

SCHEDULE ONE

COMMERCIAL PROPOSAL SUBMISSION REQUIREMENTS

Each Commercial Proposal (Volume B of Package 2 of the Proposal) should address each of the items and requests for information described in this Schedule. Any failure to do so may result in disqualification.

PACKAGE 2, VOLUME B: COMMERCIAL PROPOSAL

Volume B of Package 2 should be submitted in three separate Parts as listed below:

- (a) Part 1: Legal and Commercial
- (b) Part 2: Price Proposal
- (c) Part 3: Financial Plan

1. LEGAL AND COMMERCIAL

Part 1 of Package 2 of the Proposal should include the following:

1.1 Details of the Concessionaire

The RFP Proponent must provide full details of the proposed Concessionaire, including:

- (a) full legal name;
- (b) registered office, telephone number, e-mail addresses and fax number;
- (c) full incorporation details including certificate of incorporation, memorandum and articles of incorporation, and evidence that it is able to do business in British Columbia. If the Concessionaire is an unincorporated legal entity, please provide full details and proof of the existence of the legal entity;
- (d) details of shareholdings and shareholders' agreements; if the legal entity does not have an equity structure, please provide details of the ownership structure and any relevant agreements;
- (e) details of the ownership structure, including equity and debt, of the Concessionaire owned or held by its ultimate parent(s), including full details of any parent company guarantees or other forms of financial and commercial support for the Concessionaire;
- (f) details of any changes anticipated in equity, debt, or ownership structure prior to Financial Close;
- (g) list of directors and senior officers;

- (h) organizational description indicating key members of management, proposed staffing levels and reporting relationships;
- (i) names, addresses and e-mail addresses of legal, technical, financial and all other relevant advisors;
- (j) latest complete annual audited financial statements together with any relevant interim audited or unaudited complete financial statements, together with management discussion and analysis. If any required financial statement or information is not available, please provide a statement to that effect and provide any other document or information (e.g. financial statements prepared or reviewed by an independent public accountant) that would provide independent verification that every Team Member has the financial resources necessary to carry out its role in the Project;
- (k) for any ultimate parent of the Concessionaire, the same information as requested in (j). If any required financial statement or information is not available, please provide a statement to that effect and provide any other document or information (e.g. financial statements prepared or reviewed by an independent public accountant) that would provide independent verification that every Team Member has the financial resources necessary to carry out its role in the Project;
- (l) details of any changes to credit ratings or bank reference details since submission of the RFQ; and
- (m) certified copy of board resolution(s) from the Concessionaire and the parent(s) of the Concessionaire approving Proposal(s).

1.2 Details of Team Members and Core Organizations

Full details, as indicated in Section 1.1, of the Team Members and Core Organizations, including a summary of all changes since the RFP Proponent was selected to participate in this RFP, including changes to identity, equity holdings, or relationship to the RFP Proponent or changes to the principal Team Members and/or Core Organizations.

1.3 Details of the Contractual Structure and Relationships between the RFP Proponent, its Team Members, and Core Organizations

Full details of the proposed organizational structure for design, construction operations and maintenance of the Project, including:

- (a) an overall Project organizational chart identifying key responsibilities including the Core Individuals and reporting relationships for each of the Original Service Period and the Enhanced Service Period;
- (b) details of the contractual relationship(s) to be entered into between the Concessionaire and any contractors who will be undertaking any part of the design or construction elements of the Project, including details of any further

sub-contracting arrangements including, in particular, details of the risk allocation between the parties; and

- (c) details of the contractual relationship(s) to be entered into between the Concessionaire and the operation and maintenance service contractor(s), including details of any further sub-contracting arrangements including, in particular, details of the risk allocation between the parties.

1.4 Additional Information

The following information should confirm, complement or update the information provided by the RFP Proponent at the RFQ stage:

- (a) identity, contact information and résumés of Core Individuals;
- (b) the availability of the Core Individuals;
- (c) the roles of the Team Members and tasks they will perform; and
- (d) other details of the management structure of the RFP Proponent.

