

OTTAWA LIGHT RAIL TRANSIT PROJECT

HIGHWAY WORKS AGREEMENT WITH THE ONTARIO MINISTRY OF TRANSPORTATION

OVERVIEW OF STRUCTURE AND CONTENT

The Highway Works Agreement (the “**Highway Agreement**”) entered into between the City of Ottawa (the “**City**”) and Her Majesty the Queen in Right of Ontario, represented by the Minister of Transportation for the Province of Ontario (the “**Ministry**”), in respect of a reimbursement of up to \$206 million by the Ministry for certain work on Highway 417 bundled with the Ottawa Light Rail Transit (“**OLRT**”) project.

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

| Material Term | Description |
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| Highway Improvements | The City shall complete highway improvements from Nicholas to Blair Road in compliance with the design, specifications and standards prepared by the Ministry. The City will also modify certain ramps and widen Highway 417 to enable the City to use the new lanes for certain transit priority works, and will bear such costs. |
| Traffic Management Plan | The City shall prepare a plan for traffic management prior to construction of the 417 work in accordance with applicable Ministry manuals, standards and procedures. The City shall be fully responsible for traffic control and safety during construction of the highway improvements. |
| Ministry Permits | Upon satisfaction of the requirements by the City including: (i) acquiring an insurance policy; (ii) providing financial cost and construction schedule details; and (iii) complying with applicable provisions of the Highway Agreement, the Ministry shall issue permits which the City requires to construct on the 417 lands. No highway work shall commence until all required permits, required Ministry approvals and other authorizations have been obtained. |
| Conditions and Requirements for the Work | All permissions, directions, Ministry approvals and orders are subject to the right of free use of Highway 417 by the public. The City shall be responsible for all 417 lands maintenance with the terms of the Highway Agreement, except for winter maintenance activities. The City shall fulfil all the requirements for the highway work including: (i) tender and award the contract for construction of 417 work, and complete the highway work in accordance with the Highway Agreement; (ii) comply with safety procedures; (iii) notify the Ministry prior to commencing any highway work; (iv) provide tender particulars and financial costing prior to the award of the 417 work; (v) provide prior to the start of construction of the highway |

| Material Term | Description |
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| | <p>work a copy of the 417 construction contract and associated construction schedule and (vi) provide a 2 year warranty for the 417 work.</p> <p>The City will complete certain transit priority removal works at its own cost within 365 days of the OLRT revenue service date.</p> |
| Commencement of Work | <p>The City shall not authorize the highway work to commence until it has: (i) received an executed copy of the Highway Agreement; (ii) received all permits and approvals from the Ministry; (iii) received all authorizations required from other authorities; and (iv) given the Ministry written notice prior to commencement of the 417 work.</p> |
| Communications Protocol | <p>The City agrees to undertake joint communications activities with the Ministry, ensuring equal recognition and prominence of the Ministry's contribution to the Work. All communications, including signage, events and electronic communication, is subject to this policy. The City shall be responsible for managing, coordinating and responding to all media relations, public and political inquiries.</p> |
| Construction Administration | <p>The City shall be responsible for construction administration including: (i) supervision and quality assurance of the highway work; (ii) maintaining satisfactory inspection, workmanship and contract change records; (iii) submitting monthly reports to the Ministry; and (iv) administering errors/omissions/changes to the detailed design tender package.</p> |
| Completion of Work | <p>The City shall submit to the Ministry a minimum of 30 days prior written notice of the date that the substantial performance of the highway work is anticipated to be achieved. Upon substantial performance of the highway work, the City's construction administrator and the Ministry will co-sign a certificate of substantial performance and the execution of such certificate will not be unreasonably withheld or delayed by the Ministry.</p> <p>When the highway work has been completed (being completion in accordance with the Highway Agreement, including contract drawings and documents and satisfies Ministry standards and that the work has been commissioned and it is safe to open to the public), the City shall submit written notice to the Ministry. The Ministry shall respond to the City in writing within 10 business days stating either that: (i) the highway work has been satisfactorily completed, in which case the Ministry will give written notice that the Work has been accepted; or (ii) that work has not been satisfactorily completed, in which case, the City shall rectify the deficiencies and resubmit a notice to the Ministry.</p> |
| Payment | <p>The Ministry shall deposit with the City the required reimbursement amount for the substantial completion of the 417 work as determined under the Highway Agreement within 10 business days after the execution of the certificate of substantial performance.</p> <p>The Ministry shall deposit with the City the required reimbursement amount for the completion of the 417 work as determined under the Highway Agreement within 10 business days of written acceptance of the Work.</p> |
| Risks, Indemnity and Liability | <p>In respect of certain matters including errors and omissions in design work, the parties have agreed to a set allocation of risk and responsibility, including limits thereon.</p> <p>The City shall, at its own expense, maintain minimum insurance requirements.</p> |

