

SCHEDULE 13

DISPUTE RESOLUTION PROCEDURE

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APPENDIX 13A REFEREE AGREEMENT

SCHEDULE 13

DISPUTE RESOLUTION PROCEDURE

1. INTERPRETATION

1.1 Definitions

In this Schedule, in addition to the definitions set out in Schedule 1 of this Agreement:

“**Dispute Notice**” has the meaning set out in Section 2.2 of this Schedule;

“**Dispute Resolution Procedure**” has the meaning set out in Section 2.1 of this Schedule;

“**Initiating Party**” has the meaning set out in Section 2.7 of this Schedule;

“**Notice of Intention to Arbitrate**” has the meaning set out in Section 2.7 of this Schedule;

“**Notice of Objection to Arbitration**” has the meaning set out in Section 2.7 of this Schedule;

“**Referee**” has the meaning set out in Section 2.4 of this Schedule;

“**Referee Agreement**” has the meaning set out in Section 2.4(c) of this Schedule;

“**Referee Notice**” has the meaning set out in Section 2.4 of this Schedule;

“**Reply**” has the meaning set out in Section 2.4 of this Schedule;

“**Responding Party**” has the meaning set out in Section 2.7 of this Schedule; and

“**Settlement Meeting**” has the meaning set out in Section 2.5 of this Schedule.

2. DISPUTE RESOLUTION

2.1 Procedure

Except as expressly provided otherwise in this Agreement, including in this Schedule, or unless both parties otherwise agree, all Disputes will be resolved in accordance with the procedure set out in Section 2 of this Schedule (the “**Dispute Resolution Procedure**”).

2.2 Dispute Notice

The Dispute Resolution Procedure may be commenced by either party by giving notice to the other party (the “**Dispute Notice**”) briefly setting out the pertinent facts, the remedy or relief sought and the grounds on which such remedy or relief is sought. Upon receipt of a Dispute Notice, the recipient shall be entitled to reply to the Dispute Notice setting out its counter-arguments (the “**Reply**”).

2.3 Negotiation

Within 2 Business Days of one party receiving a Dispute Notice from the other, or such longer period as the parties may agree, a Representative of each party will meet and make good faith efforts to resolve the Dispute by without prejudice negotiations.

2.4 Fast Track Referee Process – Binding But Not Final

If the Dispute is not resolved pursuant to Section 2.3 of this Schedule to the mutual satisfaction of the parties within 2 Business Days (or such longer period as the parties may agree in writing) following the receipt of the Dispute Notice by the receiving party, either party may by notice to the other (a “**Referee Notice**”), request the appointment of a referee (“**Referee**”) as provided under the terms of this Section 2.4. The Referee will be appointed and shall participate in the resolution of the Dispute as follows:

- (a) if the Referee Notice is given during the Construction Period, then the Independent Certifier will as of the end of the 2nd Business Day following the delivery of the Referee Notice be deemed the Referee unless:
 - (1) within 2 Business Days of the delivery of the Referee Notice, either the parties agree that another person would be more suitable considering the nature of the Dispute, or either party gives written notice that it objects to the Independent Certifier acting as Referee in relation to the Dispute; or
 - (2) for any reason the Independent Certifier is unable to perform the duties of the Referee,

in which events the Referee will be appointed in the manner described in Section 2.4(b) of this Schedule.

- (b) if the Dispute Notice is given during the Operating Period or if Section 2.4(a)(2) of this Schedule applies, the parties will appoint a Referee as follows:
 - (1) within 2 Business Days of the delivery of a Referee Notice, each party will submit in writing to the other party, the names of no more than 2 candidates for Referee who are (i) independent of the parties, (ii) are experienced in the resolution of disputes, (iii) are an engineer, lawyer, financial adviser, former judge, project manager or other professional with technical and/or legal experience relating to project similar to this Project and (iv) immediately available to perform the role of Referee in respect of the Dispute at hand;
 - (2) if a party has an objection to a proposed candidate, it will give written notice of such objection with reasons to the other party;
 - (3) if for any reason within 3 Business Days of the delivery of a Referee Notice, a Referee meeting the criteria set forth in Section 2.4(b)(1) has not been appointed, then any party may request the British Columbia International Commercial Arbitration Centre to promptly chose the Referee;