RFP Proponents should include in their Commercial Proposal a copy of the communications plan and labour relations plan provided as part of the Technical Proposal. RFP Proponents should ensure that the organization information provided in their Commercial and Technical Proposals is equivalent.

1.5 Provisions of Revised Draft Concession Agreement

The RFP Proponent should identify provisions of the Revised Draft Concession Agreement of concern, and:

- (a) with respect to a Base Case Proposal, describe all provisions, if any, that the RFP Proponent requires to be amended, excluding any that may result in substantial change to the risk transfer profile of the Project, as a condition precedent to entering into the Concession Agreement. These should be provided in the form of black-lined amendments to the Revised Concession Agreement rather than general descriptive comments; and
- (b) with respect to Alternate Proposals, describe any provisions that the RFP Proponent would like to have amended, together with price or other implications if such amendment is not made.

2 PRICE PROPOSAL

Part 2 of the Commercial Proposal should include full details of the RFP Proponent's costings and price proposal.

2.1 Introduction

The payment stream to the Concessionaire is largely dependant on the Payment Mechanism, which the RFP Proponents are asked to complete. It is mandatory requirement for RFP Proponents to submit a price proposal with their Base Case Proposal consistent with the format provided in the Payment Mechanism.

The following table sets out the indicative range for each component of the Payment Mechanism, as measured by percentage of total NPV of Performance Payments over the Term. RFP Proponents are asked to submit a Price Proposal which meets the indicative ranges provided. Proposals will be tested for compliance with the indicative range by calculating the NPV of the Performance Payments as of Financial Close, using a discount rate equal to the Project's Weighted Average Cost of Capital. The RFP Proponents will be asked to demonstrate that their indicative payment rates are consistent with the table below.

Description	Indicative % of Total NPV of Payments Over the Term
Original Service Payment	
Availability Payments	1-3%
Enhanced Service Payments, comprising:	
Availability Payments	60-70%
Traffic Volume Payments	25-30%
Safety Performance Payments	3-5%
Customer Satisfaction Payment	0.5-1%
End of Term Payment	1-3%

2.2 Price Proposal Submission Requirements

RFP Proponents should provide a completed Payment Schedule in the form set out below. This proposed schedule will change in accordance with changes in the Payment Mechanism.

Enhanced Service Period			
Traffic Volume			
	Year One Traffic Forecast	[●] Vehicles	
	Band No. *	Rate/vehicle	Acceptable Range
	1	\$0	[\$0]
	2	\$[●]	[\$0.5-\$1.00]

	3	\$/ [●]	[\$0.5-\$1.00]
	4	\$/ [●]	[\$0.0-\$0.75]
	5	\$/ [●]	[\$0.0-\$0.50]
	Payments to escalate by a proportion of inflation	[0%] of inflation	
Availability Payments	Period within the Enhanced Service Period	Proponent Bid	Acceptable Range
	Yr 1-5	\$/ [●] per month	[\$0.5M – 1.25M]
	Payments to escalate by a proportion of inflation	[●%] of inflation	[0% - 5%]
	Yr 6-10	\$/ [●] per month	[\$0.5M – 1.25M]
	Payments to escalate by a proportion of inflation	[●%] of inflation	[0% - 5%]
	Yr 11-15	\$/ [●] per month	[\$0.5M – 1.25M]
	Payments to escalate by a proportion of inflation	[●%] of inflation	[0% - 5%]
	Yr 15-20	\$/ [●] per month	[\$0.5M – 1.25M]
	Payments to escalate by a proportion of inflation	[●%] of inflation	[0% - 5%]
	Yr 21 and onwards	\$/ [●] per month	[\$0.5M – 1.25M]
	Payments to escalate by a proportion of inflation	[●%] of inflation	[0% - 5%]
Safety Performance Payments	Safety Performance Payment Base Bid	\$/ [●] per year	Acceptable Range [\$200k – 500k]
	Payments to escalate by a proportion of inflation	[●%] of inflation	[0% - 100%]
Customer Satisfaction Payments	Customer Satisfaction Payment Base	\$/ [●] per year	Acceptable Range [\$75k – 100k]
	Payments to escalate by a proportion of inflation	[●%] of inflation	[0% - 100%]
End of Term Payment	Gross End of Term Payment	\$/ [●] on the End Date	Acceptable Range [\$15M - \$20M]

