

**APPENDIX 4B  
HANDBACK REQUIREMENTS**

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## APPENDIX 4B HANDBACK REQUIREMENTS

### PART 1. ADMINISTRATION

- 1.1 On the Termination Date Project Co will relinquish all interests in the Site and the Facility to the Authority.
- 1.2 This Appendix sets out:
  - 1.2.1 the Handback Requirements for Project Co and the standards Project Co will meet to facilitate the eventual transfer of all interests in the Site and the Facility to the Authority; and
  - 1.2.2 the procedure under which the Authority and Project Co will conduct a joint survey of the Facility in preparation for such transfer of interests, and the planning and performance of remedial work to fulfill the Handback Requirements.
- 1.3 Project Co will maintain the Facility:
  - 1.3.1 throughout the Operating Period such that the Facility shall at all times be in a condition commensurate with its age and its use as a pre-trial detention facility; and
  - 1.3.2 such that, on the Expiry Date, the Facility and the Maintained Elements will have a minimum Remaining Useful Life as set out in Section 2.1 [Condition at Expiry] of this Appendix 4B [Handback Requirements].

### PART 2. FACILITY CONDITION

- 2.1 **Condition at Expiry** – Project Co will maintain the Facility throughout the Operating Period such that, on the Expiry Date, each component of the Facility, for which the Remaining Useful Life has not been specified in Section 2.2 [Remaining Useful Life] of this Appendix 4B [Handback Requirements], will be in a condition which is consistent with:
  - 2.1.1 the Facility having been Designed and Constructed in accordance with the applicable Design Service Life (DSL) requirements set out in Schedule 2 [Design and Construction Protocols] and Schedule 3 [Design and Construction Specifications] of this Agreement; and
  - 2.1.2 Project Co having performed the Services and maintained the Facility in accordance with the requirements of Schedule 4 [Services Protocols and Specifications].
- 2.2 **Remaining Useful Life** – Without limiting Section 2.1 [Condition at Expiry] of this Appendix 4B [Handback Requirements], Project Co will perform the Services in such a manner that on the Expiry Date, the Remaining Useful Life of the following components of the Facility will be at least:

<b>Facility Component</b>	<b>Component Description</b>	<b>Minimum Remaining Useful Life</b>
Basic Structure	structural suspended slabs, columns, exterior and interior wall assembly and roof assembly	30 Years
Building Envelope	foundation, roof, walls, doors and windows	10 years
Perimeter Fencing	fence posts and gates	10 years
Interior Finishes	floors, walls, ceilings, etc.	Greater of 33% of DSL or 3 years
Electronic Security Control	processor based technology	Greater of 50% of DSL or 3 years
Electronic Security Control	non-processor based technology	Greater of 50% of DSL or 10 years
High Voltage Distribution and Secondary Distribution Equipment	transformers, switches, fuses, feeders, panelboards, etc.	Greater of 50% of DSL or 15 years
Emergency Electrical System	transfer switches, panelboards, feeders, etc.	Greater of 50% of DSL or 15 years
Emergency Power Source	generators, UPS, batteries, fire alarm, smoke and heat detectors, etc.	Greater of 50% of DSL or 4 years
Electronic Control System	electric, electronic, motor and metering	Greater of 50% of DSL 10 years
Cooling System	air conditioners, cooling coils, package chillers and condensers	Greater of 50% of DSL or 10 years
Heating System	heat pumps, boilers, furnaces, unit heaters and heat exchangers	Greater of 50% of DSL or 10 years
Controls and Valves	pneumatic/electric, electronic and hydraulic controls and valves	Greater of 50% of DSL or 10 years
Pumps and Pumping Systems	condensate, sump and well pumps	Greater of 50% of DSL or 10 years
Air Distribution System	fans, dampers, diffusers and registers	Greater of 50% of DSL or 10 years

### **PART 3. HANDBACK SURVEY**

#### **3.1 Handback Survey**

3.1.1 In conjunction with the preparation of the Annual Service Plan for the year commencing three years prior to the Expiry Date; or

- 3.1.2 Promptly following delivery of any notice of an event or circumstance which would give either party a right to terminate this Agreement, prior to the Expiry Date, in accordance with Section 2.1 [Term and Termination] of the Project Agreement,

Project Co and the Authority will conduct a joint inspection and survey of the Facility (the "**Handback Survey**") and prepare a written summary of the results of the Handback Survey.