| Material Term | Description |
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| Events of Default and Termination | <p>Where a party is in default because it breaches or fails to observe or perform any of its material obligations, covenants or responsibilities under the Highway Agreement, subject to rights to remedy such default by the other party, the Highway Agreement may be terminated.</p> <p>If no 417 construction agreement has been entered into on or prior a defined date, the City may terminate the Highway Agreement, upon providing prior written notice to the Ministry. Notwithstanding any other provision in the Highway Agreement, the City will bear 50% of defined legal and procurement costs.</p> |
| Post-Termination Arrangements | <p>In the event of a termination of the Highway Agreement: (i) the City will deliver to the Ministry all books, records, accounts, documents, systems and manuals which it has developed and/or maintained relating to the Agreement; (ii) the parties will take reasonable steps to complete any final accounting between them; (iii) any obligations accrued prior to the termination and intended to continue after termination will survive the termination.</p> |
| Contribution Amount / Payments | <p>A maximum contribution of \$206 million will be made by the Ministry.</p> <ul style="list-style-type: none"> • the Ministry will pay 94.9% of the substantial performance payment within 10 business days after the issuance of the certificate described above • the Ministry will pay 94.9% of the final performance payment amount within 10 business days after the confirmation of final completion described above • the Ministry will pay 94.9% of defined construction administration costs for each one month period during the term of the Highway Agreement, commencing as of March 1, 2012 • the Ministry will pay 94.9% of defined legal and procurement costs, in respect of each one calendar month period during the term of the Highway Agreement, commencing as of March 1, 2012 • the Ministry will pay defined rail office project administration costs and project management costs in respect of each one calendar month period during the term of the Agreement, commencing on the date of the Highway Agreement • the Ministry shall pay for defined construction contingency costs in respect of each one calendar month period during the term of the Highway Agreement, commencing on the date of the Agreement |
| Dispute Resolution | <p>Any dispute, disagreement, controversy or failure to agree arising out of or in respect to the Highway Agreement shall be resolved by: (i) the parties making reasonable efforts to resolve any dispute by negotiations; and (ii) if the dispute is not resolved, the matter shall be referred to City and Ministry management for resolution.</p> |
| Change Management Board | <p>A committee (the Change Management Board), with two board members from each party, will be established to review the changes to the highway work and payment adjustments in order to verify compliance with the terms of the Highway Agreement.</p> |
| Delays | <p>If the 417 work is delayed by various circumstances, the City shall be granted a reasonable extension of time or termination of the Highway Agreement where a reasonable extension of time is not possible or practical and/or reimbursed for reasonable direct costs.</p> |
| Road Name and | <p>The City shall be fully responsible for installing permanent road name signs and regulatory signs, obtained from the Ministry's Provincial Sign Shop.</p> |

| Material Term | Description |
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| Regulatory Signs | |
| Assignment | The City may not assign its rights under the Highway Agreement without the express written consent of the Ministry. |
| Amendment to Agreement | The Highway Agreement may only be amended in writing by the parties. |