2.3 Assumptions Underlying the Price Proposal

(a) Original Service Payments:

State the estimated lane non-availability and minimum performance deductions, if any.

(b) Traffic Volume Payment:

Describe the rationale for the proposed traffic rates for each traffic band.

(c) Availability Payments:

(i) Describe the rationale for the proposed gross availability payment for each time period;

(ii) if the gross availability payment bid differs in each period, provide a rationale;

(iii) the availability payments are not intended to support inflation-indexed financing. Describe the rationale behind the proposed escalation factors; and

(iv) provide detailed assumptions, if available, with regards to lane non-availability.

(d) Safety Performance Payments:

(i) Describe the rationale used to generate the safety performance payment base;

(ii) provide and describe the safety performance assumptions;

(iii) if the RFP Proponent plans to undertake additional activities to manage safety performance of the Project, please provide details; and

(iv) if the RFP Proponent has estimated the standard deviation or variability of their safety performance forecast, please provide details;

(e) Customer Satisfaction Payments:

Describe the rationale for the assumptions used to generate a customer satisfaction Price Proposal;

(f) End of Term Payment:

Describe the rationale for the assumptions used to derive the RFP Proponent's End of Term Payment.

2.4 Details of Capital Costs

The RFP Proponent must provide the details of capital costs during the Original Service Period in money of the day dollars on at least a quarterly basis. The following table provides the capital cost breakdown based on the BCMoT Proposed Design. This is indicative of the level of detail required for the RFP Proposal:

Item	Cost
1. General <ul style="list-style-type: none"> • Mobilization and Demobilization 	
2. Grading <ul style="list-style-type: none"> • Provision for Traffic Through Site • Removal of Existing Works • Roadway and Drainage Excavation • Granular Materials – Supply, Haul, Place and Compact • Culverts, Storm Drainage, and Subdrains • Dredging • West Causeway Remediation • East Causeway Remediation 	
3. Paving <ul style="list-style-type: none"> • Asphalt Pavement • Concrete and Shouldering Works • Precast Concrete Barrier 	
4. Fixed Bridge Structures	
Retaining Walls	
West Approach Embankment <ul style="list-style-type: none"> • Removal of Preload and Excavation • Wall Footing • Footing Tie Rods • Expanded Polystyrene • Precast Walls • Pea Gravel • SubBase • Capping Beam 	
West Approach Ramp - Substructure <ul style="list-style-type: none"> • Steel Pipe Piles • West Abutment • Piers 	

Item	Cost
<p>West Approach Ramp - Superstructure</p> <ul style="list-style-type: none"> • Structural Steelwork • Concrete Deck • Parapets, Bicycle Fencing and Median Barriers 	
<p>West Transition Span</p> <ul style="list-style-type: none"> • Structural Steelwork • Concrete Deck • West Transition Span Expansion Joints • Parapets and Railings 	
<p>Elevated Deck</p> <ul style="list-style-type: none"> • Structural Steelwork • Concrete Deck • Parapets and Railings 	
<p>East Transition Span</p> <ul style="list-style-type: none"> • Structural Steelwork • Concrete Deck • East Transition Span Expansion Joints • Parapets and Railings 	
<p>East Abutment</p> <ul style="list-style-type: none"> • Steel Pipe • Removal of Preload and Excavation • Concrete Abutment • Reinforced Concrete Deadman Anchor • Parapets and Railings 	
<p>East Approach Structures</p> <ul style="list-style-type: none"> • Removal of Preload and Excavation • Pedestrian Tunnel • Retaining Walls • Backfill • Parapets and Railings 	

