and shall not exceed \$400 million. Proponents must ensure that their financial structure and related use of milestone payments ensure this.</p> <p>For calculation purposes, Private Capital Invested means the total amount of financing advanced (Senior Debt, Junior Debt and equity capital) and utilized in the project to fund project costs. The intention is to ensure that there is no more than \$400 million and no less than \$300 million of private capital left in the project following payment of the Revenue Service Availability Payment. For additional clarity, the use of the proceeds from the Revenue Service Availability Payment are left to the discretion of the Proponent, including, but not limited to, the use of the payment to fund construction period costs. The precise Private Capital balance is left to the discretion of the Proponent so long as it is between \$300 million and \$400 million.</p> <p>The above parameters shall be used to calculate the value of the Revenue Service Availability Payment based on the Proponent's Financial Model as at the date of Commercial Close. The value of the Revenue Service Availability Payment shall not be varied following Commercial Close.</p>
<p><b>2.17 Milestone Payments (during performance of Design and Construction Works)</b></p>	<p>The City will pay, on the date that is the later of five days after receipt of an invoice therefor and the fifth (5th) Business Day after each Milestone Acceptance Date, a Milestone Payment calculated in accordance with the requirements outlined below. The Proponent's Financial Submission must provide for each Milestone Payment. Each Milestone Payment amount may be adjusted by agreement between the Parties prior to Commercial Close.</p> <p><b>Selection of Eligible Milestone Events:</b></p> <p>The Proponent may select up to twelve (12) Eligible Milestone Events, which, upon certification by the Independent Certifier that the relevant Milestone Acceptance Criteria have been achieved pursuant to the Project Agreement, trigger payment of a corresponding Milestone Payment. Eligible Milestone Events are listed in Appendix B of this Schedule, along with Outline Milestone Acceptance Criteria. The Outline Milestone Acceptance Criteria provide a "term sheet", preliminary description of the criteria which must be met for certification of milestones and triggering of payment. The City and the Preferred Proponent shall finalize detailed Milestone Acceptance Criteria prior to Commercial Close, based on the Outline Milestone Acceptance Criteria and the Proponent's Construction and Design Schedule. The City is amenable to working with the Preferred Proponent to amend the definitions of Eligible Milestone Events,</p>



<b>Financial Submission Requirements</b>	
	<p>acting reasonably.</p> <p>Proponents are also encouraged to propose additional Eligible Milestone Events to the City via the RFP process. In particular, the City is interested in providing additional Eligible Milestone Events that could help to reduce financing costs. The City will consider adding proposed Eligible Milestone Events to the list set out in Appendix B, available to all Proponents. The City prefers to add milestones which reflect major design and/or construction events, involve completion of discrete phases of the project, are well-defined and amenable to a clear independent certification process.</p> <p><b>Calculation of Milestone Payments:</b></p> <p>The Proponent may determine the timing and amount of Milestone Payments, subject to the following criteria and constraints:</p> <ul style="list-style-type: none"> <li>• Each Milestone Payment will be made by the City following the completion of a corresponding Eligible Milestone Event, as listed in Appendix B of this Schedule;</li> <li>• Each Proponent must select the Eligible Milestone Event entitled “2017 Readiness” in Appendix B of this Schedule. The Proponent’s Financial Submission must reflect the 2017 Readiness Milestone being achieved before June 1, 2017.</li> <li>• Each Milestone Payment must be sized such that, from the time at which the first Milestone Payment becomes payable until the Revenue Service Availability Date, the balance of Private Capital Invested (as defined above in Section E, Subsection 2.16) is, at all times, not less than \$250 Million. For greater certainty, the City is seeking to ensure that at all times, at least \$250 million of private sector financing remains payable by Project Co. to its lenders and Equity investors;</li> <li>• At all times during the construction period, the cumulative sum of all Milestone Payments on the date of calculation shall not exceed 80% cumulative capital costs (excluding financing costs), as defined in row 60 (Cost of Work) of the worksheet entitled ‘Part 1 – Construction’, of Appendix C to this Schedule 3, Part 2 of the RFP (the “Cost of Work”). Compliance with the 80% constraint noted above must also be shown in the Price Form (Schedule 6) in the ‘Payments During Construction’ worksheet. For greater certainty, the capital costs referenced above do not include any Cost of the Highway Work attributed to the 417; and</li> <li>• The timing of Milestone Payments and the associated Outline Milestone Acceptance Criteria must be cohesive and</li> </ul>



