
NEWS RELEASE

For Immediate Release
2014FIN0023-000901
July 2, 2014

Ministry of Finance
Ministry of Health

North Island Hospitals Project green bond issue a first

VICTORIA – A green bond has been issued to finance the North Island Hospitals Project, Minister of Finance Michael de Jong announced today.

This is the first time a green bond has been used to fund a public-private partnership project in North America and the first time a green bond has been issued to finance public infrastructure in Canada. The 32.3-year bond was issued by Tandem Health Partners, the consortium delivering the North Island Hospitals Project, and raised about \$231.5 million.

The issue was oversubscribed by investors attracted by the strength of B.C.'s triple-A credit rating as B.C. is the provider of annual service payments to Tandem Health Partners. Buyers were well distributed across insurance companies and fund managers, with both traditional buyers of public-private partnership project bonds participating as well as a number of new buyers. This successful issuance allows B.C. to provide leadership in a new and emerging green bond market in Canada.

Tandem Health Partners will deliver the North Island Hospitals Project including a new hospital in Campbell River and a new hospital in the Comox Valley. The hospitals will result in quality patient care delivered in modern acute care facilities for North Island residents.

The North Island Hospitals Project has been assessed as green by Altus Group Limited (Altus Group), an industry-respected consultant and technical advisor for public- and private-sector infrastructure projects. The B.C. government set the technical criteria for the development of the North Island Hospitals Project. The technical criteria, which include LEED gold certification, energy and greenhouse gas targets, along with the B.C. Climate Action Plan, provided the foundation to classify the project as green.

In April 2014, Tandem Health Partners was named the selected proponent for the North Island Hospitals Project. Negotiations followed and a fixed-price contract agreement to design, build, partially finance and maintain the new hospitals has been signed by Island Health and Tandem Health Partners. The agreement comes after three pre-qualified proponents were shortlisted in April 2013 for the Request for Proposal stage of the competitive bid process. An extensive evaluation of proposals resulted in Tandem Health Partners named as the selected proponent.

The \$606.2-million North Island Hospitals Project is being cost-shared by the Province (60 %) and the Comox Strathcona Regional Hospital District (40 %).

A copy of the third-party report done by the Altus Group is available by contacting:
lane.letoshko@altusgroup.com

Quotes:

Michael de Jong, Minister of Finance –

“B.C. is a national and global leader in delivering public infrastructure in a way that provides an attractive market for business, while protecting taxpayers from cost overruns or scheduling delays. Green bonds are just one more example of how B.C. is leading the way in developing innovative ways to help fund public infrastructure, adding another dimension of social and environmental responsibility for projects.”

Terry Lake, Minister of Health –

“Government has set the bar high for LEED Gold certification with these two hospitals, and we’re ensuring that they meet stringent energy-efficient qualifications including targets for energy reduction and greenhouse gas emissions. With these requirements, this project is supporting environmental sustainability, and at the same time, ensuring the best care for families living on the North Island now, and well into the future.”

Matt Dekkers, vice-president, Tandem Health Partners –

“We are delighted to be selected by the government of British Columbia to work in partnership with Island Health to deliver this important project in the North Vancouver Island communities of Comox Valley and Campbell River. Working collaboratively with all interested stakeholders, Tandem Health Partners looks forward to the successful completion of these hospitals which will provide first rate health care services to support the communities of North Vancouver Island.”

Sean St. John, executive vice-president, co-head and MD, fixed income, National Bank–

“National Bank Financial was privileged to act as lead underwriter on the first green public-private partnership bond issued in North America. In particular, we were very pleased to be able to assist the Province of British Columbia in achieving recognition of green principles that are built into the requirements on the North Island Hospitals Project.”

Quick Facts:

- The new Comox Valley hospital will have capacity for 153 beds and be built near the corner of Lerwick and Ryan roads in Courtenay.
- The Comox Valley work will create approximately 1,000 direct jobs and over 750 indirect jobs in industries supplying goods and services used in construction.
- The new Campbell River hospital will have 95 beds and be built at the existing hospital site on the corner of 2nd Ave. and Birch St.
- The Campbell River work will create approximately 900 direct jobs and over 650 indirect jobs in industries supplying goods and services used in construction.
- Both new hospitals will continue to provide the same acute-care services currently being delivered at the Campbell River and Comox Valley hospital sites.
- Construction will begin in July 2014 with both hospitals ready for patient move-in by late 2017.

The Tandem Health Partners team includes:

- Balfour Beatty Investments LP

- Gracorp Capital Advisors Ltd.
- Connor Clark & Lunn GWest Traditional Infrastructure LP
- Graham Design Builders LP
- Farmer Construction Ltd.
- Stantec Inc.
- Blue Cottage Consulting
- Honeywell International Inc.
- Balfour Beatty Communities.

Underwriters:

- National Bank Financial
- Bank of Nova Scotia

Learn More:

NIHP website: <http://nihp.viha.ca/>

Partnerships BC: <http://www.partnershipsbc.ca>

A backgrounder follows.

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BACKGROUND

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Green bonds: investments with a green conscience

- Green bonds are similar to traditional bonds, but the proceeds are used exclusively for projects with environmental benefits.
- Examples of green bond eligible projects are renewable energy projects, wastewater treatment or energy-efficient buildings.
- Green bonds were first introduced in 2008 by the World Bank.
- The global market for green-labelled bonds has been steadily growing and is expected to reach \$25 billion in 2014. Bank of America estimates market growth of up to \$40 billion in 2014 as the market had already reached \$13 billion as of June 2014.
- Current international green bond issuers include the World Bank, International Finance Corporation, European Bank for Reconstruction and Development, European Investment Bank, and State of Massachusetts.
- In January 2014, a consortium of internationally recognized global banks outlined principles for green bonds. The North Island Hospitals Project green bond conforms to all the green bond principles outlined in the document, which is available here: <http://www.ceres.org/resources/reports/green-bond-principles-2014-voluntary-process-guidelines-for-issuing-green-bonds/view>.

Green bonds in Canada:

- The North Island Hospitals Project green bond will be the first green bond for a public-private partnership project in North America and the first green bond for public infrastructure in Canada.
- The green bond market is in the early stages of development in Canada.
- Export Development Canada issued Canada's first USD green bond in January 2014, while TD Bank issued the first CAD green bond from a bank in March 2014.
- The Province of Ontario plans to launch a multi-year green bond program this year. Some private-sector renewable energy projects in Ontario and Quebec have been funded by green bonds.

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