Item	Cost
5. Pontoons	
Pontoon Construction Facility	
Pontoons <ul style="list-style-type: none"> • Demonstration Piece • Pontoon 1 • Pontoons 2, 3 and 4 • Pontoon 5 • Pontoon 6 • Pontoons 7, 8 and 9 • Pontoon 10 • Pontoon 11 • Pontoon 12 	
Pontoons Installation <ul style="list-style-type: none"> • Anchors and Chains • Anchor Cables, Sealinks and Accessories 	
Demolition of Existing Bridge	
6. Electrical Installation <ul style="list-style-type: none"> • West Approach • Bridge • East Approach • Third Party Requirements 	
7. Provisional Sums <ul style="list-style-type: none"> • Utility Location and Relocation 	
Sub-Total, Sections 1.0 to 7.0	
Other Items <ul style="list-style-type: none"> • Signage and Line Painting • Landscaping Allowance at East Approach • Plantings at Existing West Causeway 	
Sub-Total, Other Items	

Item	Cost
<p>Indirects</p> <ul style="list-style-type: none"> • Engineering • Construction Management • QA/QC • Temporary Services • Permitting Licenses/Approvals • Contingency • Inflation Allowance • Survey • Owner's support • Insurance • Miscellaneous 	
Sub-Total, Indirects	
TOTAL	

2.5 Details of Operations and Maintenance Costs

The RFP Proponent must provide details of all expenses during the Enhanced Service Period in money of the day dollars on an annual basis, detailed as follows:

- (a) Staff wages
- (b) Staff Benefits
- (c) Materials & Consumables
- (d) Utilities
- (e) Plant & Equipment
- (f) Insurance
- (g) Bonding Costs
- (h) Administrative Costs
- (i) Professional & Legal Fees
- (j) Taxes

The RFP Proponent must also provide details of all rehabilitation and capital maintenance costs during the Enhanced Service Period, indicating the approximate timing of this expenditure consistent with the maintenance plan submitted in the Technical Proposal.

3. FINANCIAL PLAN

Part 3 of the Commercial Proposal should include the following information.

3.1 Financing Plan

RFP Proponents should show that they have planned sufficient financing for the Project for the Term, including all design and construction, operation and maintenance funding, showing the timing of required funds for requirements such as maintenance, repair and required replacement. RFP Proponents should set out:

- (a) the sources of finance they intend to employ (the “Financing Plan”); and
- (b) the level of commitment of the financing, as described below.

The Financing Plan should include full details of the financial structure and instruments proposed. The sources of financing should match the use of funds throughout the Original Service Period and Enhanced Service Period. The Financing Plan should include:

- (a) a description of all sources of financing;
- (b) a description of any and all insurance or bonding required to support the Financing Plan;
- (c) the terms of any supporting guarantee(s) and details of how the RFP Proponent will satisfy those terms;
- (d) a description of the RFP Proponent’s likely hedging strategy and requirements;
- (e) evidence, in the form of termsheets, from providers of financing of their strong intention to provide the level of financing required; and
- (f) an indicative credit rating from one or more credit reference agencies, if the Financing Plan is dependent upon such a rating.

3.2 Terms of Financing

The terms of each source of financing identified in the Financing Plan should be set out.