<b>Financial Submission Requirements</b>	
	consistent with the Proponent's construction schedule.
<b>2.18 Highway 417 Payments</b>	<p>The City will pay the Highway Milestone Payment and Highway Final Payment in accordance with the terms of the Project Agreement. Proponents are to model these payments in accordance with the instructions provided in RFP Schedule 6 – Price Form.</p> <p>Proponents must also model the amount of \$221,208 related to Highway Post Substantial Maintenance, in accordance with section 34.1(f) of the Project Agreement</p> <p>Proponents are also required to provide the relevant costing details in accordance with RFP Schedule 3 Part 2 – Appendix C. The definitions of Cost of the Highway Work and Cost of the Highway Financing set out in Schedule 1 to the Project Agreement describe the information that is required. Proponents shall use their discretion in apportioning financing costs and ancillary costs between the Design and Construction Works and the Highway Work components of the Project. The intent is that the Proponent's Financial Submission captures all incremental financing costs, fees, management costs, Special Purpose Vehicle costs, legal, accounting, tax, audit, rating agency and other costs that have arisen as a result of adding the Highway Work into the Project scope.</p> <p>Proponents are required to provide a summary of the methodology used to apportion Highway financing costs and Highway ancillary costs that have been quantified in RFP Schedule 3 Part 2 – Appendix C. The page limit for this explanation is one page. Proponents are asked to provide this summary in this Section 2.18 of the Submission.</p> <p>Proponents are asked to seek clarification from the City if any information sought regarding Highway pricing is unclear.</p>
<b>2.19 Cash Allowance</b>	Proponents are to confirm that Cash Allowance Amount related to Civic Works have not been financed in the Financial Model. For additional certainty, the Cash Allowance Amount for Civic Works and the associated values in the Project Agreement are not part of the NPV Calculation or the Affordability Criteria calculation
<b>2.20 Accounting</b>	The Proponents are solely responsible for the completeness and correctness of their accounting assumptions.

**Schedule 3-2 to Request for Proposals**  
**RFP Version 4.0**

**Ottawa Light Rail Transit Project**

<b>Financial Submission Requirements</b>	
<b>2.21 Base Relevant Insurance Cost</b>	<p>Base Relevant Insurance Cost as detailed in Schedule 25 - Insurance and Performance Security Requirements of the Project Agreement will be equal to \$3,250,000 per annum.</p> <p>(For greater clarity, the Base Relevant Insurance Cost as provided above is required to be carried by all Proponents for the first Insurance Review Period and every period thereafter up to the Expiry Date. Such costs will be subject to benchmarking per the methodology outlined in Schedule 25 - Insurance and Performance Security Requirements of the Project Agreement).</p>
<b>2.22 Percentage of Annual Service Payment subject to Inflation Basket escalation</b>	<p>The Proponent may determine the proportion of the Annual Service Payment which is subject to Inflation Basket escalation. The Proponent may vary this proportion for each Service Level, as set out in RFP Schedule 6 – Price Form. The proportion indexed is at the discretion of the Proponent, subject to the following</p> <ul style="list-style-type: none"> <li>• In each case, the proportion of the Annual Service Payment subject to Inflation Basket escalation may not exceed the proportion of the Annual Service Payment which is associated with the costs of providing Maintenance Services. The Sponsors may refer to relevant drop down agreements with subcontractors to verify maintenance costs.</li> <li>• For clarity, the costs of providing Maintenance Services may include a reasonable level of Eligible Special Purpose Vehicle Costs that will be incurred by Project Co over the Maintenance Term. Eligible Special Purpose Vehicle Costs shall not include any payments or distributions in any form to Lenders or Equity funders (including, for example, payment of interest and dividend distributions), and shall not include internal overhead cost allocations. Eligible Special Purpose Vehicle Costs may include: (i) any reasonable fees or expenses incurred directly by the Special Purpose Vehicle and paid to third parties, including fees for external audit, legal, tax, consulting, lender's agent, trustee, and rating agency fees; (ii) costs of full-time Special Purpose Vehicle staff and board members, office and consumable costs.</li> </ul>
<b>2.23 Affordability Criteria</b>	<p>The Proponent's Financial Submission must meet the Affordability Criteria set out below:</p> <ul style="list-style-type: none"> <li>• The Proponent's capital cost shall not exceed \$2,075,505,852.</li> </ul> <p><b>Calculation:</b> For Affordability calculation purposes, capital cost of the Project refers to the sum of:</p> <p>i) All Milestone Payments (including, for certainty, the Highway Milestone Payment and Highway Final Payment) (in nominal terms); PLUS</p>

**Schedule 3-2 to Request for Proposals**  
**RFP Version 4.0**

**Ottawa Light Rail Transit Project**

<b>Financial Submission Requirements</b>	
	<p>ii) The Revenue Service Availability Payment (in nominal terms); PLUS</p> <p>iii) The balance of outstanding Private Capital Invested at the Revenue Service Availability Date (i.e. the amount of private financing left in the project following the Revenue Service Availability Payment) (in nominal terms)</p> <p>For added certainty, the capital cost of the Project must also be disclosed in Appendix C of RFP Schedule 3, Part 2 in the worksheet 'Part 4 – Summary'. The calculation of affordability from both a sources (payment and funding) perspective and uses (capital outlay) perspective must reconcile. The worksheet entitled 'Part 4 – Summary' in Appendix C of RFP Schedule 3 Part 2 will also be used to assess affordability.</p>
<b>2.24 Energy Costs</b>	<p>The NPV of Energy Costs (Traction Power) and the NPV of Energy Costs (MSF) are to be calculated in accordance with Schedule 6 – Price Form. Proponents are encouraged to seek clarification with the City if it is unclear in any way how to calculate the NPV of Energy Costs (Traction Power) and the NPV of Energy Costs (MSF).</p> <p>RFP Schedule 3, Part 1 and PA Schedule 8 define the mechanics related to determining Energy Costs.</p>
<b>2.25 BRT and Lane Closure Costs</b>	<p>The NPV of BRT and Lane Closure Costs will be calculated in accordance with Schedule 6 – Price Form. Proponents are encouraged to seek clarification with the City if it is unclear in any way how to calculate the NPV of BRT and Lane Closure Costs.</p> <p>RFP Schedule 3, Part 1 and PA Schedule 37 define the mechanics related to determining BRT and Lane Closure Costs.</p>
<b>2.26 Annual Driver Hours Costs</b>	<p>The NPV of Annual Driver Hours costs will be calculated in accordance with RFP Schedule 6 – Price Form. Proponents are encouraged to seek clarification with the City if it is unclear in any way how to calculate the NPV of Annual Driver Hours costs.</p> <p>RFP Schedule 3, Part 1 and PA Schedule 39 define the mechanics related to determining Annual Driver Hours costs.</p>
<b>2.27 Preliminary Service Plan</b>	<p>The Proponent must confirm that it has based its pricing upon the Preliminary Service Plan data in RFP Schedule 10 – Preliminary Service Plan.</p> <p>For the purposes of the Volume Payment contained in the Payment Mechanism, Proponents shall calculate the Volume Payment based on the forecast of Annual Revenue Service Vehicle Kilometres for each Service Level, as developed by the Interactive Spreadsheet included as RFP Schedule 10-A. For clarity, this forecast is contained in the</p>