- (c) if a Referee has been appointed under Section 2.4(a)(1) of this Schedule, the parties will enter into an agreement with the Referee to act as Referee generally in the form attached as Appendix 13A (the "**Referee Agreement**"), such agreement to be entered into no later than 2 Business Days after the Referee's appointment. The Referee's fees and expenses will be shared equally by the Authority and Project Co. The Authority will pay the full amount of the Referee's fees and expenses on the day that such fees and expenses are due (including any advances on fees and expenses) in accordance with the Referee Agreement and Project Co will reimburse the Authority, for Project Co's share of all such fees and expenses within 10 Business Days of receipt of a written demand from the Authority, failing which the Authority will be entitled to deduct the amount of Project Co's share of the Referee's fees and expenses from amounts otherwise due to Project Co under the provisions of this Agreement. If the Authority fails to pay the Referee, Project Co shall be entitled to pay the sums due to the Referee and to recover such sums from the Authority (including by setting off such sums against amounts due by Project Co to the Authority under this Agreement).
- (d) the Referee will be deemed not to be an arbitrator but will render a decision as an expert and the law relating to arbitration will not apply to the Referee or the decision or the procedure by which the Referee reached a decision, and accordingly the Referee will conduct an impartial review of the Dispute in such manner as the Referee thinks fit, including carrying out on site inspections and interviews with any persons that the Referee thinks fit. The parties will comply with all reasonable requests from the Referee for additional arguments, information, documents and access to personnel which the Referee considers necessary for the review. Any submission or documentation in respect of the Dispute provided to the Referee by a party will also be provided to the other party;
- (e) the Referee may, with the written approval of both parties, retain other professional persons or experts to assist with the review and will pay due regard to any request by either party for him to retain such other professional persons or experts;
- (f) the Referee will not be obliged to conduct his enquiries in the presence of the parties or receive submissions from the parties, except to the extent that the Referee thinks fit, and may render his decision notwithstanding the failure of a party to participate in the proceedings;
- (g) the Referee will render a brief, written, reasoned and impartial decision on the Dispute, with copies to both parties within 5 Business Days of the signing by the Referee and both parties of the Referee Agreement referred to in Section 2.4(c) of this Schedule, or such longer period as agreed to in writing by both parties;
- (h) subject to, and without derogating from, Section 3.3, unless or until the decision of the Referee on the Dispute is revised, cancelled or varied by agreement of the parties, or by arbitration (if proceedings are taken under Section 2.7 of this Schedule) or by litigation (if proceedings are taken under Section 2.8 of this Schedule) the Referee's decision on the Dispute will when rendered be binding on both parties who will forthwith give effect to the decision;

- (i) a person who has acted as a Referee under this Section may be retained by either party, or both parties, to assist in any Settlement Meeting with respect to that Dispute. Neither party will be entitled to refer to or enter into evidence the decision of the Referee or anything contained therein in any such proceedings;
- (j) the parties will agree to release and save harmless the Referee from any liability arising from the Referee's actions, made in good faith, in carrying out the duties of the Referee as described in this Schedule or as may be described in the Referee Agreement referred to in Section 2.4(c);
- (k) the proceedings under this Section 2.4 will be confidential and all information, data or documentation disclosed or delivered by either party to the Referee as a result or in connection with his duties as Referee will be treated as confidential and neither the parties nor the Referee will, except as would be permitted under Section 17.1 of this Agreement, disclose to any Person any such information, data or documentation unless the parties otherwise agree in writing. Nothing contained in this provision will prevent the submission in any subsequent proceedings of any evidence other than evidence that came into existence for the express purpose of submission to, or assistance of, the Referee;
- (l) if the Referee does not render a decision as required under this Section 2.4 then either party may forthwith request a Settlement Meeting;
- (m) the decision of the Referee will be final except if a party gives a notice to the other either (i) to request a Settlement Meeting (without prejudice to any further proceedings it may commence in accordance with this Schedule) or (ii) to commence proceedings in accordance with Section 2.6, in either case within 20 Business Days of the date on which the Referee's decision is rendered in accordance with Section 2.4(g) of this Schedule; and
- (n) should compliance with the Referee process under this Section 2.4 prove impracticable for any reason, a party not at fault for the failure in compliance, and which has made all reasonable effort to ensure compliance, may forthwith request a Settlement Meeting.