- (a) With respect to funding provided by the RFP Proponent’s Team Members, the following should be provided:
 - (i) identity and credit status of each fund provider;
 - (ii) amounts to be provided by each fund provider;
 - (iii) the timing of provision of funds;
 - (iv) the terms and conditions of subscription, including returns or yields;

- (v) dividend rights;
 - (vi) voting rights; and
 - (vii) the conditions if any on which funds would be committed.
- (b) With respect to each class of debt or other funding source (including leases), for each of arranger or underwriter, the following information is required in the form of a term sheet:
- (i) the identity of the lender, arranger or underwriter;
 - (ii) the amount of financing proposed or committed;
 - (iii) the drawdown schedule;
 - (iv) details of grace periods, including duration and contingency;
 - (v) repayment or redemption schedules, maturity dates and prepayment terms (including make-whole clauses);
 - (vi) security, bonding or guarantee requirements (from either parents or third parties);
 - (vii) arrangement/underwriting, commitment, agency and all other fees;
 - (viii) interest rates and margins including any step up/down mechanism;
 - (ix) material covenants, undertakings and other restrictions/requirements;
 - (x) requirements for reserve accounts;
 - (xi) events of default and other similar arrangements;
 - (xii) step-in arrangements;
 - (xiii) conditions precedent;
 - (xiv) due diligence requirements; and
 - (xv) any other restrictions, requirements or conditions that materially impact the RFP Proponents' ability to raise financing or draw down on committed financing after Financial Close.

3.3 Financial Robustness

The Province intends to secure services through the Concession Agreement over a long period. While the precise capital structure of the Concessionaire will be a matter for the RFP Proponents, the Province needs to be confident that sufficient risk capital is in place to accommodate a reasonable range of downside risk within the capital base set out in the Financing Plan without

triggering default or step-in. Financial robustness will be based on sensitivity analysis which will be conducted by the Province on the basis of the RFP Proponent's Financial Model and financing termsheets.

The RFP Proponents should be aware that the financial robustness of their Proposals will be an important Evaluation Criterion.

3.4 Financial Commitment

The level of commitment that the Province expects at submission of RFP Proposals is that all risk capital (sponsor equity and quasi equity, bonding and guarantees) should be provisionally committed subject to appropriate due diligence and documentation. This commitment should be evidenced by board resolutions related to the terms set out. If equity or quasi equity is to be provided by third parties, similar commitment is required from an underwriter for the full amount.

3.5 Traffic Assumptions

The RFP Proponent should provide details of all traffic assumptions use, including any supporting analysis justifying these assumptions.

3.6 Sub-Contracting Strategy

To the extent that risk is to be managed or mitigated through subcontracting the Concessionaire's responsibilities to RFP Proponent Team Members or others, additional financial measures will be required from those subcontractors to provide assurances to the Province that sufficient funding is available to manage reasonable downside risk. This is particularly important during the Original Service Period in relation to the supply of civil construction services, equipment supply and integration services but may also apply during the Enhanced Service Period. RFP Proponents should set out their subcontracting strategy for the Project that includes the structure of any subcontracting arrangements and summary details of the mechanisms and/or standby that would be put in place to give comfort to the Province and lenders.

3.7 Financial Model

RFP Proponents must submit a financial model (the "Financial Model") in both electronic and hard copy. The Financial Model will be supported by:

- (a) an assumptions book; and
- (b) an instruction manual to assist the Province to change inputs and run sensitivities.

3.7.1 Structure of the Financial Model

The Financial Model should be consistent with the assumptions and be structured as follows:

- (a) it should be well-constructed and professional in appearance;
- (b) it should be produced in Microsoft Excel version 2000 or later;