Financial Submission Requirements	
	<p>worksheet titled “Output Summary”, row 7 and is an output resulting from the required inputs provided by the Proponent to RFP Schedule 10.</p> <p>Proponents shall also assume, for modeling purposes, that Revenue Service Vehicle Kilometres are spread evenly throughout the year, i.e. that monthly service kilometres are equal to annual service kilometres divided by twelve (12).</p>
<b>2.28 Pricing</b>	<p><b>Annual Service Payment:</b></p> <ul style="list-style-type: none"> <li>• The Proponent shall provide an Annual Service Payment for each Service Level defined in RFP Schedule 10 – Preliminary Service Plan. The Proponent shall input the Annual Service Payment for each such Service Level as required by RFP Schedule 6 – Price Form.</li> <li>• The Annual Service Payment may be different for each Service Level.</li> <li>• For clarity, the Proponent’s pricing should account for increased maintenance requirements associated with larger vehicle fleet sizes and increased vehicle kilometers as Service Levels increase.</li> <li>• The Annual Service Payment for all Service Levels shall be indexed as per Section 2.22.</li> </ul> <p><b>Volume Payment:</b></p> <ul style="list-style-type: none"> <li>• The Proponent shall provide a Price Per Vehicle Kilometre for each Service Level defined in RFP Schedule 10 – Preliminary Service Plan. The Proponent shall input the Volume Payment for each such Service Level as required by RFP Schedule 6 – Price Form.</li> <li>• The Price Per Vehicle Kilometre may be different for each Service Level.</li> <li>• The Price Per Vehicle Kilometre for all Service Levels shall be fully indexed.</li> </ul> <p><b>Lifecycle Payment:</b></p> <ul style="list-style-type: none"> <li>• The Proponent shall include all anticipated costs (and directly related contingencies and reserves) in respect of the replacement, refreshment and/or refurbishment of the Fixed Facilities, Fixed Equipment, Vehicles, and Vehicle Equipment during the Maintenance Term. In respect of Vehicles and Vehicle Equipment, Proponents shall only include costs related to the lifecycle maintenance of the vehicle fleet that will be provided under Service Level 1 at</li> </ul>



Financial Submission Requirements									
	<p>the Revenue Service Availability Date.</p> <ul style="list-style-type: none"> <li>• If a Proponent’s Lifecycle Payments, as expressed in Base Date dollars in column E of the ‘Pmts during Mtce. Term - Inputs’ of RFP Schedule 6 – Price Form, exceed:                             <ul style="list-style-type: none"> <li>○ for the first three years (36 months), \$0;</li> <li>○ for years 4 and 5 (months 37-60), \$2 million in aggregate,</li> <li>○ for years 6-10 (months 61-120), \$4 million for each year plus any unused allowances from previous years that have been carried forward</li> </ul> </li> </ul> <p>then the Sponsors will add the difference between such Proponent’s Lifecycle Payments as submitted in RFP Schedule 6 for each period noted above and the above allowable amounts (factoring in any carry forward amounts from previous years), the “Lifecycle Delta” to the Proponent’s capital cost solely for determining compliance with the Affordability Criteria in section 2.23 in this table. In the event that the Lifecycle Delta, in any given year is negative, then the Lifecycle Delta will be deemed to be zero. This adjustment to the capital cost will be made by the Sponsors during the evaluation of the Proposal. Proponents are not to make any adjustment within RFP Schedule 3, Part 2 Appendix C in this regard. The Lifecycle Delta value will be calculated as an output within RFP Schedule 6 – Price Form under the worksheet ‘Lifecycle Delta’.</p> <p><b>Timing of Service Levels in the Preliminary Service Plan:</b></p> <ul style="list-style-type: none"> <li>• The Proponent shall assume for the purposes of its Proposal that Service Levels will be implemented in accordance with RFP Schedule 10 – Preliminary Service Plan, and therefore shall include the relevant Annual Service Payment and Volume Payment for each Service Level for the periods that they are forecast to be implemented by RFP Schedule 10 – Preliminary Service Plan. For avoidance of doubt, this is as follows:</li> </ul> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="background-color: #cccccc;">Contract Year</th> <th style="background-color: #cccccc;">Service Level</th> </tr> </thead> <tbody> <tr> <td>Contract Years 1-2</td> <td>Service Level 1</td> </tr> <tr> <td>Contract Years 3-4</td> <td>Service Level 2</td> </tr> <tr> <td>Contract Years 5-7</td> <td>Service Level 3</td> </tr> </tbody> </table>	Contract Year	Service Level	Contract Years 1-2	Service Level 1	Contract Years 3-4	Service Level 2	Contract Years 5-7	Service Level 3
Contract Year	Service Level								
Contract Years 1-2	Service Level 1								
Contract Years 3-4	Service Level 2								
Contract Years 5-7	Service Level 3								