2.5 Settlement Meeting

If the Dispute is not finally settled pursuant to the provisions of Section 2.4 of this Schedule then the parties may participate in a settlement meeting (a "**Settlement Meeting**") to be held in accordance with this Section 2.5. A Settlement Meeting will be a meeting of at least two senior representatives of each party at which those representatives will make good faith efforts to resolve the Dispute by without prejudice negotiations. At least one of the representatives of each party will not have been previously directly involved in prior negotiations under Section 2.3 of this Schedule concerning the Dispute. The procedure for a Settlement Meeting will be as follows:

- (a) the parties' representatives will convene the Settlement Meeting within 10 Business Days of delivery of the written notice for a Settlement Meeting, or such longer period as the parties may agree; and

- (b) the Settlement Meeting may, with the agreement of both parties, be in the form of mediation conducted in accordance with the provisions of the British Columbia International Commercial Arbitration Centre's Mediation Rules of Procedure, as modified by the agreement of the parties.

2.6 Commencement of Proceedings

If:

- (a) either party refuses to participate in a Settlement Meeting or fails to participate in the Settlement Meeting requested by a party by the expiry of the period prescribed in Section 2.5(a) of this Schedule; or
- (b) within 7 Business Days of the commencement of the Settlement Meeting, or such longer period as the parties may agree, a Dispute is not finally settled by agreement to the mutual satisfaction of the parties;

then either party may commence proceedings to have the Dispute finally settled, either by arbitration under Section 2.7 of this Schedule or by litigation as contemplated in Section 2.8 of this Schedule. In any such proceedings the scope of issues will not be limited strictly to the terms of the Dispute Notice but may extend to include directly related matters for the purpose of completely settling the Dispute.

2.7 Arbitration

If a party is entitled under Section 2.6 of this Schedule to commence proceedings to have a Dispute finally resolved, then:

- (a) the party may give the other party notice ("**Notice of Intention to Arbitrate**") of its intention to submit the Dispute to binding arbitration; and
- (b) if the other party does not deliver a notice of objection (the "**Notice of Objection to Arbitration**") within 5 Business Day of receipt of the Notice of Intention to Arbitrate then either party may refer the Dispute to be finally resolved by arbitration as follows:
 - (1) the "Domestic Commercial Arbitration Rules of Procedure" of the British Columbia International Commercial Arbitration Centre will apply to the arbitration, as modified by this Schedule or as otherwise agreed by the parties;
 - (2) arbitration proceedings will be commenced by a party (the "**Initiating Party**") giving notice to the other party (the "**Responding Party**");
 - (3) the arbitrator(s) will have the authority to award any remedy or relief that a court or judge of the Supreme Court of British Columbia could order or grant in accordance with the Agreement, including specific performance of any obligation created under the Agreement, the issuance of an interim, interlocutory or permanent injunction, or the imposition of sanctions for abuse or frustration of the arbitration process;

- (4) meetings and hearings of the arbitrator(s) will take place in the City of Vancouver or in such other place as the parties agree and such meetings and hearings will be conducted in the English language unless otherwise agreed by such parties;
- (5) the arbitrator(s) may at any time fix the date, time and place of meetings and hearings in the arbitration, upon reasonable notice to the parties;
- (6) subject to any adjournments permitted by the arbitrator(s) the final hearing will be continued on successive Business Days until it is concluded;
- (7) all meetings and hearings will be in private unless the parties agree otherwise and either party may be represented at any meetings or hearings by legal counsel;
- (8) either party may examine, and re-examine, all its own witnesses at the arbitration and may cross-examine all of the other parties witnesses;
- (9) the arbitration will be kept confidential and the existence of the proceeding and any element of it (including any pleadings, briefs or other documents submitted or exchanged, and testimony or other oral submission and any awards) will not be disclosed to any party other than the arbitrators, the parties (and their respective directors, officers, shareholders and legal counsel), the Senior Lenders, the Material Contract Parties (where relevant) and such other persons as may be necessary to the conduct of the proceeding or required by law; and
- (10) the arbitrator(s) will deliver a decision in writing within 15 Business Days after the conclusion of the hearing and, unless the parties agree otherwise, will set out reasons for the decision.