- (c) it should extend for the Term ;
- (d) it should be presented in millions of Canadian dollars to 2 decimal places;
- (e) no sheets or cells should be hidden or password protected;
- (f) calculations should flow down and to the right;
- (g) calculations should be sufficiently disaggregated so that they can be followed logically on screen (without examining the content of cells) or on paper;
- (h) a limited number of nested “if” statements should be used;
- (i) cells that import data from other sheets or calculations areas should not include calculation;
- (j) cells containing hard-coded entry should be coloured blue;
- (k) financial statements should not include formula other than mathematical signs;
- (l) cells that feed the financial statements should be highlighted;
- (m) all sheets should be set up to printed clearly and legibly on 8.5 X 11” paper to include row and column descriptions on each printed page;
- (n) if a calculation is circular, circularities should be solved. If circularities are included, a description of where and why these occur should be included;
- (o) the Financial Model should not include any macro calculations to avoid circularities;
- (p) the Financial Model start date should be Financial Close;
- (q) the Financial Model should be structured in quarterly or semi-annual periods;
- (r) Financial Close should be assumed to be March 31, 2005; and
- (s) all financial instruments should be priced as at the close of the business day for the relevant instrument on September 30, 2004.

3.7.2 Required Inputs and Outputs

The Financial Model should, at a minimum, have the following input and output sheets:

- (a) Inputs
 - (i) time-based assumptions (those that change over time);
 - (ii) static assumptions (those that do not change over time);

- (iii) capital and operating costs assumptions;
 - (iv) taxation assumptions;
 - (v) Payment Mechanism assumptions; and
 - (vi) a scenario control sheet.
- (b) Outputs
- (i) summary outputs;
 - (ii) sources and uses of funding;
 - (iii) financial statements (income statement, cash flow statement and balance sheet) presented in accordance with Canadian private sector GAAP;
 - (iv) a cash flow statement that reflects the priority of access to cash flow based on the investor covenants and requirements set out in the Financing Plan;
 - (v) calculation and results of covenants; and
 - (vi) financial ratios as required by equity and debt investors as appropriate to the capital structure set out in the Financing Plan.

The Financial Model should also include the Payment Schedule, which should be linked appropriately with the other components of the model.

3.7.3 Required Functionality

The Financial Model should allow sensitivities to be run in the following areas:

- (a) changes to inflation rates in all areas up to Financial Close;
- (b) changes to inflation rates post Financial Close separated between areas where the Province is taking inflation risk and the Concessionaire is taking inflation risk;
- (c) changes to interest rates;
- (d) changes to capital and operating costs;
- (e) delays in completion;
- (f) Payment Mechanisms; and
- (g) relative weight of debt and equity.

3.7.4 Assumptions Book

The assumptions book for the Financial Model should provide sufficient detail for a duplicate Financial Model to be constructed from it. It should cover the following areas:

- (a) a summary of the Financing Plan;
- (b) capital and operating costing schedules;
- (c) macro-economic assumptions;
- (d) taxation assumptions;
- (e) depreciation rates and other accounting policies; and
- (f) all other assumptions required to construct the Financial Model.

The assumptions book should reconcile with the Financial Model. If the assumptions detailed in the assumptions book are not consistent with the assumptions in the Financial Model, the Province may require the RFP Proponent to change the Financial Model to reflect the assumptions book.

3.7.5 Instruction Manual

The instruction manual should explain the functionality of the Financial Model and how it is structured. It should provide sufficient details to allow the Province to change inputs and run sensitivities in the areas mentioned above.

3.8 Bonding and Insurance

Having regard for the mandatory minimum insurance coverage outlined in the Revised Concession Agreement, and the mandatory minimum bonding requirements during construction and operations contemplated by the Revised Concession Agreement, RFP Proponents are invited to provide a Proposal on the insurance and the bonding that would be most advantageous to both the Concessionaire and the Province during all phases of the project, with particular regard for:

- (a) cost of such facilities;
- (b) availability of such security facilities, including the risk that some or all will become unavailable; the party best able to obtain such security facilities (the Province, Concessionaire, or Core Organization);
- (c) the recommended terms of such security facilities including the amount; the term when it will be available; amount of deductibles and the party responsible for deductibles; related risks during the Term; and
- (d) the RFP Proponent's capacity to provide the insurance and bonding arrangements described should be demonstrated by appropriate letters from the relevant insurance brokers, surety companies or providers of letters of credit.