Financial Submission Requirements													
	<table border="1"> <tr> <td>Contract Years 8-10</td> <td>Service Level 4</td> </tr> <tr> <td>Contract Years 11-13</td> <td>Service Level 5</td> </tr> <tr> <td>Contract Years 14-18</td> <td>Service Level 6</td> </tr> <tr> <td>Contract Years 19-23</td> <td>Service Level 7</td> </tr> <tr> <td>Contract Years 24-28</td> <td>Service Level 8</td> </tr> <tr> <td>Contract Years 29-31</td> <td>Service Level 9</td> </tr> </table>	Contract Years 8-10	Service Level 4	Contract Years 11-13	Service Level 5	Contract Years 14-18	Service Level 6	Contract Years 19-23	Service Level 7	Contract Years 24-28	Service Level 8	Contract Years 29-31	Service Level 9
Contract Years 8-10	Service Level 4												
Contract Years 11-13	Service Level 5												
Contract Years 14-18	Service Level 6												
Contract Years 19-23	Service Level 7												
Contract Years 24-28	Service Level 8												
Contract Years 29-31	Service Level 9												
<b>2.29 Volume Payment Constraint</b>	The Volume Payment, as defined in PA Schedule 20 – Payment Mechanism may not, in any Contract Year, exceed 15% of annual costs associated with Maintenance Services (excluding Lifecycle Payments) in that Contract Year.												
<b>2.30 Independent Certifier Fees</b>	The Proponent’s Financial Submission shall include \$4,000,000 (to be spread evenly throughout construction for cash flow modeling and evaluation purposes) for Independent Certifier fees. This amount will be used for evaluation purposes only and will be adjusted before Commercial Close to reflect the actual fees to be charged by the Independent Certifier after the joint procurement of the Independent Certifier by the Preferred Proponent and the Sponsors.												
<b>3.0 FINANCIAL MODEL</b>	The Proponent must provide the computer model it has used and which is proposed to become the Financial Model under the Project Agreement in the format specified in this Part 2 of Schedule 3 of the RFP. The file must meet the requirements below and must allow the viewer access to all internal formulas, data and assumptions together with a full print out of all model sheets. This computer model will ultimately become the Financial Model referred to in the Project Agreement.												
<b>3.1 Audit Letter</b>	On the Financial Submission Deadline, the City requires the Proponent to provide a Financial Model audit letter that confirms the logic and integrity of the model (including the model reference number) and that this logic is materially consistent with the Project Agreement. The Financial Model should not include any disclaimers or qualifications. All errors or inconsistencies in formulas or assumptions, contained in the Financial Model are solely the responsibility of the Proponent. The Proponent should note that the Financial Model will be reviewed in advance of the Benchmarking Date and at that time or any time prior to the Benchmarking Date, if requested, the Proponent must submit a revised Financial Model audit letter.												

<b>Financial Submission Requirements</b>	
<b>3.2 General Model Requirements</b>	<p>The Proponent's Financial Model must:</p> <ul style="list-style-type: none"> <li>• Provide financial projections (cost and revenue projections) on a monthly basis from Financial Close until the end of the Project Term.</li> <li>• Be expressed in Canadian dollars.</li> <li>• Include a print option macro.</li> <li>• Not incorporate any password protection (or the password protection must be disclosed).</li> <li>• Not include hidden sheets or areas.</li> <li>• Not contain any circular references or balancing numbers and no input numbers in the calculation worksheets.</li> <li>• Use a start date for the Project that corresponds to Financial Close as specified above in Section 2.2 of Part E of this Part 2 of Schedule 3 of the RFP.</li> </ul>
<b>3.3 Specific Financial Model Requirements</b>	<p>The Financial Model should show details of sources and uses of funds, both in total nominal and NPV terms, including debt and equity injection and repayments, interest payments, financing costs, dividends, other fees and costs, design costs, construction costs, lifecycle costs and maintenance costs.</p> <p>The Financial Model should separately list insurance premiums on insurance coverage required in accordance with the Project Agreement, insurance premiums on additional insurance coverage required by the Proponent's lenders, taxes, Project Co specific costs and legal fees.</p> <p>Proponents should note that insurance is not subject to indexation or inflation and this should be clearly reflected in the Financial Model submitted by the Proponent.</p> <p>The Financial Model must, at a minimum, include:</p> <ul style="list-style-type: none"> <li>• Assumption and Input schedules.</li> <li>• Taxation.</li> <li>• Payment mechanism.</li> <li>• Key dates to Financial Close.</li> <li>• A scenario control sheet.</li> <li>• Outputs: <ul style="list-style-type: none"> <li>• In a separate sheet, the proposed funding structure, with funding schedules that specify the expected debt repayment dates and the amount of debt service (broken down by principal, interest, and other fees), in nominal terms only, to</li> </ul> </li> </ul>