2.8 Litigation

If either party is entitled under Section 2.6 of this Schedule to commence proceedings to have a Dispute finally resolved and:

- (a) no Notice of Intention to Arbitrate has been delivered by one party to the other; or
- (b) a Notice of Objection to Arbitration has been delivered by one party to the other in response to a Notice of Intention to Arbitrate;

then either party may commence proceedings in respect of the Dispute in the courts of British Columbia and for purposes of certainty, the provisions of Section 17.5 of this Agreement will apply to such litigation. If a party has commenced such proceedings but has not served the other party as required for such proceedings prior to the other party delivering a Notice of Intention to Arbitrate, the party commencing such proceedings will either give the Notice of Objection to Arbitrate or serve such party the required notice within the time required under Section 2.7(b) of this Schedule, failing which the Dispute will be resolved by arbitration under Section 2.7 of this Schedule.

3. GENERAL

3.1 Other Remedies

Nothing contained in this Schedule will preclude a party from initiating a proceeding in a court of competent jurisdiction for the purpose of obtaining an effective emergency or provisional remedy to protect its rights as necessary in the circumstances, including obtaining temporary and preliminary injunctive relief and other orders, whether before or after the Dispute has been initiated by a Dispute Notice.

3.2 Strict Compliance with Time Limits

The parties acknowledge that timely resolution of Disputes is mutually beneficial and the time limits set out in this Schedule, or as otherwise agreed by the parties, will therefore be strictly complied with and enforced.

3.3 Interim Decision

If a Dispute occurs then the Authority and Project Co will in good faith carry out their respective obligations under this Agreement pending final resolution of the Dispute pursuant to the Dispute Resolution Procedure. Prior to the final resolution of the Dispute, the Authority may in its discretion by notice to Project Co direct Project Co to proceed with Design or Construction or Services in respect of the matter in Dispute and Project Co will comply with and implement the direction, except to the extent that a binding determination has been made in respect of such Dispute to the effect that the Authority is not entitled to require Project Co to proceed with such Design or Construction or Services. For greater certainty, the Authority will not be entitled to require Project Co to proceed with any Design or Construction or Services that constitutes a Change which is not permitted in accordance with Section 2.3(a) to (f) of Schedule 6. Such direction will be without prejudice to Project Co's rights to compensation or other rights under the Agreement, including its rights in accordance with Section 8.3 of the Project Agreement or Section 2.4 of this Schedule. Nothing in this Schedule will limit the Authority's right to require a Change.

APPENDIX 13A

REFEREE AGREEMENT

BETWEEN:

(Name and address of Referee)
(the "Referee")

AND:

Fraser Health Authority
(the "Authority")

AND:

▼
("Project Co")

We write to confirm your appointment as a Referee under the Project Agreement dated ▼ between the Authority and Project Co (the "Project Agreement"). The terms of your appointment are as contained in Section 2.4 of Schedule 13 to the Project Agreement.

We confirm our agreement for you to review the Dispute(s) described in the Dispute Notice in accordance with the provisions of the Project Agreement, and to perform the functions of a Referee as described in the Section 2.4 of Schedule 13 to the Project Agreement, including the obligation to make a decision in accordance with Section 2.4(g). A copy of the Project Agreement and related materials, will be forwarded to you shortly.

We confirm that your daily/hourly rate for fees is \$_____. In addition to your invoiced fees, the Authority will pay any and all reasonable disbursements incurred in providing your services.

Please submit your invoices on a monthly basis directly to _____ [Insert name of Authority's Design, Construction or Operating Period Representative as applicable] (the "Authority's Representative"). The Authority will make payment within 30 calendar days of receipt.

Please confirm your agreement to the terms as set out in this letter by signing a copy of the enclosed letter and returning it to the Authority's Representative.

Yours truly,

Authorized Signatory of the Authority

Date

Authorized Signatory of Project Co

Date

Referee

Date