3.2 **Results of Survey** – If the Handback Survey indicates that any element of the Facility will not be in a condition consistent with the Handback Requirements upon Project Co implementing the Plans over the remainder of the Term, within 60 days of completion of the Handback Survey Project Co will deliver to the Authority's Operating Period Representative in accordance with Appendix 4G [Operating Period Review Procedure]:

- 3.2.1 Project Co's proposal as to the works (if any) required to be carried out in respect of the Facility to satisfy the Handback Requirements as at the Termination Date (the "**Handback Works**");
- 3.2.2 Project Co's proposal for the carrying out of the Handback Works (the "**Handback Works Plan**") over the remainder of the Term and describing the total works to be carried out as well as the method and schedule for carrying out such works. Where applicable, the Handback Works Plan will be consistent with, and integrated into, the Annual Service Plan, Life Cycle Plan and the Five Year Maintenance Plan then in effect; and
- 3.2.3 Project Co's calculation of the Handback Amount.

The Authority's Operating Period Representative may, within 20 Business Days after receipt of Project Co's proposal with respect to the Handback Works, Handback Works Plan and the Handback Amount, review such submittals in accordance with Appendix 4G [Operating Period Review Procedure].

#### **PART 4. HANDBACK WORK**

4.1 **Performance of Handback Work** – By agreement between the parties, or determination in accordance with the Dispute Resolution Procedure, of the Handback Works, the Handback Works Plan and any adjustment to the Handback Amount, Project Co will:

- 4.1.1 within 10 Business Days of such agreement, or determination in accordance with the Dispute Resolution Procedure, deliver to the Authority:
- 4.1.1.1 a performance bond or letter of credit:
- 4.1.1.1(1) issued by a financial institution listed on Schedule 1 of the *Bank Act*, S.C. 1991, c.46 or a surety company authorized to carry out business in British Columbia;

4.1.1.1(2) securing performance by Project Co of the Handback Works;  
and

4.1.1.1(3) having a term which expires no sooner than two years after the  
Expiry Date; or

4.1.1.2 other cash collateral acceptable to the Authority, acting reasonably,  
  
in an amount equal to the Handback Amount, as it may have been adjusted by  
agreement, or by operation of the Dispute Resolution Procedure (the "**Handback  
Holdback**"); and

4.1.2 at its own cost and expense, carry out the Handback Works in accordance with the  
Handback Works Plan and Good Industry Practice, notwithstanding that the actual cost  
of the Handback Works may be higher than the Handback Amount.

4.2 **Obligation of Project Co** – Notwithstanding:

4.2.1 the Authority's Operating Period Representative's acceptance of any Handback Works,  
the Handback Works Plan or the Handback Amount;

4.2.2 the participation of the Authority's Operating Period Representative in the Handback  
Survey; or

4.2.3 the complete or partial carrying out of the Handback Works,

Project Co will not be released from any obligation to conduct any other inspection or to perform  
any other works in accordance with this Agreement.

## **PART 5. COMPLETION OF HANDBACK WORK**

5.1 **Further Inspection** – Not later than six months prior to the Expiry Date, Project Co and the  
Authority will conduct a further joint inspection and survey of the Facility. Such inspection will confirm  
whether or not the condition of the Facility meets the Handback Requirements.

5.2 **Notice from the Authority** – On, or within five Business Days after, the Expiry Date, the  
Authority's Operating Period Representative will either:

5.2.1 issue to Project Co a handback certificate confirming completion of the Handback  
Works (the "**Handback Certificate**") and return the Handback Holdback to Project Co;  
or

5.2.2 notify Project Co of its decision not to issue the Handback Certificate:

5.2.2.1 stating the reasons for such decision;

- 5.2.2.2 setting out each aspect in which the Handback Works have not been completed or the Facility does not comply with the Handback Requirements; and,
- 5.2.2.3 stating the Authority's Operating Period Representative's estimate of the cost of completing all work required for the Facility to comply in all aspects with the Handback Requirements.

5.3 **Response from Project Co** – Project Co may, within 30 days after receipt of the notice given in accordance with Section 5.2 [Notice from the Authority] of this Appendix 4B [Handback Requirements], by notice to the Authority's Operating Period Representative, object to any matter set out in the Authority's Operating Period Representative's notice by:

- 5.3.1 giving details of the grounds of each such objection; and
- 5.3.2 setting out Project Co's proposals in respect of such matters.

5.4 **Dispute** – If it is agreed, or determined in accordance with the Dispute Resolution Procedure, that the Facility did not, at the Expiry Date, comply in all respects with the Handback Requirements:

- 5.4.1 Project Co will:
  - 5.4.1.1 complete any outstanding Handback Works within 60 days of the Expiry Date; and
  - 5.4.1.2 pay to the Authority no later than 60 days after the Expiry Date an amount, if any, equal to the cost, as estimate by the Authority's Operating Period Representative, of completing any outstanding Handback Works, so that the Facility is in a condition which complies with the Handback Requirements. Upon payment being received in full by the Authority, the Authority will issue the Handback Certificate and return the Handback Holdback to Project Co and if such payment is not received from Project Co when due, the Authority may draw any unpaid amounts against the Handback Holdback and release the balance of the Handback Holdback to Project Co.