<b>Financial Submission Requirements</b>	
	<p>be repaid.</p> <ul style="list-style-type: none"> <li>• The calculation of Project returns for the different elements of financing.</li> <li>• Projected income statements.</li> <li>• Projected balance sheet.</li> <li>• Cash flow projections.</li> <li>• Cash cascade in order of seniority (which must be consistent with any funding term sheets). Ensure that the cash cascade describes: <ul style="list-style-type: none"> <li>• the administration of the cascade;</li> <li>• funding mechanisms for all reserve accounts;</li> <li>• how operating contingencies affect reserve accounts; and</li> <li>• how funding mechanisms, or other contingency plans, rectify the situation.</li> </ul> </li> <li>• Supporting schedules.</li> </ul> <p>The proposed Financial Model must also, at a minimum, produce the following outputs:</p> <ul style="list-style-type: none"> <li>• Project internal rate of return (IRR) in both real terms and nominal terms, on a pre-tax and post-tax basis.</li> <li>• Return on equity and sub-debt, in both real terms and nominal terms, and a blended equity return, that incorporates all sub-senior debt finance on both a pre-tax and post-tax basis.</li> <li>• Drawdown and repayment schedules, including dates and amounts for all sources of finance (on a monthly basis).</li> <li>• Weighted average cost of capital calculated on a before-tax basis and based on the overall debt / equity structure of the Project, as estimated on the day of Financial Close (i.e. including all debt and equity injection during the life of the Project).</li> <li>• Annual debt service cover ratio and loan life cover ratio for each year of the Project Agreement, with minimum and average ratios.</li> <li>• Any other ratios that are considered relevant to the proposed financial structure, financial covenants or financing agreements.</li> <li>• The precise timing of any equity injections.</li> <li>• A schedule of projected lifecycle reserves on a monthly basis.</li> <li>• Calculation output of the Percentage of Annual Service Payment subject to Inflation Basket escalation for each service level, including disclosure of the cost of providing Maintenance</li> </ul>

<b>Financial Submission Requirements</b>	
	Services and indexed Special Purpose Vehicle costs.
<b>3.4 Financial Model Output Sheets – City Requirements</b>	<ul style="list-style-type: none"> <li>• The Proponent must complete all worksheets contained in two files attached to this RFP: i) Appendix C to Schedule 3, Part 2 – Summary of Project Cost Form and ii) RFP Schedule 6 – Price Form.</li> <li>• All assumptions, calculations and coding have been provided by the City for convenience. Proponents are encouraged to raise issues related to the provided worksheets during the RFP open period.</li> <li>• The worksheets in the two files provided must be imbedded within the financial model. In addition, Schedule 6 – Price Form, must be submitted as a duplicate copy (i.e. match the financial model worksheet) with Part C of the RFP Submission.</li> </ul>
<b>3.5 General Reporting Requirement</b>	The Preferred Proponent may be asked to provide summary materials/reports as extracts from the Financial Model to assist the City with its reporting and populating of the Contribution Agreements.
<b>3.6 Financial Model Specification Booklet</b>	<p>The Proponent must provide a detailed and comprehensive Financial Model specification booklet, including, at a minimum, instructions for using the Financial Model, including:</p> <ul style="list-style-type: none"> <li>• How changes to input variables should be entered.</li> <li>• How to run the model following changes to inputs.</li> <li>• How to run sensitivities.</li> <li>• The use of all macros, if any, contained in the model should be minimized. If macros are used, a detailed description of the macros and their functionalities must be included. The detailed description for each macro must include the following: <ul style="list-style-type: none"> <li>• reasons why this macro is used;</li> <li>• which operations and functions are accomplished through the macro;</li> <li>• which cells are modified by the macro;</li> <li>• the macro’s results;</li> <li>• explanation of how the optimization and macro steps are carried out, particularly with regards to input modifications; and</li> <li>• instructions pertaining to the necessary modifications of a macro following modifications in the Financial Model such as adding or deleting lines or columns in the Financial Model.</li> </ul> </li> </ul>



Financial Submission Requirements	
	<ul style="list-style-type: none"> <li>• How to print key reports and the entire model.</li> <li>• Details of the optimization procedure(s) that is in line with the methodology as described in Section 6.0 of Part B of this Part 2 of Schedule 3 of the RFP.</li> <li>• Construction of the model, including:                             <ul style="list-style-type: none"> <li>• contents list of sheets and data contained within; and</li> <li>• details of complex or unusual formulae.</li> </ul> </li> </ul>
<b>3.7 Inputs Booklet</b>	<p>The Proponent must provide a detailed and comprehensive inputs booklet, which, at a minimum, identifies and provides details of all inputs used in the Financial Model, including:</p> <ul style="list-style-type: none"> <li>• For each source of finance: the drawdown timetable; grace period; repayment schedules; debt maturity profile; costs of finance, including margins and fees and all success fees; and any variations to margins or fees over the life of the loans.</li> <li>• Capital, maintenance and lifecycle cost schedules which are linked to the Financial Model (including a break out of costs for insurance, each aspect of the Maintenance Services).</li> <li>• Macro-economic assumptions, including interest and inflation rates.</li> <li>• Taxation assumptions and associated sensitivities on model.</li> <li>• The assumptions made in relation to the tax liabilities and recoverability.</li> <li>• Accounting policies, including depreciation by asset type, and working capital requirements.</li> <li>• All other assumptions that have been necessary in order to construct the Financial Model.</li> </ul> <p>The inputs booklet must be consistent with, and reconcile to, the Financial Model.</p>
<b>3.8 Sensitivity Analysis</b>	<p>As part of the review of the Proposal, the Proponent is required to provide the sensitivity analyses listed below. The City reserves the right to conduct additional sensitivities. For the purpose of clarity, the City may wish to test the hypothetical impact of the sensitivities listed below on the results of the Financial Model, regardless of the risk transfer contemplated in the Project Agreement.</p> <p>Effect on total Project NPV of change in inflation by (assuming that base case inflation is 2.5%):</p> <ul style="list-style-type: none"> <li>• 1% increase (for whole Project, i.e. 3.5%).</li> <li>• 3% increase (for whole Project, i.e. 5.5%).</li> </ul>

<b>Financial Submission Requirements</b>	
	<ul style="list-style-type: none"> <li>• 5% increase (for whole Project, i.e. 7.5%).</li> </ul> <p>Effect on total project NPV of change in Benchmark Rates by:</p> <ul style="list-style-type: none"> <li>• +/- 10 basis points increase in underlying benchmark rates.</li> <li>• +/- 50 basis points decrease in underlying benchmark rates.</li> <li>• +/- 100 basis points decrease in underlying benchmark rates.</li> </ul>
<b>3.9 Itemized Price</b>	<p><b>Itemized Price for Existing Structures Seismic Upgrade</b></p> <p>In a separate worksheet, labelled as "Existing Structures Seismic Upgrade", the Proponent shall provide a price differential for retrofitting the existing overpass structures proposed to carry the System from the conditions described in article 21 of Part 1 of Schedule 15.2 to the importance category of emergency route bridges as defined in the Canadian Highway Bridge Design Code. This work is further described in Article 24 of Part 1 of Schedule 15.2 in the Project Agreement.</p> <p>The price of the Existing Structures Seismic Upgrade must clearly Document:</p> <ul style="list-style-type: none"> <li>• The nominal impact to the Monthly Service Payments; and</li> <li>• The NPV impact to the Monthly Service Payments</li> </ul> <p>Impacts to pricing must be shown monthly, throughout the Project Term in a cash flow schedule. A summary nominal cost impact and a summary NPV impact are also required to be shown in the worksheet. For clarity, the City is seeking to understand the total cost impact (construction, installation, profit, overhead, lifecycle, financing, maintenance, etc.) to the Project of de-scoping the Existing Structures Seismic Upgrade. The Financial Model must clearly allow the City to determine this impact.</p> <p>The Existing Structures Seismic Upgrade may be deleted from the Works at the sole discretion of the City, without liability, cost or penalty to the City in accordance with the Project Agreement. If the City elects to remove the Existing Structures Seismic Upgrade from the scope of the Project prior to Commercial Close, the financial model shall be updated to completely remove all costs associated with the Itemized Price.</p>
<b>4.0 NET PRESENT VALUE</b>	
<b>4.1 NPV</b>	<p>The Proponent's price proposal is the NPV of Monthly Service Payments plus the NPV of the Milestone Payments related to the OLRT Work plus the NPV of the Revenue Service Availability Payment plus the NPV of the Highway 417 Payments plus the NPV</p>

<b>Financial Submission Requirements</b>	
	<p>of Energy Costs (Traction Power) plus the NPV of Energy Costs (MSF) plus the NPV of BRT Closure Costs plus the NPV of Lane Closure Costs plus the NPV of Annual Driver Hours costs.</p> <p>For purposes of calculating the overall price, one time costs for:</p> <ul style="list-style-type: none"> <li>• Each Milestone Payment will be deemed to occur on the last day of the calendar month in which the relevant Scheduled Milestone Acceptance Date occurs.</li> <li>• Revenue Service Availability Payment will be deemed to occur on the last day of the calendar month in which the Revenue Service Availability Payment Date occurs.</li> <li>• The Highway Milestone Payment will be deemed to occur on the last day of the calendar month in which the Highway Milestone Payment Date occurs.</li> <li>• Highway Final Payment shall be deemed to occur on the last day of the calendar month in which the Highway Final Payment occurs.</li> </ul>
<b>4.2 NPV Assumptions</b>	<p>The Proponent's NPV will be calculated using the following assumptions for the calculation:</p> <ul style="list-style-type: none"> <li>• For purposes of this calculation, the annual increase in the Inflation Basket will be assumed to be 2.5%.</li> <li>• Regardless of the date of any payment or whether a period is a fraction of a year, escalation should never be compounded by a fraction of a year, but by full year increments.</li> <li>• Milestone Payments, Revenue Service Commencement Payment, and Monthly Service Payments are assumed to be made on the last day of each Contract Month in which the payment occurs.</li> <li>• The Proponent's evaluated price is calculated in Schedule 6 – Price Form.</li> <li>• Proponents shall input their bid to values in all Input cells in Schedule 6, in accordance with the instructions to Proponents included in the Price Form and the defined terms in Schedule 20 – Payment Mechanism</li> <li>• The series of Proponent's evaluated price for each Contract Year will be discounted using the City's Discount Rate (of 3.5%) to calculate the present value of the Proponent's price bid at the Base Date as described in Section 2.9 of Part E of this Part 2 of Schedule 3 of the RFP.</li> </ul>
<b>4.3 City Adjustment to</b>	<p>In accordance with RFP Schedule 3, Part 4, the City may be required to adjust the Proponents Total Contract Value Cost of the LRV. For</p>

<b>Financial Submission Requirements</b>	
<b>NPV for Canadian Content</b>	greater certainty, such adjustments will be for evaluation purposes only. To allow for this, the financial model must include functionality to allow the City to reduce the Total Contract Value Cost of the LRV by 5%. Proponents are to include such functionality into the financial model and provide written instructions on how the City shall implement this. Cell references and optimization instructions should be provided, as required.



**APPENDIX A**

**SWAP TERM SHEET**

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

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

**Notional Payment Schedule**

Period Begin	Period End	Principal Outstanding (Open Bal.)

**APPENDIX B**

**Eligible Milestone Events**

<p><b>Completion of Tunnelling</b></p>	<ul style="list-style-type: none"> <li>• Complete excavation and installation of temporary excavation support for all cut-and-cover structures and initial support for all bored tunnels and mined structures.</li> <li>• All cut-and-cover structures, bored tunnels and mined structures are ready to receive permanent support and lining.</li> </ul>
<p><b>Tunnels – Post Excavation</b></p>	<ul style="list-style-type: none"> <li>• Completion of permanent support and lining for Tunnels: Complete installation of permanent support and lining for all cut-and-cover structures, bored tunnels and mined structures.</li> <li>• Completion of tunnel drainage systems, embedded conduits and utilities.</li> <li>• Running tunnels and stations shall be ready to begin installation of direct fixated trackwork.</li> </ul>
<p><b>Completion of Maintenance and Storage Facility</b></p>	<ul style="list-style-type: none"> <li>• Complete facility complex construction of the Maintenance and Storage Facility including installation of equipment, systems and final testing and commissioning and certification of occupancy.</li> <li>• Completion of all sitework, site utilities, trackwork including lead tracks from transitway.</li> <li>• Completion of OCS, signals and communication installations including final testing and certification.</li> <li>• Facility and site shall be ready for operations and acceptance of vehicles.</li> </ul>
<p><b>Civil Works - Completion of Runningway and Retaining Walls</b></p>	<ul style="list-style-type: none"> <li>• Complete the construction of the LRT guideway including completion of the</li> </ul>

	<p>following elements:</p> <ul style="list-style-type: none"> <li>○ grading,</li> <li>○ utility installations and modifications,</li> <li>○ drainage installations and modifications,</li> <li>○ installation of UG systems ductbank and cable troughs,</li> <li>○ installation of OCS foundations and site modifications for wayside equipment, and</li> <li>○ completion of new and rehabilitation of retaining walls including final coatings.</li> </ul> <ul style="list-style-type: none"> <li>● Completion of all bridge construction including required modifications of existing bridges, including final coatings, to make a contiguous guideway.</li> <li>● The guideway shall be ready for installation of ballasted and/or direct fixated track.</li> </ul>
<p><b>Civil Works - Completion of Bridges</b></p>	<ul style="list-style-type: none"> <li>● Complete all construction of new LRT and vehicular bridges, as well as, modifications necessary for the rehabilitation of existing LRT and vehicular bridges, including all final concrete, waterproofing, utility installations, OCS foundation installations, and systems ductbank and cable trough installations, and all installation of all finish coatings.</li> <li>● All LRT bridges shall be ready for trackwork installations.</li> <li>● All vehicular bridges shall have final traffic surface installed, final stripping installed and all-temporary traffic control and temporary signage removed.</li> </ul>
<p><b>Completion of Station Bundles</b></p>	<ul style="list-style-type: none"> <li>● A Station Bundle milestone must include completion of at least three (3)</li> </ul>

	<p>stations.</p> <ul style="list-style-type: none"> <li>• For each station in the bundle: Complete all work associated with the station including all civil and structural modifications including site work and passenger pickup and drop off configurations, installation of architectural finishes, utility modifications and new utility installations, and certification of patron conveyance systems, installation of mechanical and electrical systems, installation of required ventilation systems.</li> <li>• Note: Work for final systems installations including CCTV, PA, VMB, and station signage and wayfinding installations will not be included as part of this milestone</li> </ul>
<b>Vehicle Delivery</b>	<ul style="list-style-type: none"> <li>• Complete the final assembly, factory testing, delivery and on-site commissioning tests of 20 vehicles. On-site commissioning shall require completion of the tests set out in PA Schedule 15-2 Part 4, Section 3.34(g)(iv)).</li> </ul>
<b>Completion of Trackwork</b>	<ul style="list-style-type: none"> <li>• Complete the installation of all ballasted and direct fixated track including all special trackwork, final tamping, and final grading of track shoulders, rail welding and certification, and rail distressing, stray current testing, and installation of rail bumpers.</li> </ul>
<b>Installation of Systems</b>	<ul style="list-style-type: none"> <li>• Complete the installation of the LRT traction power substations and installation of overhead catenary system, installation of LRT signal systems including wayside and central control functioning, installation of LRT communications systems including fiber optic backbone, CIC installations, and SCADA installations.</li> </ul>



	<ul style="list-style-type: none"> <li>• Completion of the successful static and dynamic testing of TSCC, BCC, YCC, SCADA, IAC, CCTV, PA, PIDS, telephone, radio, CTS, and NMS, certified by third party oversight.</li> </ul>
<b>2017 Readiness</b>	<ul style="list-style-type: none"> <li>• Complete the restoration of the surface streets along the alignment between and including the west and east portals including restoration of all work sites including vertical shafts for station entrances and ventilation structures, completion of all street and sidewalk paving, removal of all construction fences and barricades.</li> </ul>
<b>Substantial Completion of Fixed Facility and Vehicle Completion</b>	<ul style="list-style-type: none"> <li>• Project Co. has fulfilled all of the requirements set out in the definition of Substantial Completion set out in Schedule 1 of the Project Agreement.</li> </ul>
<b>Delivery of Major Equipment</b>	<ul style="list-style-type: none"> <li>• Major equipment, supplies, or components have been ordered and delivered to a site or to a storage area within 10km of the area of the Site at which such equipment, supplies and/or components will be used. The following categories of equipment, supplies, or components will be considered for this milestone: <ul style="list-style-type: none"> <li>○ At least 50% of the rail required to complete the trackwork.</li> <li>○ At least 50% of the required number of traction power substations.</li> </ul> </li> </ul>
<b>Tunnelling Commencement – first 5m of tunnelling complete</b>	<ul style="list-style-type: none"> <li>• The tunnelling operation has commenced in a bona fide manner and 5m of the total tunnel is completed. Complete excavation and installation of temporary excavation.</li> </ul>
<b>Interim Design Development Milestone</b>	<p>All of the following items must be completed:</p> <ul style="list-style-type: none"> <li>• Project Co. has submitted at least 80% of the total number of First Pre-Final Design Development Submittals required by Appendix A to Schedule 10</li> </ul>

	<p>of the Project Agreement;</p> <ul style="list-style-type: none"> <li>• At least 80% of the total number of First Pre-Final Design Development Submittals have either:             <ul style="list-style-type: none"> <li>○ Been designated as “REVIEWED” by the City in accordance with the Review Procedure; or</li> <li>○ Been designated as “REVIEWED AS NOTED” and Project Co has corrected the submittal as required and provided a copy of the corrected submittal to the City Representative;</li> </ul> </li> <li>• Project Co. has submitted at least 50% of the total number of Second Pre-Final Design Development Submittals required by Appendix A to Schedule 10 of the Project Agreement; and</li> <li>• At least 50% of the total number of Second Pre-Final Design Development Submittals have either:             <ul style="list-style-type: none"> <li>○ Been designated as “REVIEWED” by the City in accordance with the Review Procedure; or</li> <li>○ Been designated as “REVIEWED AS NOTED” and Project Co has corrected the submittal as required and provided a copy of the corrected submittal to the City Representative.</li> </ul> </li> </ul>
<p><b>Construction Drawings Issued for Construction</b></p>	<ul style="list-style-type: none"> <li>• Project Co’s entire Construction Document Submittal package has completed the design review process</li> <li>• Project Co has issued all construction drawings for construction.</li> <li>• Project Co has submitted copies of all drawings that are “issued for construction”, to the City</li> </ul>

	<p>Representative and to the Independent Certifier, in accordance with Appendix A, Section 2.5, of Schedule 10 to the Project Agreement.</p>
<p><b>Complete MSF Demolition</b></p>	<ul style="list-style-type: none"> <li>• All demolition work is complete and condition allows for new construction on the site for the MSF.</li> <li>• Disposal of removed materials is complete.</li> <li>• All storm water measures complete and in good working order.</li> <li>• The Milestone may allow exclusion of a portion of demolition work if an area of the site will be used as a construction lay down area for a period of time.</li> </ul>
<p><b>Substantial Completion of a Major Station</b></p>	<ul style="list-style-type: none"> <li>• Any one of Downtown East, Downtown West, or Rideau Station may be used to satisfy this milestone.</li> <li>• The Proponent may select this milestone only twice. For example, completion of Downtown East Station as one milestone, and completion of Downtown West as another, separate milestone.</li> <li>• For each station: Complete all work associated with the station including all civil and structural modifications including site work and passenger pickup and drop off configurations, installation of architectural finishes, utility modifications and new utility installations, and certification of patron conveyance systems, installation of mechanical and electrical systems, installation of required ventilation systems.</li> <li>• Note: Work for final systems installations including CCTV, PA, VMB, and station signage and wayfinding installations will not be included as part of this milestone</li> </ul>

<p><b>Completion of 50% of MSF Link tunnel</b></p>	<ul style="list-style-type: none"> <li>• Completion of 50% of total permanent structural works in relation to MSF Link Tunnel, including retaining walls and/or tunnel excavation</li> <li>• MSF Link Tunnel includes works from mainline to the limits of the MSF property</li> <li>• Does not include trackwork and systems works.</li> </ul>
<p><b>Interim Completion of Mainline Tunnelling</b></p>	<ul style="list-style-type: none"> <li>• 50% of the tunneling activities and support of excavation has been completed for the mainline tunnels</li> <li>• Percentage completion shall be measured based on length of mainline tunneling work completed (in meters) as a percentage of total mainline tunnel length (in meters). Does not include mainline tunnels within the limits of the underground stations limits or non-mainline work such as station access tunnels, adits, ventilation tunnels or cross passages.</li> <li>• Completion of mainline tunneling work shall be defined by achievement of the following:             <ul style="list-style-type: none"> <li>• Complete excavation and installation of temporary excavation support for cut-and-cover structures and initial support for all bored tunnels and mined structures.</li> <li>• Cut-and-cover structures, bored tunnels and mined structures are ready to receive permanent support and lining</li> </ul> </li> </ul>



**APPENDIX C****SUMMARY OF PROJECT COST FORM****Attached as Appendix C to Schedule 3, Part 2 of the RFP**